Review of public service regulators

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The Sustainable Development Commission (SDC) is the UK government's 'watchdog' for sustainable development, reporting to the Prime Minister and the First Ministers of Scotland and Wales and the First Minister and Deputy First Minister of Northern Ireland.

As part of our watchdog remit, we are undertaking thematic reviews of important government policy areas that are likely to have a significant impact on the government's aim of achieving sustainable development.[1]

In this, our fourth thematic review, we have undertaken a review of public service regulators to explore ways of regulating effectively for sustainable development in the wider public sector. The review concentrates on three sectors – health, education and local government – and assesses the work of the Audit Commission, the Office for Standards in Education, Children's Services and Skills (Ofsted) and the Healthcare Commission / Care Quality Commission (CQC) in England.

Contents

Separate reports available on the SDC web site: www.sd-commission.org.uk/pages/watchdog
- Think piece on regulation – *Better regulation for sustainable development*
- Interim report
- Sector reports – these contain full details of the SDC's engagement with the Audit Commission, Ofsted and Healthcare Commission/Care Quality Commission.

1   Executive summary

The Sustainable Development Commission (SDC) is the UK government's 'watchdog' for sustainable development. As part of its watchdog role, it has undertaken thematic reviews of those policy areas likely to impact on the government's aim of achieving sustainable development.

This, the fourth thematic review, turns the spotlight on public service regulators; and more specifically on the three main regulators of local government, education and health in England – the Audit Commission, Office for Standards in Education, Children's Services and Skills (Ofsted) and the Healthcare Commission/Care Quality Commission (CQC).

Introduction

Public services and sustainable development
The public sector has a pivotal role to play in driving sustainable development in the UK. Public sector organisations can use their employment and purchasing muscle, their ability to influence others, and the way they commission and deliver services to impact positively on the community, environment and economy.

If public services operate in sustainable ways, they will be investing in the environment, social justice and the quality of life of their communities. If they fail to carry out their functions in a sustainable way, they will be creating a disbenefit; councils, schools and hospitals will be contributing to environmental, social and economic problems both now and in the future.

The government's commitment
The UK government has recognised this. Its 2005 Sustainable Development Strategy, *Securing the Future*, says the principles of sustainable development should form the basis for all policy in the UK and the public sector should be a "leading exponent" of them.

A range of policies have been developed to advance sustainable development in the public sector. For example, sustainable procurement policies have been developed for both local government and health, and all schools should be sustainable schools by 2020. There is also an increasing focus on the 'place shaping' agenda, which requires public sector partners to work together to achieve economic, social and environmental aims.

Regulation and sustainable development
At the same time, the government has sought to give public service organisations more autonomy and to increase their diversity. As more services have come to be provided by semi-independent or independent bodies, the role of their regulators has grown.

The bodies that register, inspect and audit public services now influence the way that councils, education bodies and hospitals are run. This review starts from the premise that public service regulators should be exponents of sustainable development and that they should use their influence and activities to encourage the bodies they regulate to be the same.

Methodology/engagement
We formulated challenging goals for each regulator to direct them towards the progress we are seeking. We then worked with them to integrate sustainable development into their assessment frameworks and to build capacity amongst their staff. A strong relationship has been built with the Audit Commission and to a significant extent with Ofsted. There has been a disappointing failure on the part of the CQC to engage with the review. The differing levels of engagement reflect the differing progress that the three regulators have made to date.

Findings/the regulators today

The Audit Commission: a solid start
The Audit Commission has made much progress on sustainable development, driven by strong leadership from its chair and senior management team. The framework for progress has been set by its Sustainable Development Approach, backed up by an internal implementation plan. The Audit Commission has made solid progress in building its organisational capacity on sustainable development and is a leader among its inspectorate peers in embedding sustainable development across its work.

Ofsted: learning by doing
Ofsted has made some good strides towards embedding sustainable development in its work. It has developed a Sustainable Development Action Plan (SDAP), is recruiting a head of sustainable development, and is working on a 'stimulus document' to help its teams incorporate sustainable development into its inspection frameworks. Ofsted has also agreed to include elements of sustainable development in its survey work, monitor the development of its value for money work and to meet with the SDC on a regular basis in 2009/10 to review progress.

The Healthcare Commission/CQC: healthcheck required?
The CQC was only established in April 2009, taking over the work of three other bodies. This may be one reason that it has significant ground to cover if it is to match the progress made by the other public service regulators. However, the CQC has yet to confirm that it accepts that sustainable development falls within its remit, has failed to pursue a sustainable development agenda, and has done little to inspire confidence that action will be taken in the future.

Meanwhile, Department of Health (DH) has shown less leadership on this issue than it might have done. An Action Plan to deliver its Sustainable Development Framework includes no meaningful action to include sustainable development within the CQC's performance assessment framework. DH has given low priority to the carbon indicator in its own performance framework (putting it in Tier 3 of the 'Vital signs' where trusts can choose whether to use it or not and the CQC has no inspection role). Sustainable development is also mostly missing from the World Class Commissioning (WCC) programme.

A new way of regulating

The Comprehensive Area Assessment (CAA)
The CAA is a new way of assessing public services in England that is area based and focused on outcomes delivered by councils working either alone or in partnership. There are two parts to the CAA: the area assessment and organisational assessment. The area assessment will assess how well local services are delivering better results for local people across the area, focusing on how well local priorities are being achieved and how likely they are to improve in the future. The organisational assessment will focus on the performance of individual public bodies, including as assessment of value for money through a Use of Resources judgement.

The CAA will be delivered by six inspectorates, including the three on which we have focused in this review. As such, it represents an important new opportunity to embed the principles of sustainable development into their work and that of the councils and other bodies being assessed.

The Audit Commission and the CAA regulators
The Audit Commission has been open to input from the SDC on the development of the area assessment. Sustainable development is one of four underlying themes for the area assessment, and the CAA framework and guidance reflects this. The organisational assessment's Use of Resources judgement also includes elements of sustainable development, including a section on whether organisations are making effective use of natural resources. This will become more stretching over time.

Ofsted has appointed 12 CAA Lead equivalents and the CQC has appointed 42. This is another good start. However, the CAA regulators will need to develop a common understanding of sustainable development and incorporate this into their training so that their individual inspectorate assessments contribute to well-rounded judgements in the area assessment.

Recommendations

Big wins

This review has contributed to some 'big wins'. With support from the SDC, the Audit Commission has built sustainable development into its organisational structures and an economic development and environment knowledge network is helping to share learning across the organisation. The Audit Commission's senior management has had a 'master class' on sustainable development; its CAA Leads have received sustainable development training; and most of its staff have now had at least basic level training on sustainable development.

Sustainable development has currency within Ofsted and is understood as a key agenda for children and young people, and not just environmentalists. We have had less engagement with the CQC, but have at least had discussions raising the issues and will seek future co-operation. In our recommendations we have focused on a number of issues which we consider each of the public service regulators should address.

The Audit Commission

The Audit Commission should continue its good work with continued high-level leadership from the chair and senior management team and the continued recruitment and development of a central team for sustainable development.

It should also ensure that basic level training is rolled out for all staff involved in audit and assessment work by October 2009 and that more in-depth expertise is developed among enough staff to ensure that appropriate expertise is always available to help form effective judgements. It should also look for ways of sharing its approach with organisations responsible for public sector improvement, those involved in developing and promoting the Local Sustainable Development Lens (discussed in Annex 1), and the bodies it inspects.

Ofsted

Ofsted should monitor the impact of the completed 'stimulus document' on its inspection frameworks as these are developed or revised, to make sure they go beyond a small number of questions or prompts on self-assessment forms. It should work with the Audit Commission to identify a practical way to apply the CAA Use of Resources assessment to schools and other institutions. It should also research, internalise and advocate that there is a role for institutions in promoting the wellbeing of children in their local area, for example by promoting a child welfare indicator (as set out in Annex 2).

The CQC

The CQC should sign up to the NHS Carbon Reduction Strategy, allocate a board level champion for sustainable development, develop a Sustainable Development Action Plan and work to build staff understanding of and capacity to work with sustainable development.

It should carry out a special review in 2010 of how far and how well NHS trusts are promoting sustainable development. It should publish data on the Tier 3 'Vital Signs' indicator on energy efficiency and carbon emissions in the periodic review; and DH should include this in Tier 2 from 2010 so the CQC has a scrutiny role.

The CQC should also implement the recommendations of the Healthcare Commission's preliminary work on sustainable development carbon metrics with the NHS Sustainable Development Unit (NHS SDU). It should work in partnership with that body to develop a suite of sustainable development indicators for the health sector that could be used for special review, for CQC assessments and by DH over time; and it should align these with metrics in other sectors.

It should extend the sustainable development

elements of the CAA Use of Resources judgement to all health and social care bodies and it should work to align this with other performance frameworks. We also recommend that DH should include robust references to sustainable development in the World Class Commissioning agenda and that it should include public health in the registration requirements for bodies regulated by the CQC.

The Audit Commission and the other CAA regulators

While the Audit Commission has made good progress on the CAA, our review has raised questions about whether the CAA regulators as a whole have developed a co-ordinated and complementary approach to sustainable development within it. The real test will come when the first round of CAA judgements are made in December 2009.

The Audit Commission has already agreed to devise a cross-inspectorate mechanism to co-ordinate the approach to sustainable development within the CAA. Key tasks should be to develop a joint understanding of sustainable development and to ensure that training is consistent across the CAA regulators. It will also be important to ensure that the joint inspectorate quality assurance arrangements involve a balanced range of experts and peers from economic, social and environmental backgrounds (and that environmental interests are not under-represented).

Work should also be undertaken to identify practical ways to extend the CAA Use of Resources judgement to other regulated organisations, including schools and further education colleges and health and social care bodies not covered at the moment.

Going forward, we also recommend that sustainable development interests are properly represented in the review and evaluation of the CAA and that the SDC is invited to be part of these arrangements. It should be recognised that embedding sustainable development into the CAA will mean a new way of working for the Audit Commission, other regulators and regulated bodies. Effective leadership by CAA regulators and the sharing of good practice will help to make the CAA an effective vehicle for driving improvement across the board and achieving genuinely sustainable outcomes at a local level.

Conclusions

Common issues
There are key issues that are common to all public service regulators under review:

Leadership and consistent messages
There is a critical role for central government in delivering the sustainable development agenda. It must act as an example for public sector regulators and deliver clear and consistent messages about policy and practice.

Clarity over the role of regulators
It is important that public service regulators are given clear powers and duties in respect of sustainable development, preferably in their statutory powers and regulatory frameworks as well as in guidance, so they have the tools to do the job.

Consistency between regulators
All of the public service regulators must contribute to the area assessment, and this will require them to develop consistent understanding, methods and language. In the longer term, a shared approach would help to integrate the planning and delivery of local services and to improve outcomes for local people.

Improved skills and understanding
Assessors need sufficient depth of knowledge to enable them to gather and process the information that will allow them to capture the complexities of sustainable development. Expanding the skills and knowledge base within each of the regulators is essential.

Future assessment of impact
This report represents a snapshot of the status quo. The SDC welcomes the opportunity to work closely with all three public service regulators in the future. It also hopes to carry out a further light-touch review of progress towards the end of 2010.

Introduction

The UK Sustainable Development Commission (SDC) has undertaken a review of the role of public service regulators in promoting sustainable development. This report explains why and how we conducted the review and what we found. It considers the implications for policy and practice in future and sets out recommendations.

The review has been a dynamic exercise in a shifting policy environment. While it was being conducted, climate change became an increasingly prominent concern for policy makers across government. The SDC worked closely with the regulators under review, helping them to meet the challenges of incorporating sustainable development into their work and to build their capacity for understanding and promoting it.
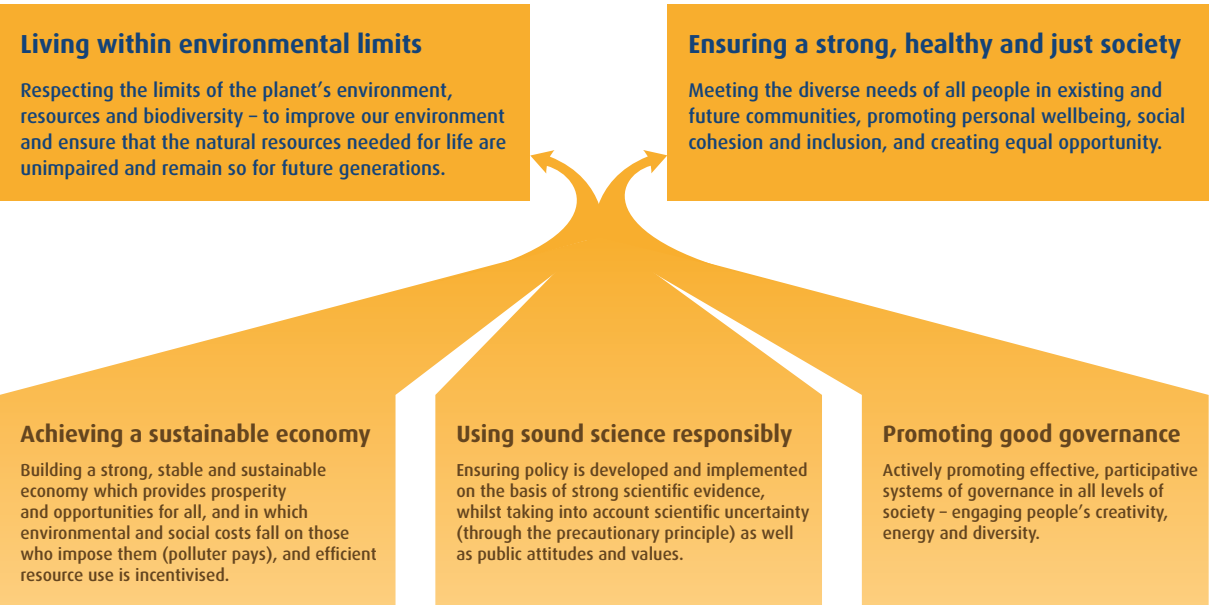
2.1 The purpose of the review

The review aimed to establish how far it is possible for public service regulators to promote sustainable development in the local government, healthcare and education services they regulate. It also assessed whether they are using their powers and resources effectively for this purpose.

The remit and practice of the regulators were assessed against the principles of sustainable development set out in the 2005 UK Sustainable Development Strategy, Securing the Future. These provide a framework for ensuring a strong, healthy and just society within the limits of the natural environment, through achieving a sustainable economy, promoting good governance and using sound science responsibly (see below).

It is the government's stated intention that the principles of sustainable development should form the basis for all policy in the UK. The strategy calls on the public sector "to be a leading exponent of sustainable development".[2]

In the rest of this introductory section, we look first at public services and how their aims and functions relate to current policies on sustainable development. Next, we consider the role of public service regulators in the light of current policies on regulation, and the implications for regulating for sustainable development.

Living within environmental limits

Respecting the limits of the planet's environment, resources and biodiversity – to improve our environment and ensure that the natural resources needed for life are unimpaired and remain so for future generations.

Ensuring a strong, healthy and just society

Meeting the diverse needs of all people in existing and future communities, promoting personal wellbeing, social cohesion and inclusion, and creating equal opportunity.

Achieving a sustainable economy

Building a strong, stable and sustainable economy which provides prosperity and opportunities for all, and in which environmental and social costs fall on those who impose them (polluter pays), and efficient resource use is incentivised.

Using sound science responsibly

Ensuring policy is developed and implemented on the basis of strong scientific evidence, whilst taking into account scientific uncertainty (through the precautionary principle) as well as public attitudes and values.

Promoting good governance

Actively promoting effective, participative systems of governance in all levels of society – engaging people's creativity, energy and diversity.

2.2   Public services and sustainable development

Public service organisations can help or hinder progress towards sustainable development in three different but related ways. One is through the impact of the services they commission or deliver on individuals, neighbourhoods and communities (for example, improving health, promoting learning, recycling waste, encouraging active travel). Another is through influence and leading by example to help change attitudes, expectations and behaviour. And last but not least, there is the impact public service organisations can have through their corporate activities (such as employment and resource management), where they can be a formidable economic and social force.
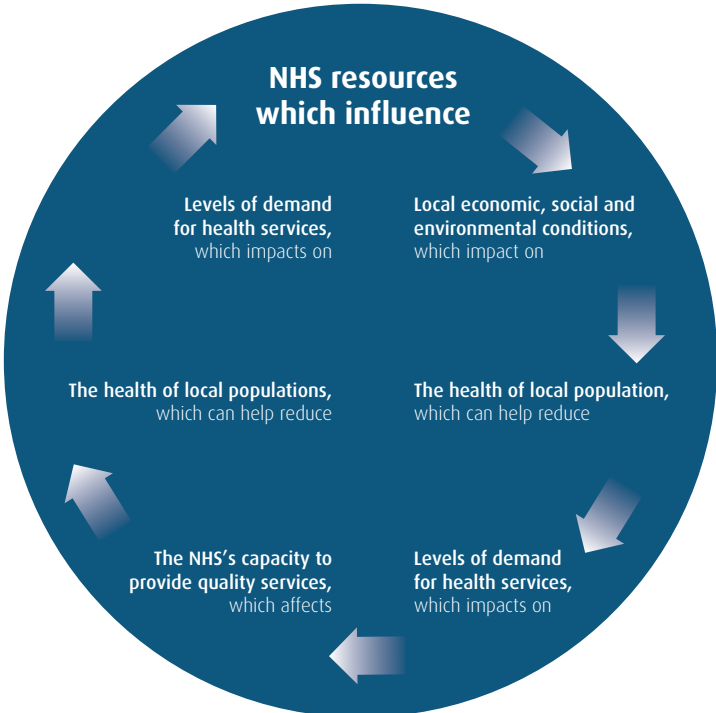
As public services have become increasingly independent or semi-independent, regulation has become more important and the regulators themselves are taking a more prominent role in developing and communicating both minimum standards and pathways towards improvement. The importance of the role of public service regulators is expanded on below.

In the UK, the public sector employs 20 per cent of the workforce, with health, local government and education services accounting for 15 per cent.[3] Public services have significant purchasing power, with the three sectors under review together buying more than £88 billion worth of goods and services in 2005/06 across the UK.[4] Their impact on the environment is substantial.

For example, the National Health Service (NHS) in England accounts for 18 million tonnes of carbon a year – 25 per cent of UK public sector total and 3 per cent of the total for England. Some 800,000 meals are served in hospitals every day, each with impacts from food production, processing and transportation.[5] The carbon footprint of schools is more than 10 million tonnes per year[6] and the education sector produces almost 700,000 tonnes of waste per year.[7] Local government in England owns 11 per cent of the housing stock and collects more than 29 million tonnes of household waste per year.[8]

Public service organisations can deploy their purchasing muscle, their role as employers, their ability to influence the general public, their engagement with their local communities, and the services they deliver in ways that impact positively on society, environment and the economy, safeguarding and improving the well-being of local people in the medium and long term.

This is sustainable development in action: it can help to contain or even reduce demands for services over time, because it prevents needs arising by tackling their 'upstream' causes, such as material disadvantage, social exclusion, depression and anxiety, unsafe communities and unhealthy environments. This is expressed as a 'virtuous circle'. The illustration below is for NHS organisations, but the idea applies no less to other public services.

NHS resources
which influence

Levels of demand
for health services,
which impacts on

Local economic, social and
environmental conditions,
which impact on

The health of local populations,
which can help reduce

The health of local population,
which can help reduce

The NHS's capacity to
provide quality services,
which affects

Levels of demand
for health services,
which impacts on

2.3 Policy context: sustainable development

Public services and their regulators operate within a policy framework that shapes what they do, how they do it, and how they are financed and managed. Key aspects of sustainable development have risen up the political agenda in recent years, with direct implications for public sector organisations.

Action on climate change and environmental sustainability

Action to tackle climate change is now recognised as a core responsibility of government. The 2006 Stern Report emphasised the importance of taking urgent action to reduce greenhouse gases in order to avoid potentially catastrophic climate change, the effects of which could require costly and highly disruptive responses.[9] The Climate Change Act puts a legal framework in place for tackling climate change across the UK. It will set legally-binding targets for reducing the UK's carbon emissions by at least 80 per cent by 2050 against a 1990 baseline.

One of the enabling powers of the UK Climate Change Act will be to introduce new trading schemes through secondary legislation. In England, the Carbon Reduction Commitment (CRC) is coming into effect from April 2010. This is a mandatory cap-and-trade scheme covering energy use emissions from certain kinds of organisation. The CRC will target emissions from energy use by large organisations whose annual mandatory half hourly metered electricity use is above 6,000MWh (annual electricity bills above £500,000) and which are not included in Climate Change Agreements or the EU Emissions Trading Scheme. In the public sector this will include, for example, large local authorities and NHS trusts.

Further policy initiatives designed to promote environmental sustainability include the eco-towns initiative;[10] the Code for Sustainable Homes;[11] the Planning Policy Statement on Climate Change;[12] the Sustainable Communities Act[13] and new national indicators for local areas on climate change mitigation and adaptation.[14]

Sustainable procurement

The UK Sustainable Development Strategy set a goal for the UK to be recognised as a leader in sustainable procurement in the European Union (EU) by 2009 and established a business-led task force to develop a National Action Plan to deliver this goal. The Sustainable Procurement Task Force (SPTF) report, *Procuring the Future*, was published in June 2006 and its recommendations apply to the whole of the UK public sector.[15] The UK government responded to the task force report by producing the *Sustainable Procurement Action Plan*[16] and created the Centre of Expertise in Sustainable Procurement (CESP) which sits within the Office of Government Commerce (OGC).

The local government sector published the *Local Government Procurement Strategy* outlining its commitment to spend its £40 billion a year in ways that achieve both value for money on a whole life cycle basis, and wider economic, social and environmental benefits.[17] The Department of Health (DH) published a sustainable procurement policy, strategy and action plan,[18] and a formal response to the SPTF, *Procuring for Health and Sustainability 2012*, for the whole of the health and social care sector.[19] The DH has also set energy and carbon targets for the NHS[20] and is providing a £100 million fund to improve energy efficiency and to encourage the generation of renewable energy. The Department for Education and Skills (DfES), now Department for Children Schools and Families (DCSF), incorporated sustainability requirements in the Building Schools for the Future programme, which aims to rebuild or renew every secondary school in England over the next 10-15 years.

Sector-related policies

A range of policy developments offer opportunities and drivers for advancing sustainable development through public services. The DH now has a sustainable development strategy and action plan; the NHS has a Sustainable Development Unit (NHS SDU) and a carbon reduction strategy. Local government policy now has a strong focus on 'place-shaping' and strengthened local partnerships to pursue environmental, social and economic objectives in a more integrated way.[21]

Statutory guidance strengthens the requirement to put sustainable development at the heart of the Sustainable Community Strategy, with the Local Area Agreement (LAA) as its delivery mechanism.[22]

The government now aims for all schools to be Sustainable Schools by 2020, and provides dedicated resources, such as the Sustainable Schools National Framework.[23]

Against this background of an increasingly supportive policy environment, two questions **arise. The first is how far are public service organisations promoting sustainable development in their day-to-day practice? The second, which is the key concern of this review, is how far are the public service regulators helping and encouraging them to do so?**

2.4 Public service regulators

Our review focused on the work of three regulators, the Audit Commission, the Office for Standards in Education, Children's Services and Skills (Ofsted), and the Healthcare Commission/Care Quality Commission (CQC), all of which share key objectives. They aim to prevent harm to service users, to maintain and promote improvements in the quality of outcomes for service users, to ensure consistent standards across the country, and to see to it that resources are used effectively and efficiently to achieve these objectives.

The **Audit Commission's** remit was established under the Local Government Finance Act 1982 to appoint auditors to all local authorities in England and Wales. Subsequent acts of parliament have modified and consolidated the Commission's remit, including the Audit Commission Act 1998, the Local Government Acts 1999 and 2003 and the Local Government and Public Involvement in Health Act 2007.

The Commission now defines itself as an independent public body responsible for ensuring that public money is spent economically, efficiently and effectively in the areas of local government, housing, health, criminal justice and fire and rescue services. Its mission is to be a driving force in the improvement of public services. It aims to promote proper stewardship and governance and to help those responsible for public services to achieve better outcomes for citizens, with a focus on those people who need public services most. It aims to encourage continual improvement in services to meet changing needs and to stimulate better quality and use of information.[24]

Ofsted inspects and regulates "to achieve excellence in the care of children and young people and in education and skills for learners of all ages". It aims to "raise aspirations and contribute to the long term achievement of ambitious standards and better life chances for service users" and is required by the law that extended its brief from 2007 "to promote service improvement, ensure services focus on the interests of their users, and see that services are efficient, effective and promote value for money".[25]

The **CQC** brought together the regulation of physical and mental health and adult social care from April 2009, aiming to "regulate services to ensure quality and safety standards, drive improvement and stamp out bad practice, protect the rights of people who use services, provide accessible, trustworthy information and independent public accountability on how commissioners and providers of services are improving the quality of care and providing value for money".[26]

The regulators operate separately to assess performance in their own sectors. They also work together in a parallel exercise known as the **Comprehensive Area Assessment** (CAA). This is a new performance framework for assessing local services that was launched in April 2009. It is concerned with people's experience of place, rather than just with the quality of individual services.

The CAA is led by the Audit Commission and involves six regulators (the Audit Commission, CQC, Ofsted, Her Majesty's Inspectorate of Constabulary, Her Majesty's Inspectorate of Prisons, and Her Majesty's Inspectorate of Probation). It takes a whole-systems approach, looking across councils, health bodies, police forces, fire and rescue services and others responsible for local public services, reflecting a growing expectation that these "work in partnership to tackle the challenges facing their communities".

'Sustainability' is one of four underpinning themes for the CAA, along with 'inequality', 'people whose circumstances make them vulnerable' and 'value for money'. CAA guidance states that it is "as much about long-term social and economic benefit as it is about respecting environmental limits. It is about building a strong, healthy and just society".[27]

2.5 Policy context: 'better regulation' and sustainable development

The present government's 'better regulation' policy aims "to eliminate obsolete and inefficient regulation, create user-friendly new guidelines and tackle inconsistencies in the regulatory system", while reducing "public sector data burdens" by 30 per cent by 2010.[28]

There are enduring tensions between the commitment to reduce regulatory 'burdens' and the need to ensure that public funds are put to proper use and that risks to public safety and well-being are effectively managed. According to the Better Regulation Commission, "calls for government action are just about balanced by calls for government to stop interfering".[29] The 'better regulation' agenda promotes five principles, which stipulate that regulation should be 'proportionate, accountable, consistent, transparent and targeted'.[30]

Regulation has become increasingly important as more services are provided by independent or semi-independent bodies.[31] The regulators are responsible for promulgating (and sometimes for developing) minimum standards and pathways towards improvement, helping to ensure that they are agreed, articulated and understood, for assessing performance against them and for publishing information to show how far standards are met and improvements achieved. Where services are provided by independent organisations, the regulators complement the commissioning process and sometimes regulate the process itself.

Risk-based assessment

At the same time, the balance of regulatory activities has shifted from direct enforcement, through audit and inspection, to risk-based assessment. Regulated bodies self-assess their performance and outcomes against standards set by government and/or the regulators: this assessment is then cross-checked by the regulators against information from other sources.[32] Closer scrutiny and inspection are reserved for organisations that appear to be under-performing; all the findings are made public.

This approach depends on clear understanding between regulators and regulated bodies about what is to be complied with, what constitutes compliance and how compliance is demonstrated.[33] It relies heavily on gathering and processing information, and on effective communication with service users

as well as with providers. It is intended to be 'light-touch' and collaborative, minimising administrative burdens and costs, and generating trust between government, regulated bodies, service users and the wider public. It aims not just to enforce specific requirements, but to encourage creativity and to promote behavioural and organisational changes that improve outcomes.

Regulating for sustainable development

In the context of 'better regulation', is sustainable development an appropriate subject for regulation of public services?

Essentially, sustainable development is about safeguarding the interests of future as well as current generations. Society, environment and economy are held in trust by the present generation, members of whom are both trustees for future generations and beneficiaries of past ones.[34] There may be conflicts of interest between generations which cannot be resolved by market choices or other means. Regulation can therefore be seen as an important way of safeguarding the interests of citizens yet unborn or too young to stand up for themselves.[35]

In addition, as we have seen, there is a clear policy framework for sustainable development, which specifies that the public sector should be a leading exponent. The principles of sustainable development are consistent with the goals of public service organisations and following them will help to achieve those goals.

It has been argued, on the other hand, that sustainable development is too broad and loose a concept to be effectively assessed; that regulation could lead to superficial 'box-ticking', stifle innovation and impose unreasonable burdens on the regulated bodies; that regulators lack the necessary knowledge and skills; and that there are better ways of managing risks. These arguments are explored in the background paper *Better regulation for sustainable development* prepared for this review, which makes the following observations:

- It will be important to select components of sustainable development that can be clearly specified and scrutinised, and to test these in practice, amending them where appropriate and developing further indicators

incrementally, customised to the services in question
- Regulators should be able to gather and process qualitative as well as quantitative knowledge, in order to capture the complexities of sustainable development
- It should be recognised that sustainable development cannot be reduced to what is measurable and that regulation is unlikely to cover all aspects of sustainable development effectively
- Regulation must be developed with and anchored in the experience, understanding and support of service users and the wider public
- Regulators should work collaboratively with regulated bodies to develop meaningful indicators and compliance criteria, using methods that complement performance management and encourage creativity and innovation
- Risk-based regulation, using self-assessment and cross-checking, is likely to be a more effective way of promoting sustainable development than regulation based only on audit and inspection. It should be designed to generate useful information, promote improvement and contain costs
- It should always be clear to regulated bodies - as well as to service users and the wider public - where responsibility lies for promoting sustainable development and how responsibility is distributed between the parties involved, as well as what the goals and indicators are, and how compliance is demonstrated
- Regulation is one of many levers for promoting sustainable development. Others include public pressure, individual

users' choices, locally-generated initiatives and strong management towards clear goals. Regulation must be carefully calibrated to strengthen other levers and work productively with them
- Because of their status in the field, public service regulators can encourage action and shape attitudes and priorities in favour of sustainable development, not only through direct application of their regulatory functions but also indirectly, through leadership and influence
- Regulators and regulated bodies must have resources to build their capacity, in terms of knowledge and skills, to promote sustainable development directly through public services and indirectly through regulation.

We have noted that sustainable development is integral to the core purpose and functions of public services – both because they have a key role to play in promoting the government's policy on sustainable development and because they can only meet their service-related objectives effectively if they do so sustainably. It follows that it is an appropriate subject for public service regulation. If the points above are taken fully into account and acted upon, the benefits of regulation in this field are likely to outweigh the costs by a comfortable margin.

This review therefore starts from the premise that public service regulators should themselves be exponents of sustainable development and should use their powers and influence to encourage the bodies they regulate to do likewise. In the rest of this report, we explore their potential for doing so, obstacles and opportunities, and their performance so far. We also set out recommendations for policy and practice.

Methodology

3

This review has been managed by the SDC's Watchdog team and directed by a steering group comprising members of the commission and secretariat. Throughout the review, the SDC's policy and Watchdog teams worked with the regulators in the three sectors under review to help build their capacity to meet the challenges posed by sustainable development.

The contextual information and analysis set out above helped to shape our methodology, which was designed to balance the need to achieve UK-wide and sector-wide coverage with a sufficiently rigorous and in-depth assessment of key regulators. With this in mind, the review has been structured around three stages:

Mapping stage

The review started in July 2007 with a mapping exercise of 11 public regulators of education, healthcare and local government across the UK (summarised in the table below). It looked at the extent to which the regulators' remit enabled them to judge performance on sustainable development, how they interpreted their remit and what the opportunities and barriers were to further promoting sustainable development. It identified cases of best practice and some opportunities to advance sustainable development. An interim report, dated February 2008, details these findings and was shared with the regulators and key stakeholders. It is available on the SDC website.

Table showing mapped local government, education and health sector regulators for the United Kingdom

Regulator	Country	Sector
Audit Commission	England	Local Government
Ofsted	England	Education
Healthcare Commission/CQC	England	Healthcare
Regulation and Quality Improvement Authority	Northern Ireland	Healthcare
Northern Ireland Audit Office	Northern Ireland	Local Government
Education and Training Inspectorate	Northern Ireland	Education
Audit Scotland	Scotland	Healthcare, Local Government
Her Majesty's Inspectorate of Education	Scotland	Education
Wales Audit Office	Wales	Healthcare
Wales Local Government	Wales	Local Government
Estyn	Wales	Education

Engagement stage

Following the mapping exercise, we decided to focus on the three main English regulators; the Audit Commission, Ofsted and the Healthcare Commission – which was shortly replaced by the CQC. Our decision was based on wanting to make the best use of limited resources, and on the fact that we had an opportunity to work closely with these organisations. We left open the option of working with regulators in the devolved administrations at a later date.

We worked with the regulators to identify ways to integrate sustainable development into assessment frameworks and to build capacity in their staff on sustainable development. This included working with the CAA development group and providing advice to the Healthcare Commission and DH on sustainable development metrics.

We were assisted in this task by an Expert Advisory Group and a Government Reference Group (details of groups included in Annex 3). The engagement with the regulators has been constant throughout the review and has included a number of meetings and capacity building events, as well as a constructive process of receiving feedback and comments on draft documents.

We formulated challenging sustainable development goals for each regulator, which we discussed with them, in order to direct them towards the progress we were seeking.

A sector report for each of the health, education and local government regulators was produced in December 2008. These described our engagement with the regulators, set out the sustainable development goals for each of them, and assessed their progress both against the goals and more generally in engaging with sustainable development. These reports are available on the SDC website.[36]

We have been able to build strong collaborative relationships with the Audit Commission and to a significant extent with Ofsted. These have helped both organisations to make considerable progress. Engagement with the health regulator has been less productive. In part, this can be attributed to the demise of the Healthcare Commission and its replacement by the CQC, but there has also been far less progress generally. There has been a disappointing failure on the part of the CQC (at the time of writing) to engage with the review. General levels of ambition and practical commitment appear to have been significantly lower than in the case of the Audit Commission and Ofsted.

To address broader policy questions, a joint seminar was held with the Improvement and Development Agency (IDeA) and the Local Authority Research Council Initiative (LARCI), inviting relevant experts and stakeholders. This considered issues surrounding regulation and sustainable development, in particular the principles of 'better regulation', questions about the 'burden of regulation' and the implications of what may be perceived as 'new' regulation. A policy paper was subsequently produced that is summarised in the introduction above and is available on the SDC website.[37]

Evaluation stage

The final stage of the review included assessing how well each regulator has taken up the challenge of engaging with sustainable development, sharing the sector reports with the regulators and other stakeholders, receiving and working through feedback, developing recommendations and producing this report.

The Audit Commission
A solid start

"Sustainable development is fundamental to our work at the Audit Commission and we are working to embed its principles throughout our work. Sustainable development now underpins our approach to performance assessment and supports our aim for CAA to provide a catalyst for better outcomes, more effective partnership working, more responsive services and better value for money. As such, we will be looking at whether local organisations and partnerships are planning for the long-term, fully integrating economic, social and environmental factors into decision-making and considering impacts beyond the local area."

Steve Bundred
Chief Executive, Audit Commission

England's 354 local authorities spent more than £154 billion on day to day services in 2007/8. They employ more than 1.8 million people and deliver 700 different services. Through these, local government has the potential to deliver long-term, sustainable solutions to local challenges. Creating more sustainable communities will not only benefit today's residents by delivering a better quality of life but also, crucially, help to secure similar benefits for future generations. Local authorities have a central role to play in creating sustainable communities, through providing effective leadership, setting an example and making it possible for local people to play their part.

The 2006 Local Government White Paper, *Strong and Prosperous Communities,* set out a new performance framework for local services. The new framework placed increased responsibility on local authorities to bring together local partners to improve services and to shape the places where we live.

Central to these new arrangements are Local Strategic Partnerships (LSPs). According to the government's statutory guidance, LSPs "provide the forum for collectively reviewing and steering public resources, through identifying priorities in Sustainable Community Strategies and Local Area Agreements".[38] To do this, LSPs are asked to take a sustainable development approach: sustainability should be at the heart of the overarching plan for the local area, the Sustainable Community Strategy, and in turn, the Local Area Agreement.

Together, local authorities and their partners are therefore pivotal to achieving sustainable development. By working with key public sector, business and voluntary partners, local authorities can help to coordinate an integrated approach to planning and delivery at a local level, in order to maximise the benefit of any initiative to the local community, avoid unnecessary conflicts and strengthen ties between local social, economic and environmental interests. In order to deliver on sustainable development at a local level, local authorities, their partners and their regulators need to have the relevant tools and mechanisms in place, with the principles of sustainable development firmly embedded in them.

4.1 Sustainable development challenges set by the SDC

The original review goals, as set by the SDC at the outset of this review, were:

- CAA: sustainable development provides the framework for the area assessment, mirroring the government's draft statutory guidance which puts sustainable development at the heart of new statutory arrangements for local government and its public sector partners

- CAA: the focus on sustainability in the 2008/09 Use of Resources judgement is retained and the Audit Commission is committed to increasing the expectations on sustainability performance in future Use of Resources judgements
- Capacity-building: the Audit Commission has systems in place to build its capacity on sustainable development throughout the organisation.

4.2 Progress made

The area assessment

We have been pleased with the progress made so far towards embedding sustainable development in the CAA's area assessment. The Audit Commission has been open to input from the SDC on the development of the area assessment and has shown genuine commitment by ensuring that sustainable

development is reflected in its methodology.

Although sustainable development does not provide the overarching framework for the CAA, it is now one of four underlying themes for the area assessment. CAA guidance outlines to staff what they should look for to demonstrate that areas are

Key messages

- Overall, the Audit Commission has made much progress on sustainable development since the start of this review, kick-started by strong leadership from its Chair, Michael O'Higgins, and members of its senior management team

- The framework for progress has been the Audit Commission's Sustainable Development Approach, a public statement of intent on sustainable development, backed up by an internal implementation plan outlining a range of actions for embedding sustainable development across the organisation

- The Audit Commission has made solid progress in building organisational capacity on sustainable development, and is a leader amongst its inspectorate peers. This capacity creates the depth and scope of knowledge required to make successful judgements on sustainable development in the CAA and its importance should therefore not be underestimated

- Sustainable development is now part of the methodology for the CAA's area assessment, where sustainability is one of the four underpinning principles, as discussed above. This is very welcome, although the real test of how well sustainable development is embedded will come when the first round of judgements are made in December 2009. The regulators involved in the CAA (termed CAA Inspectorates) will need to work together to ensure that sustainable development principles are applied consistently in reaching them

- Good progress has also been made in integrating sustainable development into the CAA's organisational assessment. The Use of Resources judgement, a key part of the organisational assessment, now includes a range of sustainable development elements, including a section examining whether organisations are making effective use of natural resources

- We are pleased that the Audit Commission has confirmed to us that the sustainability element of Use of Resources will become more stretching over time

- We are concerned, however, that, unlike other organisations assessed through the Use of Resources judgement, NHS primary care trusts (PCTs) won't be scored on their performance on procurement and commissioning (Key Line Of Enquiry (KLOE) 2.1), including whether they are using procurement and commissioning to support wider economic, social and environmental outcomes. This tension will need to be resolved in the future to avoid inconsistencies in the assessments of different organisations

- Whilst the Audit Commission has made good progress, our review has raised question marks about the degree to which the CAA regulators as a whole have developed a coordinated and complementary approach to sustainable development. Failure to do so could undermine efforts to deliver well-rounded judgements that are informed by a sustainable development approach. In particular, it will be important that the other CAA regulators develop their own capacity on sustainable development, particularly within the teams responsible for feeding into the CAA

- Finally, it should be recognised that embedding sustainable development successfully into the CAA will be a journey for the Audit Commission, the other CAA regulators and the organisations they are assessing. It will be a learning process for all involved. It will therefore be important to accept that mistakes will be made along the way and to learn from those mistakes to make sure that the CAA is an effective vehicle for driving improvement across the board and for achieving genuinely sustainable outcomes at a local level.

sustainable, explaining that "delivering sustainable development involves planning for the long-term, delivering economic, social and environmental principles in harmony, integrating them in decision-making and considering impacts beyond the local area".[39]

Good foundations have been laid, but there is still some way to go before the Audit Commission and the other CAA regulators can demonstrate that sustainable development is fully embedded in the area assessment. As stated previously, the real test will be when the first round of CAA judgements is made in December 2009. This will be the first opportunity to examine whether sustainable development really is underpinning the CAA.

To do this, the CAA inspectorates will need to ensure that sustainable development principles are applied consistently in all judgements. The inspectorates' own CAA Trials Evaluation, for example, found that in the CAA trials "there were variations... in the treatment of some of the underpinning principles of CAA, such as sustainable development or inequalities, and the application of these in reaching judgements".[40]

As a solution, the evaluation proposed that the CAA guidance would need to provide clearer definitions of sustainable development and set out how it will be addressed within the assessments. However, it will take more than guidance to address the inconsistencies highlighted by the evaluation.

A programme of capacity-building will be required across the CAA inspectorate staff. The Audit Commission has made a good start in this regard but, as discussed below, there is as yet little evidence that the other regulators have begun to follow suit with their own CAA staff. Robust internal quality assurance processes that involve sustainable development experts will also be needed.

The Use of Resources judgement

Previously, the Use of Resources judgements have not taken sustainable development into account. Within this context, we are pleased with a number of developments in relation to the 2008/09 judgement, including:

- Broadening the judgement to include a wider range of 'key lines of enquiry' (KLOE)
- Including sustainable development in

the 'governing the business' theme, such as "reviewing the competitiveness of services and [achieving] value for money, while meeting wider social, economic and environmental objectives"
- A key line of enquiry (3.1) dedicated to examining whether organisations are making effective use of natural resources
- Including elements of sustainability in assessing how well organisations are managing their assets, such as how well an organisation "works with partners and community groups to maximise the use of its assets for the benefit of the local community".[41]

These changes mark significant progress in monitoring performance on sustainable development within the estates and operations of the organisations assessed.

Furthermore, the Audit Commission has confirmed to us that in future years, the Use of Resources judgement will require more stretching evidence of good performance on sustainability than is the case for 2008/09. This is welcome and the Audit Commission will need to ensure that this ambition is realised so that the Use of Resources judgement helps to drive improvement on sustainable development performance over time.

The review has raised a number of issues, however, including:

- The separation in KLOE 2.1 of 'sustainable outcomes' and 'value for money' in relation to commissioning and procurement, the implication being that these are not viewed as one and the same thing. The danger is that this separation could lead to trade-offs being made. The Audit Commission has confirmed to us that it views sustainability as an essential component of value for money and that this is reflected in its training and guidance and training for staff. This is reassuring, although it will be important to monitor whether this is reflected in the Use of Resources judgements when they are published later this year
- Concern that, unlike all other organisations, PCTs won't be scored on their performance on procurement and commissioning (KLOE 2.1), including whether they are using

procurement and commissioning to support wider economic, social and environmental outcomes. This tension will need to be resolved by the Audit Commission and the CQC in the future to avoid inconsistencies in the assessments of different organisations.

Building the Audit Commission's capacity on sustainable development

Building organisational capacity and understanding on sustainable development is critical if sustainable development is to be consistently and effectively applied in CAA judgements. We are pleased with the overall progress the Audit Commission seems to have made in building capacity on sustainable development among its staff. It has taken the task of training its staff on sustainable development seriously. Tailored training on sustainable development, supported by the SDC, has been rolled out to approximately 80 per cent of its staff. Far less progress has been made, however, with the external auditors used by the Audit Commission for the value for money judgements in the Use of Resources assessment.

The Audit Commission has created a new central sustainable development team. We are pleased that sustainable development is now recognised formally within the Audit Commission's structure for the first time. There are potential risks with the creation of this new team, which will have to be managed, such as ensuring the team is not pigeonholed as the 'environment' team. It will also be important to build on the momentum the team has already created and ensure that the resources and expertise within the team are maintained and enhanced, particularly in the face of increasing public spending pressures.

Other positive developments in terms of building capacity for sustainable development include:

- The establishment of the Economic Development and Environment (EDE) knowledge network, which provides a forum for debate, policy development, quality assurance and knowledge sharing. It links all the people with responsibility for, or interest in, economic development, environment and sustainable development wherever they are in the organisation

- The inclusion of personal performance objectives on sustainable development for a number of staff, including senior personnel outside of the sustainable development team.

Overall, the Audit Commission has made solid progress in building organisational capacity on sustainable development, and is a leader in the field. It will be important for this progress to continue, however, and this is reflected in our recommendations.

Wider progress on sustainable development

The Audit Commission has also made progress in embedding sustainable development across its organisation. In the summer of 2007, it published its *Sustainable Development Approach*, a high-level document that set out its ambitions to incorporate sustainable development into the CAA. This was accompanied internally by an implementation plan. Other positive developments include:

- A number of speeches from the Audit Commission Chair and other key personnel supporting sustainable development. The chair's support for sustainable development has been critical to kick-starting progress on sustainable development throughout the organisation
- The creation of accountability structures for sustainable development within the organisation, including a sustainable development board
- A national study looking into reducing carbon emissions from domestic energy use, which will be published later in 2009[42]
- A commitment from the national studies team to carry out a study on climate change adaptation
- The secondment of a member of the Audit Commission's national studies team to the SDC. The studies team hopes to use the learning from the secondment to provide further consideration and challenge to incorporating sustainable development in the national studies programme
- The development of its own internal sustainability action plan, outlining how it will reduce its environmental footprint.

The CAA regulators: joining-up

Working together is not something that the regulators have had to do much in the past, but the area assessment will require shared judgements by all six regulators involved in the CAA. To do this effectively, they will need not only to learn how to come to agreement on the judgements made, but also to coordinate the organisational assessments they make individually, so that the evidence that they produce and share enables them to make well-rounded judgements in the area assessment.

Overall, we have found that progress on sustainable development within the CAA has been predominantly led by the Audit Commission. As discussed above, we are pleased with the outcome so far. However, there is little evidence that this is the result of a concerted effort by all the regulators to develop a coordinated and complementary approach to sustainable development.

There is no clear mechanism for coordinating sustainable development activity across the regulators and ensuring that their approaches are consistent. Other CAA regulators still have some way to go to develop their own thinking about how they can contribute to a sustainable development approach in the CAA. The danger is that this will lead to gaps in the judgements that are made in the area assessments.

As an example, if the Audit Commission gathers evidence on a local authority's performance in cutting carbon emissions on its own estate, but there is no equivalent evidence from the CQC relating to health and social care organisations in the same locality, there will only be a very patchy understanding of the area's performance as a whole.

Nevertheless, it is encouraging to learn that the CQC and Ofsted have now recruited, respectively, 42 and 12 CAA lead equivalents. This will be a key factor in determining the success of the CAA, depending on how effectively sustainable development is included in the training and delivery of these roles.

"The CAA is already helping to focus work within the Council and Birmingham, our Local Strategic Partnership, on key sustainable development issues. Whilst Birmingham is a recognised leader on sustainable development, the CAA is further developing the sustainability agenda in parts of the Council and the LSP that hadn't previously been engaged. In particular the organisational assessment's use of natural resources Key Line of Enquiry (KLOE) has already helped make real the 'living within environmental limits' objective of 'Securing the Future', the National Strategy for Sustainability Development. We hope this will lead to greater local collaboration between assessed public sector organisations to improve performance and reduce costs.

Delivering meaningful CAA judgements that lead to quality action will now be vital in the long term sustainability of an area. In addition, knowledge of Sustainable Development amongst inspectorate staff and the ability of inspectorates to work closely together will be integral to ensuring the CAA fulfils its potential."

Keith Budden
Head of Sustainability, Birmingham Strategic Partnership

4.3 Key issues for the future

There has been much progress in embedding sustainable development within the Audit Commission and the CAA and our engagement with the organisation has been very positive. We have established good links at all levels of the organisation. This engagement has led to new ways of collaborative working between the SDC and the Audit Commission.

As stated above, the real test will be the judgements that are made under the CAA: the area assessment and the organisational assessment. How far these take account of sustainable development will depend on building the regulators' organisational capacity and understanding of the relevant issues. In particular, the other CAA regulators will need to develop their own capacity to make effective shared judgements on sustainable development in the area assessment.

Finally, it should be recognised that embedding sustainable development into the CAA will mean a new way of working for the Audit Commission, other regulators and regulated bodies. Effective leadership by CAA regulators and the sharing of good practice will help to make the CAA an effective vehicle for driving improvement across the board and achieving genuinely sustainable outcomes at a local level.

The SDC will be glad to continue its engagement with the Audit Commission and the other CAA regulators in the future, to help ensure that this happens.

4.4 SDC's recommendations to the Audit Commission and the other CAA inspectorates

The Audit Commission has made excellent strides forward in embedding sustainable development in its work through the CAA. The SDC believes that the following elements have been integral to this success and we therefore encourage the Audit Commission to continue its work in the following areas:

- **Central sustainable development team:** continue with the recruitment and development of a central team for sustainable development of sufficient size, capacity and influence. This should build on the knowledge, enthusiasm and skills of the current team to ensure that momentum is not lost

- **Quality assurance:** continue to ensure that internal quality assurance processes include staff with sufficient sustainable development expertise to be able to provide constructive challenge to emerging judgements, for example on the area assessment and Use of Resources judgement

- **Use of Resources judgement:** ensure that the focus on sustainable development in the Use of Resources judgement (including elements such as the use natural resources and sustainable procurement) is applied on a regular basis beyond the current commitment of 2009/10. We are pleased that the Audit Commission has confirmed to us that the sustainability element of the judgement will be made more stretching over time

- **High-level leadership:** continue with high-level leadership from the Chair and senior management to help keep sustainable development a key organisational priority.

We recommend that the Audit Commission

- In partnership with the CAA regulators, commissions the SDC to work with it to undertake a review of a sample of CAA first round judgements. The review would examine the consistency and effectiveness with which the underpinning principles of sustainable development have been applied

- Ensures that the roll out of basic (Level 1) training for sustainable development to all staff involved in the relevant audit and assessment work is completed by October 2009

- Develops more in-depth sustainable development expertise for a sufficient number of staff across the organisation, so that appropriate expertise is always available to help form effective judgements

- Develops ways of sharing its approach to, and understanding of, sustainable development with:

  — Organisations responsible for public sector improvement, such as IDeA and the Regional Improvement and Efficiency Partnerships (RIEPs). This will help to ensure that these bodies effectively incorporate and integrate sustainable development into their improvement programmes

  — Organisations involved in developing and promoting the Local Sustainable Development Lens (full details in Annex 1), including the SDC, IDeA, Department of Environment Food and Rural Affairs (Defra) and others, by sharing the lessons learned from using the Lens as an analytical tool for the area assessment

  — The bodies it inspects, pointing them towards good practice and support for improvement, recognising that the CAA will be a collective learning process.

We also make the following recommendations to the CAA regulators

- Develop ways of ensuring that sustainable development training is consistent across the CAA regulators and that experience and knowledge is shared as much as possible. In particular, it is important that:

  — Ofsted ensures that sustainable development is incorporated into the training programme for its 12 CAA Lead equivalents
  — Similarly, the CQC ensures sustainable development is incorporated into the training programme for its 42 CAA Lead equivalents

- Ensure that the joint inspectorate quality assurance arrangements[43] involve a balanced range of experts and peers from economic, social and environmental backgrounds. Environmental interests are often under-represented on LSPs and it is important that

the new quality assurance arrangements do not reflect or reinforce this imbalance

- Ensure that sustainable development stakeholder interests are sufficiently represented in the review and evaluation of the CAA.[44] In addition, invite the SDC to be part of these arrangements to ensure that there is continued challenge and scrutiny on sustainable development

- Work to identify practical ways to extend the CAA Use of Resources assessment to other regulated organisations not already covered, to ensure they are not excluded from basic environmental performance assessment. Such organisations include:

  — Organisations regulated by Ofsted such as schools and further education colleges

  — All health and social care bodies that are not covered by the CAA.

We are pleased that the Audit Commission has already agreed to the following

- To devise a cross-inspectorate mechanism to co-ordinate the approach to sustainable development within the CAA. A key task for this mechanism should be to develop a joint understanding of sustainable development across the CAA regulators and to help take forward the recommendations outlined above.

Local Government case study
Audit Commission Training Programme

Local Government Case Study
Audit Commission Training Programme

If sustainable development is to be consistently and effectively applied within CAA judgements, it is critical that organisational capacity and understanding on the subject is built up within the Audit Commission. The SDC supported the Audit Commission in developing a tailored training programme to bring the staff up to speed on sustainable development. This training programme focused on outlining the key principles of sustainable development and encouraging staff to apply these to their individual work areas.

Current Situation

- The Audit Commission has currently trained approximately 80% of its employees to Level 1 in Sustainable Development. This includes all performance staff

- Sustainable Development now also features in the induction process for all new staff.

The Training Programme

- The training programme has been built upon a standard training pack which is then adapted to the specific needs of each group

- It highlights key messages about the Audit Commission's approach to SD, includes key definitions and principles of SD and their application within the context of the Audit Commission's works

- The training programme has been rolled out in key regions and staff in each region have been split into a number of smaller groups to administer the training.

Key Successes and Lessons Learned

- It was certainly important that a standardised core training pack was used and adapted to the specific needs of each group. However, what made the training a success was the significant amount of time spent in workshops contextualising SD within the everyday work of individuals. This was key to truly embeding the concept of SD within the Audit Commission's work

- The training programme was most successful when administered in smaller, more localised and therefore focused groups. Although this was more time consuming than using larger group sizes, the individuals in smaller groups could contextualise SD more successfully within their local area. This placed them in a better position to make the connections required to genuinely understand and apply the holistic nature of SD

- It is felt that the importance of a rigorous training programme such as this will be demonstrated by the judgements made within the CAA. For the judgements to genuinely have SD at their heart and to be effective at delivering on the holistic nature of the CAA, they must be both outward facing and focused on outcomes. To deliver quality judgements, inspectors need to understand the wider implications and relevance of the judgements they make and appreciate how they fit into local, regional and national levels. The rigorous and well targeted nature of the training programme was of critical importance in working towards this outcome.

Ofsted
learning by doing

"Ofsted inspection is highly significant for schools and it is difficult to justify action that does not contribute in some way to an improved Ofsted rating. At present you have to work really hard to see what Ofsted is trying to achieve with sustainable development, and inevitably this holds back progress with sustainable schools. An explicit focus on sustainability would help us drive school improvement, deliver *Every Child Matters*, and set the perfect direction for 21st century schools. This would be of huge value to education."

David Dixon
Head Teacher of Bowbridge Primary school in Newark

Sustainable development is underpinned by the concept of intergenerational justice. Educating children (and more broadly seeking improvements to all aspects of their wellbeing) is therefore central to delivering sustainable development. Indeed, in the face of challenges such as climate change, obesity, poverty and technological change, we must ensure that the services experienced by children prepare them for uncertain times ahead.

Schools are particularly important places in which to achieve this. They are one of the few experiences shared by almost everybody growing up in the UK, and are therefore an appropriate place to start people thinking about sustainable development. They can also exemplify good practice. In order for sustainable development to be embedded in the education system and in schools, the principles that support it must be central to the way we define school improvement, and hence to the inspection process.

Key messages

Having engaged with Ofsted extensively, and having examined its role in challenging and improving the performance of institutions within its remit, we have found that Ofsted can make an important contribution to sustainable development in three main ways:

- By making institutions aware of their responsibility to prepare children and young people for life in a sustainable world
- By identifying and disseminating to institutions practices that show how sustainable development can deliver enhanced outcomes for children and young people, often by adding an environmental context to existing priorities
- By encouraging institutions to take a broad view of their role in improving child wellbeing (rather than a narrower, more service-centred view of their contribution), principally by understanding the need of children and young people to have quality places in which to grow up.

Furthermore, we have come to two primary conclusions about how and where Ofsted is best able to support these aims:

- The first is in its regulation of the education sector. Ofsted has the potential to change fundamentally the way that sustainable development is understood - from something that is outside the education system, to something that is absolutely central to it. It can do this across the full range of learning providers that it regulates, so the way that success is defined, measured and judged in all these institutions takes explicit account of the principles of sustainable development
- The second is in its regulation of services for children, from childcare and children's social care, to the inspection of local authority children's services and court advisory and support services for children and families. Ofsted has an opportunity to encourage everybody who works with children and young people to recognise the importance of sustainable development to children's happiness, health and wider wellbeing, and to promote sustainable development as a means of tackling entrenched problems such as health and achievement inequalities. The quality of places where children and young people grow up is a significant factor in their wellbeing, with successive surveys confirming that children want to see improved access to green space, safer routes to visit their friends and local amenities, and better designed roads and housing developments.

5.1 Sustainable development challenges set by the SDC

At the start of the engagement stage, the SDC highlighted some initial challenges for Ofsted relating to sustainable development. These provided the focus for much of our engagement with the regulator:

- All new inspection frameworks use sustainable development principles to provide a balanced view of children and young people's well-being across their social, economic and environmental needs
- The value for money assessment in schools (and other inspected services) incorporates sustainable development principles (for example through eco-efficiency, whole-life costing and sustainable procurement)

- Inspectors are able to identify and support progress with sustainable development among the institutions they visit, based on a firm grasp of the reasons why it is an essential direction for public services
- Ofsted conducts biennial national studies of sustainability performance in schools (and ultimately other inspected services), with quantitative results that draw on the DCSF's s3 evaluation method (sustainable school self-evaluation)[45]
- Ofsted publishes a Sustainable Development Action Plan that covers both core business and internal operations within its scope, and sets out the governance and delivery arrangements necessary to meet its objectives.

5.2 Progress made

Inspection frameworks

During the course of the review, Ofsted has made some significant commitments towards embedding sustainable development within its inspection frameworks. This was particularly notable within Ofsted's Sustainable Development Action Plan, which was published in September 2008 and included the following commitments:

- "Ensuring that our interpretation of the common evaluation schedule for different settings takes appropriate account of sustainability, such as through the effective and efficient use of resources"
- "Being explicit in our inspection guidance about the evaluation of sustainable development, in different settings"
- "Promoting provider self evaluation/self assessment that considers sustainable development issues".

Ofsted has since committed to embedding sustainable development thinking within the inspection frameworks for each of its remit areas through the creation of a stimulus document (currently in draft) for use by specialist inspectors involved in the design process of the frameworks. This is a move in the right direction, but the test will be whether the new frameworks that emerge

from this process are explicit and visible about the role of sustainable development in performance improvement, and so can be expected to have an appreciable impact on the ground.

Value for money

As set out in previous sections, the linkage between value for money and sustainable operations is a major government priority, with the promise of very clear financial and environmental benefits. A reference to this linkage is included in Ofsted's Sustainable Development Action Plan and this was further confirmed in correspondence with the chief inspector, Christine Gilbert. Both are welcome, but we are concerned that while Ofsted has clearly understood the link in terms of its own corporate performance, it has yet to confirm how this area will be built into inspection.

The importance of this link has been highlighted within the Audit Commission's Use of Resources judgement for 2008/09 which covers: the use of natural resources (energy, water, waste and so on); reducing the impact on the environment; and managing environmental risks. Disappointingly, however, this only applies at a whole-authority level rather than at the level of individual institutions such as schools.

With this in mind, the SDC is concerned

that, as of now, major sources of public sector environmental impact will go unassessed – and potentially unguided – by both Ofsted and the Audit Commission. While we understand that the work of both organisations is inevitably constrained by the resources they receive from government, the gap that we have identified is especially worrying in view of the unique potential of schools and other providers of learning to set an example for children, young people and their families.

There is notable energy and resource waste in public sector organisations. Whilst it is acknowledged that that there are significant barriers to progress in terms of ownership, accountability, skills, budgets and knowledge,[46] this nonetheless represents a large inefficiency in public spending. More practically for Ofsted, it also presents an opportunity to highlight good practice among better performing institutions in diverting budget from wasteful practices to improving outcomes for children and young people.

Inspectors' ability to identify and support progress

At the start of this review, the SDC expressed concern that a lack of understanding of sustainable development among inspectors could compromise their ability to distinguish and recognise good practice, or challenge underperforming institutions. It was therefore reassuring that during the course of this review Christine Gilbert committed Ofsted to ensuring that the "contribution that providers are to make to a sustainable future is recognised by improving guidance so that our inspectors have a deeper understanding of how sustainable development can raise standards and improve lives in the different settings we inspect and regulate".

The SDC understands that a considerable amount of work has now been undertaken by Ofsted to build inspector confidence in the benefits of sustainable development through seminars, the development of an e-learning tool and the identification of provider good practice. A range of additional actions to strengthen understanding are being considered for the next iteration of Ofsted's 2009/10 Sustainable Development Action Plan. These include training for CAA leads and raising awareness about the DCSF's s3 tool.

Including sustainable development in the survey programme

Ofsted has been active in exploring the relationship between improvement and sustainable development in one remit area only: schools. The studies of sustainable schools undertaken by Ofsted in 2003 and 2008 were well received by the education community and welcomed by the SDC. However, the government has still not met its 2005 commitment to establish an effective means of evaluating national progress on sustainable development in education (a national indicator) as promised in *Securing the Future.*

With this in mind, we take the view that Ofsted, with appropriate support from the DCSF, should ensure that England is in a position to understand its progress on sustainable schools within the timeframe of the United Nations Decade of Education for Sustainable Development, 2005/14. Also, that it should do this through a regular survey programme using the DCSF's own evaluation tool for sustainable schools, s3.

We believe that two areas are particularly appropriate for survey work. One is value for money in the context of energy and resource efficiency, sustainable procurement and whole-life costing. We were encouraged to hear of the Audit Commission's proposal to Ofsted that the two bodies should work together on this, and also to hear that specific assessments of value for money are being piloted as part of Ofsted's inspection work.

The other is to explore in more depth the role of institutions in championing the wellbeing of all children in their local areas, for example through raising issues through children's trusts, giving voice to children's needs, and engaging positively in community activities. Annex 2 contains a basket of indicators drawn from the National Indicator Set that we have collated to guide this form of inquiry.

Sustainable Development Action Plan

We were glad to see Ofsted publish this document, which sets out its commitments over the following two years and represents genuine progress. That said, in future iterations we would like to see greater emphasis on how Ofsted is embedding sustainable development within its inspection frameworks and core functions, ensuring that this is linked to parallel developments in the CAA and the work of other regulators.

"Our new inspection frameworks take account of different dimensions of sustainability. For example, we focus our judgements on outcomes for children and learners using the *Every Child Matters* headings - these include making a positive contribution and being healthy. We review how well leaders and managers use resources to support learning and deliver value for money. We also encourage providers to consider sustainable development in their self evaluations. It is, after all, vital to our core purpose of raising standards and improving lives."

Melanie Hunt

Director, Learning and Skills, EAUC 13th Annual Conference, Warwick University, 31 March 2009

5.3   Key issues for the future

Our engagement with Ofsted has been positive throughout this review, and we have been encouraged by the quality of the dialogue. While considerable progress has been made, our overall judgement is that Ofsted is really only just starting to use its influence on institutions to show how consistent and effective uptake of sustainable development can improve outcomes for children.

Take the example of schools. Ofsted's own analysis in *Schools and Sustainability: A climate for change?* highlights a lack of consistency and awareness about sustainable development in schools – both in relation to the impacts of the school itself, and the opportunities to drive school improvement. Ofsted now has a clear opportunity to support the government's Sustainable Schools strategy by signalling the importance of sustainable development to schools through every inspection visit. It is also important to extend this thinking to other remit areas.

One of these areas is further education. The government has made it clear that it wants this sector to be a leading exponent of sustainable development through its management of resources, the learning opportunities it delivers and its engagement with communities. Inspection can and

should play a powerful role in bringing good practice to the attention of colleges and this opportunity is already recognised by Ofsted.

It is entirely appropriate to view sustainable development as a 'non-negotiable' in public service delivery. A similar transition has occurred with judgements on equality and diversity, which are now required in all Ofsted remits. An absolute minimum should be for an institution to be integrating sustainable development into its business, while good and outstanding institutions should be placing it at the heart of their mission and ethos. Children want this and deserve it.

We are not suggesting that Ofsted ask the institutions within its scope to take ownership of global sustainable development, or to singlehandedly take on serious local challenges such as poverty, litter/vandalism, pollution, and lack of green space for children. However we would like Ofsted to work with its institutions to make sure that they regard themselves as champions for children and young people's needs in such areas. We would also like it to make sure they work with each other and with local partners to seek necessary improvements. This is an important cultural shift in which regulation can play a vital role.

5.4 SDC's recommendations to Ofsted

Ofsted has made some good strides forward in embedding sustainable development in its work. It has already accepted recommendations in the following areas

- Agreement for the SDC to comment on the proposed 'Stimulus Document' which is designed to enable Ofsted teams to incorporate sustainable development within inspection frameworks for different remit areas
- Build on its successful survey work in schools by carrying out its proposed studies on (a) capital investment in schools and colleges and its impact on learning (ensuring sustainable development is included as a critical element of this); and (b) the inclusion of sustainable development practices across Ofsted's wider remit
- Continue with implementing judgements on value for money within the new school's inspection framework drawing on actions presented to us by schools, for example in the areas of energy efficiency, waste minimisation and sustainable procurement. Proceed as previously indicated to monitor and review these judgements during the first year of the new inspection framework
- Continuing with its recruitment of a head of sustainable development
- Agreeing to meet with the SDC on a regular basis in 2009/10 to review progress with its Sustainable Development Action Plan, and considering future opportunities to use sustainable development as a guiding factor and direction of service improvement.

We recommend that Ofsted

- Monitor the impact of the stimulus document as successive inspection frameworks are developed or revised to ensure they harness sustainable development for service users in a way that goes beyond having a small number of questions or prompts in self-evaluation forms
- Work with the Audit Commission to seek to identify a practical way to apply the CAA Use of Resources assessment to schools and, where possible, other institutions (such as further education colleges) to ensure they are not excluded from basic environmental performance assessment
- Researches, internalises and advocates the role that institutions can play in promoting the wellbeing of all children in their local area, with a particular focus on the Children's Plan aim of improving the quality of places where children, young people and families grow up (for example through the promotion of a child wellbeing indicator set as set out in Annex 2).

Education case study
Birdham Church of England
Primary School and the
'Engauge' programme

Education case study

Birdham Church of England Primary School and the 'Engauge' programme

Sustainable development is an important priority for Birdham CE Primary School in West Sussex, underpinning its ethos and values. It has brought about a notable improvement to the quality of provision for pupils, and contributes across the five *Every Child Matters* outcomes. Currently five of the DCSF's sustainable schools 'doorways' are of particular interest to the school:

Energy and Water

Initiatives include an eco-friendly toilet cloakroom that harnesses rain-harvesting, micro-generation and solar thermal heating, which the children commonly refer to this as "Going Green to Spend a Penny", and a solar water system that heats the learner swimming pool. Being able to access water meters to monitor whole school consumption has encouraged more responsible attitudes towards natural resource use and energy efficiency in the everyday lives of the pupils.

Food and drink

Pupils are involved in 'Grow it, Cook it and Eat it' activities within the curriculum, with a high percentage of lessons based outdoors. The healthy eating 'five a day' initiative is well supported by children and their parents, and has delivered real changes in eating habits; feedback from parents suggests the children are now amenable to eating a wider range of fruit and vegetables.

Local wellbeing

The children's strong sense of responsibility towards each other, and for the environment and wildlife, is reinforced by its work on sustainability. It does not suffer from anti-social behaviour such as graffiti and vandalism, and the behaviour of the children has been judged very good.

Global dimension

The children demonstrate their support for global sustainability and international development by sponsoring a variety of charities, including 'Oxfam's Send a Cow' Africa-based initiative and others. Parents have told the school that attitudes and life style choices at home have been influenced by curriculum initiatives on Fair Trade and the use of sustainable materials.

Travel and traffic

The school serves a large rural community, and poor public transport links mean that many parents were bringing their children to school by car, leading to congestion and safety issues outside the school gate. As a result of measures introduced by the school (including a travel plan, free safety tabard scheme, new cycle storage facilities, and encouragement of car sharing), these problems have been considerably reduced.

Birdham CE School is at the top of a league set up by West Sussex County Council, which allows schools to measure, monitor and compare their performance on sustainability themes. Participating schools are 'audited' by the West Sussex team through interviews with the head teacher and senior staff, before a measurement is generated. One hundred and thirty West Sussex schools have signed up to the scheme since it was launched in October 2008.

Inspection has played a part in shaping the school's thinking about sustainable development. In the words of head teacher, Peter Johnson: "Some years ago I would not have highlighted this work to Ofsted for fear they would consider it a distraction from core business. Now all that has changed. Firstly I am confident that our work in this area has made a direct difference to my pupil's achievement, behaviour and health, and I'm therefore proud to discuss it with inspectors. Secondly I am aware that Ofsted and the DCSF themselves are increasingly keen to see schools pick up this agenda, and hence will regard our efforts highly. Without doubt sustainable development has helped our children to develop a greater sense of care towards each other, the natural environment and the wider community in general. That in itself speaks volumes of the importance it plays in preparing children for the future".

Healthcare Commission, Care Quality Commission
Healthcheck required?

"Sustainable development is such a fundamental issue for the health of the population now and in the future, and the NHS must lead not follow. In order to achieve real change it has to be built into the way we deliver services, and included alongside other core issues in the regulatory framework."

Andrew Cash
Chief Executive
Sheffield Teaching Hospitals NHS Foundation Trust

This review took place during a period of transition for health sector regulation, with the CQC taking over the work of the Healthcare Commission (as well as that of the Commission for Social Care Inspection and the Mental Health Act Commission) from April 2009. We have therefore engaged with both the Healthcare Commission and the CQC, as well as with DH, recognising their key role in setting some of the frameworks which influence the way the NHS is regulated. Monitor (the regulator for foundation trusts) has been outside the scope of this review. However, the SDC has consulted with it at key points.

6.1   Sustainable development challenges set by the SDC

The original review goals as set by the SDC at the outset of this review were

- The Healthcare Commission's Annual Health Check 2008/09 to include:

  — Voluntary application of the Use of Resources judgement for acute trusts[a]
  — A study of how well sustainable development is being taken up in NHS trusts using the Good Corporate Citizenship model
  — An element of Good Corporate Citizenship measurement within the public health area of assessment

- The CQC:[b]

  — To support future registration requirements, which are set by the DH, to include sustainable development
  — Future compliance criteria set by CQC to include sustainable development

  — To apply the sustainable development elements of the Use of Resources judgement to all health and social care bodies
  — To carry out a performance review, at the earliest opportunity and no later than 2010, of how well sustainable development is being taken up by NHS trusts

- Recognising DH's role, we have asked that:

  — The CQC's remit in the Health and Social Care Bill 2007/08 includes a duty to promote sustainable development
  — The DH Sustainable Development Strategy contains commitments to regulate for sustainable development in health and social care bodies
  — The NHS Operating Framework's Vital Signs includes environmental indicators.

6.2   Progress made

The Healthcare Commission

The SDC was in contact with the Healthcare Commission from the inception of this review until it was succeeded by the CQC in April 2009. During this time there were numerous engagements with the Healthcare Commission, leading to some promising developments such as a Sustainable Development Roundtable in May 2008. However, it is not apparent to us that the regulator's senior leadership has been prepared to build on this in any meaningful way. The sole development was the commissioning of a report from the NHS SDU to define potential carbon indicators for the NHS. This

a) The Use of Resources element of the CAA process incorporates sustainable development, but within the health sector is only currently applied to PCTs. See section 3.6 for further detail.

b) Recommendations to the CQC relate to health and social care, although the frameworks shaping social care regulation have been less comprehensively considered, due to the initial focus of this review on the Healthcare Commission.

Key messages

- The CQC has significant ground to cover in order to match the progress on sustainable development made by other public service regulators. There are useful lessons to be learned from Ofsted and the Audit Commission

- The government has made it plain that sustainable development is within the remit of the CQC. The CQC's own definition of 'high quality care' and its mission statement are consistent with the principles of sustainable development and indicate their relevance to its remit and functions. Unfortunately, the CQC does not believe that sustainable development is a key part of their remit and as such has failed to pursue the sustainable development agenda beyond the scale of its own direct operations

- DH's decision not to include a duty to promote public health in the registration requirements for health and social care bodies represents a narrow interpretation of the core functions of the NHS and a missed opportunity to pursue the government's sustainable development objectives

- Although the DH Sustainable Development Strategy includes a commitment to "include sustainable development in the CQC's performance assessment framework for the NHS,"[47] the Action Plan to deliver on this strategy includes no meaningful action to deliver this

- It is regrettable that DH includes the carbon indicator as a low priority in tier 3 of the NHS performance framework's 'Vital Signs', where trusts have the option to use it or not, and where the CQC has no scrutiny role

- The World Class Commissioning Programme offers a substantial opportunity to promote sustainable development, but this is not currently reflected in its vision, competencies, assurance system, or support and

development framework. DH has expressed willingness to improve this position, and has made public reference to this intention, as well as organising a meeting with the SDC to discuss the opportunity

- Sustainable development is an underpinning principle of the CAA, and it is important for the health and social care sector to contribute fully to the process. The CQC has appointed 42 CAA leads, which is a positive development. However, it is not yet clear what training these leads with be provided with to enable them to support the sustainable development elements of the CAA

- Within the CAA organisational assessment, the application of sustainable development principles is demonstrated within the Use of Resources judgement. However, this applies only to PCTs

- DH and the NHS have made significant progress on sustainable development (through the NHS SD Unit, the DH Sustainable Development Strategy and the NHS Carbon Reduction Strategy). However, without strong central leadership from DH backed up by regulation by the CQC, there is a danger that this agenda will remain marginal to health-related policy and practice

- It is important to clarify the respective responsibilities of DH and the CQC in relation to sustainable development, to avoid the danger of each looking to the other to act and neither taking the initiative

- We are encouraged to hear that Monitor is consulting on requiring foundation trusts to produce a sustainability report as part of the overall public reporting process. The recognition by Monitor that well-governed organisations should consider the sustainability of healthcare delivery is welcomed.

piece of work was, however, published just weeks before the organisation was dissolved, and the CQC have indicated that they feel it is beyond their remit to pursue this.

From discussions between DH and the Healthcare Commission, it seems that the relationship between the two bodies may have been another barrier to further action on sustainable development. The Healthcare Commission indicated that some of its key levers of influence (for example the criteria and standards for assessment) were subject to direction from the Department. The Department, meanwhile, cited light-touch regulation and devolution of responsibilities as the rationale for not pushing the sustainable development agenda in the health sector's performance framework.

The Healthcare Commission's Annual Health Check

The *Annual Health Check* formed the main mechanism for the Healthcare Commission to assess whether NHS organisations were meeting the government's standards and to encourage improvement by highlighting excellence and tracking progress over time. In March 2008, the SDC's response to the Healthcare Commission's consultation on the *Annual Health Check 2008/09* set out the case for including sustainable development.

Disappointingly none of these recommendations were taken on board, and in the SDC's view the final version of the *Annual Health Check,* published on the Healthcare Commission's website in June 2008, was a missed opportunity. It seems impervious to evidence-based warnings that "climate change is one of the greatest threats to our health and wellbeing". This has left the CQC with a significant amount of ground to cover to match the progress of the other public service regulators.

The CQC: role and remit

Throughout 2008, the SDC sought to help the government fulfil its own sustainable development strategy, which states that it "would like to continue to apply sustainable development duties on new bodies as they are created, as appropriate to their role and remit..."[48]

The SDC's Chair met with the Secretary of State for Health early in 2008 to present the case

for sustainable development to be written into the remit and operations of the CQC. The Health Secretary indicated that he was keen to promote sustainable development in the health sector and the meeting was followed up with written advice from the SDC to ministers and officials and meetings with their DH counterparts on the subject.

Despite initial positive signals from ministers, the government did not support a sustainable development duty for the CQC. This is disappointing. The most ministers were able to commit to was a statement by Baroness Thornton during the Lords debate on the Health and Social Care Bill (30 April 2008). She said: "I take this opportunity to put on record our intention to require the CQC to publish information about the performance of NHS organisations and others in this vital area, relating to how individual organisations are contributing to sustainable development".[49]

Her statement indicates that the government considers sustainable development to be within the remit of the CQC, and this view was reinforced by a meeting with the Secretary of State for Health in April 2009.

The CQC: registration requirements

The registration requirements establish, through legislation, the essential requirements of safety and quality that health and adult social care providers are expected to meet in order to be registered and therefore to be allowed to deliver services. They are independently enforceable by the CQC.

In its response to the government's consultation in the summer of 2008 on a *Framework for the registration of health and adult social care providers,* the SDC highlighted the opportunities that this offered for progressing the government's commitment to sustainable development. Its recommendations included a registration requirement that recognised the importance of the role of the NHS in promoting good public health as well as treating illness.

Public health is not included in the registration requirements. The response to the consultation stated that the important role for registration is ensuring that providers protect the health and wellbeing of "individuals who use their services", and a wider community of service users only in response to emergencies. We consider that this offers an extremely narrow interpretation of the core function of the NHS.

The government also rejected the case for sustainable development principles being part of the registration requirements, responding that was not an appropriate mechanism. This represents a missed opportunity to promote sustainable development, and makes it more critical that it be comprehensively embedded in the rest of the regulatory framework, in order to satisfy the government commitment as set out above.

The CQC: regulatory framework

Beyond the registration requirements, health and social care regulation under the CQC consists of three main elements:

- Reviews of health and social care commissioning by PCTs and local authority adult social services departments. This review process is informed by the World Class Commissioning Framework (discussed below
- Periodic reviews of providers of health and social care services, such as hospitals, and mental health services. This review process is informed by the 'Vital Signs' within the NHS Operating Framework (discussed below)
- Special reviews and studies of aspects of health and social care, separately and together.

The CQC regulatory framework focuses primarily on the quality of care, although will take forward the public health agenda in some ways, for example including monitoring of how commissioning and provision of services contribute to prevention of illness, reducing health inequalities and health protection. While this framework is in part constrained by DH policies such as the 'Vital Signs' and the World Class Commissioning Framework, plenty of opportunity remains for the CQC to take action to ensure sustainable development is incorporated.

In November 2008, the SDC's lead Commissioners for this review met with the Chair and Chief Executive of the CQC to explore further opportunities to embed sustainable development in the new regulatory framework for health and social care. The SDC felt that the discussion was promising and held out the possibility of a longer term consideration of this role, although no formal commitment was made. A further meeting with the Director of Regulation and Strategy in March 2009 also indicated some potential

for progress. However, in a formal response received in July 2009 the CQC said that it does not believe sustainable development to be a key part of the remit, and as such could not commit to delivering any of the proposals, with the exception of ensuring that the direct operations of the CQC were as sustainable as possible. The CQC feel that it is not valid to compare their performance on sustainable development with that of the Audit Commission and Ofsted, because the CQC is 'not the regulator of all aspects of health and social care services'.

In carrying out this review, the SDC have been subject to some conflicting messages as regards the remit of the CQC. If the remit is as narrow as interpreted by the CQC, then there is an unfortunate gap in regulating for sustainable development. We recognise the scale of the task of setting up the CQC, and the bringing together of diverse organisations and responsibilities that it entails. However, sustainable development should be viewed as a vital cross-cutting theme, to be woven into the regulatory framework as it is developed, and not as an afterthought, bolted on at a later date. As with the Audit Commission and the CAA, the CQC has a real opportunity provided by the establishment of a new regulatory framework to engage with sustainable development from the outset.

DH: Sustainable Development Strategy

In October 2008, DH published a sustainable development strategy to underpin its decision-making on sustainable development in the future. This is a notable achievement and *Taking the long term view: the Department of Health's strategy for delivering sustainable development 2008/11* sets out some fine ambitions for the Department's contribution to sustainable development. For example, on page 6 it says: "We want to lead this agenda by example. We want to make sure that the principles of sustainable development underpin our approach to leading the health and social care system, and to leading for government on public health and well-being".

The challenge is to ensure that the strategy gains traction and directly influences the decisions and activities of the Department so that it fully realises its ambitions for sustainable development in health and social care. In the context of this review, it is important that DH commitments are backed up with strong action. A case in point is the Department's

commitment on page 23 "to including sustainable development in the CQC's performance assessment framework for the NHS". The DH Action Plan does not propose any meaningful action to deliver on this commitment.

DH: The NHS Operating Framework and Vital Signs

The *Operating Framework for the NHS in England 2009/10* sets out a brief overview of the priorities for the NHS over the next year. Within this there is a broad reference to the need for the NHS to be "sustainable in the 21st century and focus on improving health as well as treating sickness" and "for each NHS organisation to measure and progressively reduce its own carbon footprint." This is accompanied by annexes which provide more detail on the health and service priorities for the year ahead, how they are measured and how the new arrangements for managing the system will work.

The Operating Framework includes a list of indicators or Vital Signs with three sub-sections:

- Tier 1 is the national 'must do's' – for example, measures related to healthcare-associated infections (HCAIs)
- Tier 2 encompasses areas where nationally there is work to do, but organisations need a greater degree of flexibility about how they do it
- Tier 3 indicators are voluntary and PCTs need to identify (in consultation with local communities and partners) which are to be prioritised locally.

The CQC, DH and strategic health authorities (SHAs) will manage performance against the indicators in tiers 1 and 2 only.

In the Operating Framework for the NHS in England 2009/10, there is an indicator on energy efficiency/carbon emissions in tier 3 of the Vital Signs. During 2008, the SDC held discussions with colleagues at the Healthcare Commission and NHS SDU to develop and strengthen this carbon indicator in response to the findings of the NHS carbon footprinting work published earlier in the year.[50]

Further meetings have also taken place with the NHS SDU, key DH officials and the Secretary of State for Health to raise the profile of sustainable development in general, and the carbon indicator in particular, within the Operating Framework. In our view, it is particularly important for the carbon indicator to move from tier 3 to tier 2 of the Vital Signs. This has not happened. It remains in tier 3 and only a very small percentage of PCTs have prioritised delivery against it. It is disappointing that the Secretary of State has not agreed to emphasise the significance of the carbon indicator by giving it greater prominence and impact in the Vital Signs by raising it to tier 2.

The reason given for this decision was that it is DH's responsibility "to lead and encourage the NHS to improve its energy usage and [contribute to] sustainable development and not burden it through additional regulation". This explanation is not satisfactory and sends a strong message that sustainable development and climate change have relatively low priority.

The high level commitment set out in the DH Sustainable Development strategy and *Saving Carbon, Improving Health* should have been accompanied by an action in the performance assessment framework for real impact to have been achieved. This represented a clear opportunity for DH to influence the way in which the NHS is regulated. The lack of appropriate action undermines the leadership intentions expressed to date.

Considering the ambitious targets set through the Climate Change Act, the logical response from DH should be a robust commitment in the Vital Signs. While there is another chance for the indicator to be promoted within the Vital Signs in 2010/11, we have been given no assurance that this will happen. Until this happens, the role of the CQC will be unnecessarily constrained.

The World Class Commissioning Programme

World Class Commissioning aims to deliver a more strategic and long-term approach to commissioning services, with a clear focus on delivering improved health outcomes. There are four key elements to the programme: a vision, a set of competencies, an assurance system and a support and development framework, all established by DH. While many of the competencies may have sustainable development outcomes (such as working with community partners), there is no meaningful inclusion of

sustainable development within the programme and the only explicit reference to sustainable development is used in a context meaning financial stability.

The World Class Commissioning Programme represents an important opportunity for DH to influence the way in which the NHS is regulated, and unfortunately this too has been wasted so far. It is disappointing within the current guidance to see the term sustainable development misconstrued by the very government that set out an authoritative definition in the UK Sustainable Development Strategy, *Securing the Future.* DH has expressed a willingness to consider a more robust reference to sustainable development during the current review of the World Class Commissioning competencies; and have publicly expressed this intention in addition to organising a meeting with the SDC to discuss the opportunity. We have yet to see what this will entail in practice, but are pleased to note these recent developments.

The Comprehensive Area Assessment

Currently the Use of Resources element of the CAA process incorporates sustainable development by including assessment on sustainable procurement, and in other sections such as managing natural resources. However, PCTs are currently the only health bodies to whom this Use of Resources judgement will be applied. The SDC takes the view that it should be extended to all NHS organisations, and we are still seeking the opportunity to discuss with the CQC how this could be implemented . We are also concerned that performance on the natural resources KLOE will not be assessed each year.

Another key element of the CAA is the area assessment. This offers opportunities for the CQC because sustainable development will be integral to the area assessment. Judgements on how sustainable an area is will be made using evidence from all the CAA regulators, including the CQC. There is an opportunity, therefore, for the CQC to ensure that the evidence it submits helps to build a well-rounded picture of performance on sustainable development. In particular, the CQC will need to ensure that sufficient evidence is gathered to assess how the health sector is contributing to sustainability.

The appointment of 42 CAA leads is a promising development, but only if sustainable development is an integral part of their role. This opportunity is particularly important if, as we have been led to believe, the CQC is unlikely to take any early steps to incorporate sustainable development into its own regulatory framework. The CQC has committed to working closely with the Audit Commission in the future.

"Good Corporate Citizenship is very important to us. As a major employer in the county, and a significant user of energy, goods and services, we recognise the wider contribution which we can make to Gloucestershire and over the years we have worked hard to reflect sustainable development principles in our activities. A key achievement was to establish "Route 99" – a collaborative venture with a local bus company which offers a free staff shuttle bus between our two hospitals and a local Park and Ride site, and which also helps to reduce local congestion and reduce emissions. To reduce travelling for some of our cancer patients we have also introduced a new mobile chemotherapy unit, taking the service to them. Wherever possible we try to support local businesses - using seasonal produce and purchasing 30% of our catering supplies locally. In our new buildings and refurbishment schemes we take active steps to minimise the environmental impact, and the introduction of a new Trustwide waste segregation system enables us to dispose of our waste responsibly and to seize opportunities for recycling. We hope very much to be able to continue to build on this work and formal recognition by the Care Quality Commission of the importance and relevance of this agenda in the NHS would really help in maintaining momentum."

Dr Sally Pearson
Director of Clinical Strategy, Gloucestershire Hospitals NHS Foundation Trust.

6.3 Key Issues for the future

Despite some early positive signs of progress on sustainable development in health and social care regulation, there has been a disappointing lack of engagement by the CQC to date. After more than a year of focussed efforts to engage on these issues, the SDC is concerned that neither the government nor the regulator is sufficiently pro-active in using the levers at their disposal to turn statements of interest and intent into meaningful action.

The role of government is not to be underestimated in ensuring that sustainable development is backed by regulation. However, in the case of DH, many of the available levers have been poorly utilised. For example, the government did not use the opportunity of legislation to fulfil a commitment in its own sustainable development strategy to include sustainable development duties for new bodies.

DH did not support the case for promoting the carbon indicator in the Vital Signs from tier 3 to tier 2. Instead, it left carbon as a locally-determined indicator, thereby jeopardising the good leadership intentions expressed in the NHS Carbon Reduction Strategy, *Saving Carbon, Improving Health.* It has also so far failed to incorporate meaningful reference to sustainable development within the World Class Commissioning Framework, another powerful lever. However, recent developments indicate a genuine intention to improve this position.

While government has clearly expressed the intention to require the CQC to "publish information about the performance of NHS organisations and others in this vital area relating to how individual organisations are contributing to sustainable development" (see section 3.3), this has not, to our knowledge, been formally communicated to the CQC. This points to a worrying disconnect between DH and the CQC. The CQC believe that much of the sustainable development agenda lies beyond its remit, such that it cannot commit to delivering any of the recommendations within this report. In spite of precedents set by other public service regulators such as Ofsted and Audit Commission, the CQC does not see this as relevant to its own remit.

The contrast with local government regulation is striking, and the CQC and DH have a long way to go before the health sector can be seen to "lead this agenda by example".

6.4 SDC's recommendations to the CQC and DH

We recommend that the CQC

- Carries out a special review in 2010 of how far and how well NHS trusts are promoting sustainable development
- Seeks permission from DH to publish data on the tier 3 Vital Signs indicator on energy efficiency and carbon emissions in the periodic review, as an interim measure, hopefully anticipating its inclusion in tier 2 from 2010
- Implements the recommendations of the Healthcare Commission's preliminary work on sustainable development carbon metrics with the NHS SDU, which sets out possible indicators for the NHS based on current data
- Works in partnership with the NHS SDU and the SDC to develop a suite of sustainable development indicators for the health sector, using existing national indicators and developing new ones as necessary. These could be used by the NHS for performance management as well as by the CQC for a special review and for developing its assessment framework over time. The exercise could build on the Healthcare Commission's preliminary work on carbon metrics, and on the Good Corporate Citizenship assessment model. Care should also be taken to ensure alignment with SD metrics in other sectors, for example the Local Sustainable Development Lens for local government (see Annex 1)
- Extends the sustainable development elements of the Use of Resources judgement, which currently applies to PCTs through the CAA, to all health and social care bodies
- Takes into account any progress made in embedding sustainable development into the World Class Commissioning framework

and works to ensure that PCTs' contribution to the CAA regarding commissioning and procurement is fully aligned with the Use of Resources commissioning and procurement key line of enquiry (KLOE 2.1) in terms of the emphasis on sustainable development outcomes

- Builds staff understanding of, and capacity to work, with sustainable development
- Signs up to the NHS Carbon Reduction Strategy
- Develops a Sustainable Development Action Plan
- Allocates a board-level champion for sustainable development

We recommend that DH, in its contribution to the regulatory framework

- Includes carbon indicators in tier 2 of the Vital Signs in the Operating Framework 2010/11. Initially, this would relate to direct carbon footprint, but it should be expanded to include the full carbon footprint as appropriate indicators are developed. Until this is done, the CQC will have no scrutiny role

- Includes robust references to sustainable development in the World Class Commissioning framework and accompanying guidance
- Includes public health in the registration requirements for regulated bodies, with compliance criteria which refer to Good Corporate Citizenship measures.

Health case study
Nottingham University Hospitals NHS Trust

Health Case Study
Nottingham University Hospitals NHS Trust

Twice winner of the Good Corporate Citizenship HSJ awards, 2007, 2008 and currently shortlisted for 2009, Nottinghams University Hospital NHS Trust (NUH) has been recognised for their holistic approach to sustainability and innovative initiatives. As one of the largest acute trusts in the country, and in an area of high social exclusion, NUH understands the positive role it can play in the local community.

Transport

Recognising the multiple health benefits of active travel, NUH launched Medilink, a free, direct bus service linking Nottingham's two hospitals (Queen's Medical Centre and Nottingham City Hospital) and incorporating all of Nottingham's public transport services. In addition to the health benefits of using public transport (increased levels of active travel and mitigation of climate change), NUH is making savings by reducing the number of taxis used and has cut staff car journeys by approximately 600,000 every year. This initiative also encourages social inclusion and helps with recruitment and retention.

Food procurement

NUH has integrated local/seasonal produce into the hospital's menu, thereby increasing nutritional value, stimulating local economy and reducing food miles. This has been achieved by engaging with local and regional suppliers, 95% of NUH's meat is now sourced from local regional suppliers and all milk, nearly 1000 pints a day, is supplied from a farm 11 miles away from the Trust.

Community engagement

Unable to find a sustainable partner, NUH set up its own chain of Community Social Enterprise Cafés, "Coffee City". By providing local employment and business opportunities, NUH contributes to the health of its community, whilst providing Fair Trade coffee and locally-sourced products.

7

Conclusions

Our findings for each of the sectors and our appraisal of regulation policy point to key issues that are common to all public service regulators under review:

Leadership and consistent messages

There is a critical role for central government in delivering the sustainable development agenda. It must act as an example for public sector regulators – both in the clarity of its commitments and in the consistency of its messages about policy and practice. These messages should be accurately and consistently reflected within the policies of each government department and should underpin sector-specific guidance to the regulators.

The government has set out its position on sustainable development in *Securing the Future*. It is important that this is widely understood, so that the whole of the public sector and the general public know who is leading and taking responsibility for promoting sustainable development and through what mechanisms it will be delivered.

Need for clarity over the role of regulators

Within their sectors, public service regulators play a critical role and can lend substantial weight to encouraging action and shaping attitudes and priorities in favour of sustainable development. They can do this not only through their regulatory functions, but also indirectly, through leadership and influence.

It is important therefore that public service regulators are given clear powers and duties in respect of sustainable development, preferably in their statutory powers and regulatory frameworks as well as in guidance. They should be provided both with a clear direction of travel on sustainable development and with the necessary tools to drive change.

As we have noted, this would be consistent with the government's own sustainable development strategy, *Securing the Future*. It states that the government: "Would like to continue to apply sustainable development duties on new bodies as they are created, as appropriate to their role and remit..."[51]

Consistency in language and approach between regulators

Prior to the move towards co-operation and joint working required by the CAA, the public sector regulators worked largely separately and developed different and not always compatible terminology and forms of measurement. Now, the CAA process requires them all to contribute to the area assessment. Consistency in language and method will be important to ensure quality within the overall area judgements. For the longer term, working together to establish a shared approach across all their assessments would help to integrate planning and delivery of local services and to improve outcomes for local people.

Improved skills and understanding

It is critical that each regulator builds capacity, knowledge and skills to promote sustainable development across all its functions. Leadership from the top is important, but of equal importance are the individual assessors' knowledge of sustainable development and their ability to apply it comprehensively to their work. Assessors will need sufficient depth of knowledge to enable them to gather and process the qualitative as well as quantitative information that will allow them to capture the complexities of sustainable development.

So far, the Audit Commission is the only regulator under review to have put in place a detailed training programme. Sustainable development is a complex and wide-ranging concept, which makes it a challenging one for assessors to interpret correctly and apply within the regulatory framework. Audit Commission assessors are given an understanding of the five principles of sustainable development as a foundation; and are subsequently encouraged to spend a significant amount of time exploring the application of these to real world situations and in particular their everyday work. A rigorous approach to training will be extremely important under the

new CAA which seeks to form a well-rounded view of each area under assessment.

Expanding the skills and knowledge base within each of the regulators will be no less important. This will enable them to plug existing gaps in their assessments (for example by considering the energy efficiency of schools) and also understand the relationship between sector-specific issues and the wider environment and community.

7.1   Future assessment of impact

This report represents a snapshot of the status quo. The SDC welcomes the opportunity to work closely with all three public service regulators in the future. All of them have undergone recent organisational changes. The Audit Commission, through the CAA, and Ofsted, through the Stimulus document, have set out in new directions and the SDC welcomes their invitations to be involved in their internal review mechanisms. The SDC hopes to carry out a further light-touch review of the progress made by each regulator towards the end of 2010.

Annex 1: Sustainable Development Lens

Local Sustainable Development Lens (LSDL) is a voluntary basket of local indicators developed by the SDC and IDeA that can be used to guide and track area-wide progress towards sustainable development at the local level. The SDC proposes that the LSDL should act in three main ways:

A As an interactive tool for **local authorities and their partners** for tracking area-wide progress on sustainable development at the Local Area Agreement (LAA) area level.

B As a tool for the **Audit Commission and the other Comprehensive Area Assessment (CAA) inspectorates** to frame and inform their understanding of progress towards sustainable development at the local level.

C As a means of providing the **UK Government** with a better understanding of local progress on its 'litmus test' priorities for sustainable development. It could also be used by the Government Offices in future rounds of LAA development to prompt thinking about how LAA proposals contribute to the achievement of sustainable development. The government has already agreed to adopt the Lens to track local progress against Defra's Departmental Strategic Objective on sustainable development.

Key characteristics of the SD Lens

The LSDL provides a foundation for tracking local area progress towards sustainable development. SDC proposed that the LSDL should consist of up to three layers, depending on its use:

1. A 'core' set of 19 indicators from the Government's National Indicator Set (NIS).

These are the only indicators in the LSDL against which local authorities' performance, alone or in partnership, can be reported to, or performance managed by, Central Government. Taken together, these can be used to measure progress at the local level against Defra's Departmental Strategic Objective (DSO) on sustainable development.

NI 17	Perceptions of anti-social behaviour
NI 198	% of children walking or cycling to school
NI 2	% of people who feel that they belong to their neighbourhood
NI 4	% of people who feel that they can influence decisions in their locality
NI 3	Civic participation in the local area
NI 186	Per capita CO2 emissions in the LA area
NI 188	Adapting to climate change
NI 191	Residual household waste per head
NI 197	Improved local biodiversity – active management of local sites
NI 158	% of decent council homes
NI 187	Tackling fuel poverty
NI 199	Children and young people's satisfaction with parks and play areas
NI 175	Access to services and facilities by public transport, walking and cycling
NI 167	Congestion - average journey time per mile during the morning peak
NI 172	VAT registered businesses in the area showing growth
NI 152	Working age people on out of work benefits
NI 116	Proportion of children in poverty
NI 119	Self-reported measure of people's overall health and wellbeing
NI 163	Working age population qualified to at least Level 2 or higher

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2. Three 'additionally recommended' voluntary indicators that the SDC believes should also form part of a holistic baseline assessment of sustainable development at the local area level. Taken together with the 'core' set, these form a small number of key environmental, social and economic indicators, based on the Government's definition of a sustainable community which could be used to provide a more rounded picture of local progress on sustainable development. Unlike the 'core' set, these are voluntary indicators and, as such, can only be determined and performance-managed locally, for example through the Sustainable Community Strategy or as additional local LAA indicators. We are recommending that these are used as part of any tool for local authorities and their partners, and by the CAA inspectorates to provide contextual information on local progress towards sustainable development.

3. A 'supplementary database' of indicators, which could provide users with the flexibility to build on the foundation of the core and additionally recommended sets. These could be used to form a more locally-relevant, flexible and innovative LSDL. This is yet to be developed and so we recommended that this idea is explored as the LSDL is developed further by the different user groups, particularly by the IDeA and the CAA inspectorates.

Annex 2 Child Wellbeing Indicators

Child wellbeing indicators
(selected from the national indicator set)

The DCSF's Children's Trusts: Statutory guidance on inter-agency cooperation to improve wellbeing of children, young people and their families, (2008) outlines local responsibilities to ensure the needs of children and families are reflected in local priorities. It advocates that Children's Trusts champion child safety in the wider Local Strategic Partnership, including wider issues such as, preventing accidents, traffic calming, access to green spaces and providing opportunities for safe outdoor play. Similarly, the Children and Young Peoples Plan (CYPP) Guidance (2009) advises that there is a real need to embed sustainability thinking in leadership and management across children's services. The guidance advises that CYPP's have an important role in consulting on and addressing children's concerns about their local areas as well as preventing accidents, introducing traffic calming measures and providing opportunities for safe outdoor play. CYPP priorities should not just drive the work of the Children's Trust but flow into wider planning activity to address local health, social and income inequalities.

There is strong evidence that road traffic, lack of green space, noise and air pollution have a detrimental effect on child health and wellbeing. The indicators below (that SDC has selected from the National Indicator Set) can help to judge how well a place is responding to these challenges, and hence how positive it is for children. Whilst Local Strategic Partnerships have agreed their Local Area Agreements with government for 2008-2011, they can agree local level indicators at any stage.

NI 1	% of people who believe people from different backgrounds get on well together in their local area
NI 2	% of people who feel that they belong to their neighbourhood
NI 3	Civic participation in the local area
NI 4	% of people who feel they can influence decisions in their locality
NI 17	Perceptions of anti-social behaviour
NI 48	Children killed or seriously injured in road traffic accidents
NI 110	Young people's participation in positive activities
NI 50	Emotional health of children
NI 56	Obesity among primary school age children in Year 6
NI 167	Congestion - average journey time per mile during the morning peak
NI 69	Children who have experienced bullying
NI 116	% of children in poverty
NI 175	Access to services and facilities by public transport, walking and cycling
NI 187	Tackling fuel poverty - % of people receiving income benefits living in homes with a low energy efficiency rating
NI 194	Air quality - % reduction in NOx and primary PM10 emissions
NI 197	Improved local biodiversity – active management of local sites
NI 198	% of children walking or cycling to school
NI 199	Children and young people's satisfaction with parks and play areas

Ofsted could draw on this area-level information when assessing institutions, both as a factor in assessing current performance, and as a pointer to where institutions should cooperate and influence local partners to achieve improved outcomes for children, young people and families. This information could be annexed to Ofsted inspection reports; in the case of schools, it could be included within the School Report Card.

We believe that all institutions working towards the outcomes of *Every Child Matters* should recognise the essential links to 'place' and

champion improvement in a much more deliberate and challenging fashion on behalf of children, young people and their families – and as a starting point make sure they are doing everything within their own power to lead by example. In remit areas with established self-evaluation procedures, such as schools, the self evaluation form (SEF) is an appropriate place for Ofsted to assess such efforts. That said, the current SEF does not give sufficient focus on 'place' and this should be addressed as part of a wider drive to improve the wellbeing of all children in a locality.

Similarly, where institutions have an interest or responsibility to assess the perceptions of their users about the quality of services offered, or other factors affecting the well-being of users, we believe that questions should be asked about the quality of local places – taking their environmental, social and economic characteristics into account – rather than purely the quality of specific services offered by the institution.

Annex 3

Expert Advisory Group and Government Reference Group membership

Expert Advisory Group

John Bennington	Warwick Business School
Martin Wheatley	Local Government Association
Ray Morgan	Woking Borough Council
Keith Budden	Birmingham City Council
Ted Cantle	IDeA
Rich Hurst	The EWE Centre
Susan Falch-Lovesey	Norfolk County Council
Laura McFarlane	Lambeth Council
David Pencheon	NHS Sustainable Development Unit
Sue Richards	National School of Government
John Rhymer	Bishops Wood Centre
Neil McKay	NHS East of England
Kate Hinks	Calderdale and Huddersfield NHS Foundation Trust
Lois Jones	Tameside Metropolitan Borough Council
Jim Taylor	Tameside Metropolitan Borough Council

Government Reference Group

Andrew Sargent	DCSF
Andrew Spencer	DCSF
Claire Brialey	CLG
Vanessa Tilling	GoEast
Mary Newman	DH
David Knight	DH
Rob Smith	DH
Richard Ellsworh	Defra

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Glossary

Acute trusts
Hospitals are managed by acute trusts, which make sure that hospitals provide high-quality healthcare, and that they spend their money efficiently. They also decide on a strategy for how the hospital will develop, so that services improve.

Building Schools for the Future (BSF) programme
Building Schools for the Future is a programme for investing in school buildings. It aims is to rebuild or renew nearly every secondary school in England.

Comprehensive Area Assessment (CAA)
Comprehensive Area Assessment is a way of assessing local public services in England. Whilst led by the Audit Commission, it is a joint assessment carried out by the CAA Inspectorates (see CAA inspectorates) that examines how well councils are working together with other public bodies to meet the needs of the people they serve. It is intended to provide an annual snapshot of quality of life in the area.

CAA Inspectorates
Those organisations working together under the CAA process: Audit Commission, Care Quality Commission, Ofsted, Her Majesty's Inspectorate of Constabulary, Her Majesty's Inspectorate of Prisons, Her Majesty's Inspectorate of Probation.

CAA Regulators
See 'CAA Inspectorates'.

Cap and trade scheme
It is a scheme whereby the CO_2 emissions of those participating in the scheme are limited and can then be traded using purchased or granted carbon credits.

Carbon Reduction Commitment (CRC)
The Carbon Reduction Commitment is a climate change related energy saving scheme for the UK. It aims to encourage improvements in energy efficiency which can save organisations money and is also a central part of the UK's strategy for controlling carbon dioxide (CO_2) emissions. The scheme will start in April 2010.

Climate Change Act
The UK's Climate Change Act is the world's first long term legally binding framework to mitigate against and adapt to the dangers of climate change. The Climate Change Bill was introduced into Parliament on 14 November 2007 and became law on 26th November 2008.

Climate Change Agreements
Climate Change Agreements are negotiated agreements between energy-intensive industry and government for CO_2 reduction targets. In return, companies meeting these targets receive an 80% discount from the Climate Change Levy. They cover ten major energy intensive sectors (aluminium, cement, ceramics, chemicals, food & drink, foundries, glass, non-ferrous metals, paper, and steel) and over thirty smaller sectors with agreements to-date.

Code for Sustainable Homes
The Code measures the sustainability of a new home against categories of sustainable design, rating the 'whole home' as a complete package. The Code uses a 1 to 6 star rating system to communicate the overall sustainability performance of a new home and sets minimum standards for energy and water use at each level. It replaced the EcoHomes scheme and a mandatory rating against the Code was implemented for new homes from 1 May 2008.

Common Evaluation Schedule (CES)
The common evaluation schedule for schools is currently under development by Ofsted and aims to change aspects of the existing Common Inspection Framework and become operational from September 2009.

EU Emissions Trading Scheme (EU ETS)
The EU Emissions Trading Scheme is one of the key policies introduced by the European Union to help meet the EU's greenhouse gas emissions reduction target of 8% below 1990 levels under the Kyoto Protocol. It sets an overall 'cap' on the total amount of emissions allowed from all the installations covered by the scheme. This is converted to allowances - 1 allowance equals 1 tonne CO_2. The allowances are then distributed by Member States to installations participating in the scheme.

Foundation trust

Foundation trusts are a new type of NHS hospital run by local managers, staff and members of the public, which are tailored to the needs of the local population. Foundation trusts have been given much more financial and operational freedom than other NHS trusts and have come to represent the government's commitment to de-centralising the control of public services. These trusts remain within the NHS and its performance inspection system.

Good Corporate Citizenship (GCC)

The Good Corporate Citizenship model describes how NHS organisations can embrace sustainable development and tackle health inequalities through their day-to-day activities. It focuses on using NHS organisations' corporate powers and resources in ways that benefit rather than damage the social, economic and environmental conditions in which we live.

Improvement and Development Agency (IDeA)

The IDeA supports improvement and innovation in local government and focuses on issues that are important to councils. It works with councils to develop and share good practice and supports them in partnerships.

National Indicator Set (NIS)

The Single Set of 198 National Indicators (the National indicator set) was announced by CLG in October 2007, following the government's Comprehensive Spending Review 2007.

It came into effect on 1 April 2008, and represents the only set of indicators which central government will use to performance manage local government. It covers services delivered by local authorities alone and in partnership with other organisations like health services and the police.

Key Lines of Enquiry (KLOEs)

Key lines of enquiry represent sets of questions and statements in the CAA outlined by the Audit Commission around service or judgement specific issues. These provide consistent criteria for assessing and measuring the effectiveness and efficiency of housing services.

Local Area Agreements (LAAs)

Local Area Agreements set out the priorities for a local area agreed between central government and a local area (the local authority and Local Strategic Partnership (see below)) and other key partners at the local level. LAAs are also aimed at devolving decision making from central government to local authorities.

Local Authority Research Council Initiative (LARCI)

The Local Authority Research Council Initiative sits between local authorities and Research Councils and assists local authorities in responding to the requirement for evidence-based policy making. Through its role, LARCI brings local authorities and Research Councils into closer partnership, leading to better informed research, policy and practice, and facilitating knowledge exchange at a strategic and operational level.

Local Strategic Partnership (LSP)

A Local Strategic Partnership is a partnership that brings together organisations from public, private, community and voluntary sectors in a local authority area. The key objective of the LSP is to improve the quality of life in that area.

NHS Carbon Reduction Strategy

The NHS Carbon Reduction Strategy for England represents the NHS's contribution to a move towards a low carbon society. The strategy shows the scale of reduction in carbon required for the NHS to progress towards the Climate Change Act requirements and recommends key actions for the NHS to become a leading sustainable and low carbon organisation.

NHS operating framework

The operating framework sets out a brief overview of the priorities for the NHS in the year to come. It includes the 'Vital Signs' which is a list of indicators against which performance management is carried out. See section on page 24 for more detail.

Primary Care Trust (PCT)

An NHS primary care trust provides some primary and community services or commissions them from other providers, and is involved in commissioning secondary care. PCTs are now at the centre of the NHS and control 80% of the NHS budget. PCTs work with local authorities and other agencies that provide health and social care locally.

Regional Improvement and Efficiency Partnerships (RIEPs)
Regional Improvement and Efficiency Partnerships are partnerships of councils and other local services that work together to deliver services and achieve greater efficiency. The priorities and work programmes of each RIEP are based on and reflect the needs and challenges of authorities in the region or sub-region.

Strategic Health Authority (SHA)
Strategic Health Authorities manage the local NHS on behalf of the Secretary of State. There are 10 across England.

Stern Report
In October 2006, the Stern Review on the Economics of Climate Change provided a report to the Prime Minister and Chancellor assessing the nature of the economic challenges of climate change and how they can be met, both in the UK and globally. It was led by Lord Stern, the then Head of the Government Economic Service and former World Bank Chief Economist.

Sustainable Communities Act 2007
The Sustainable Communities Act received Royal Assent on 23 October 2007. The aim of the Act is to promote the sustainability of local communities. It is a means by which local authorities can ask central government to take action which they believe would better enable them to improve the economic, social or environmental well-being of their area.

Sustainable Community Strategy
A sustainable community strategy is prepared by local strategic partnerships as a set of goals and actions which they wish to promote in the interests of a local area.

Sustainable Schools National Framework
The National Framework outlines eight 'doorways' that schools can utilise to initiate or extend their sustainable school activity. It focuses on ways in which sustainable development can be embedded into whole school management practices and provides practical guidance to help schools operate more sustainably.

Sustainable Development Action Plans (SDAPs)
'*Securing the Future*' (http://www.defra.gov.uk/sustainable/government/publications/uk-strategy/) requires all government departments and their Executive Agencies to produce Sustainable Development Action Plans (SDAPs) and report progress on them annually. These plans set out the contribution of each organisation to the delivery of the government's commitments and goals as set out in '*Securing the Future*'. The SDC provides guidance on the content of SDAPs, undertakes assessments of them and monitors the annual SDAP progress reports.

UN Decade of Education for Sustainable Development
The United Nations Decade of Education for Sustainable Development (2005-2014, DESD) is led by UNESCO and aims to integrate the principles, values, and practices of sustainable development into all aspects of education and learning.

Use of Resources (UOR) judgement
Use of Resources is an Audit Commission assessment under the CAA of how well organisations are managing and using their resources to deliver value for money and better and sustainable outcomes for local people.

Vital Signs
See 'NHS Operating Framework'.

World Class Commissioning (WCC) programme
World Class Commissioning aims to deliver a more strategic and long-term approach to commissioning health and care services, with a clear focus on delivering improved health outcomes. It comprises four key elements; a vision for world class commissioning, a set of world class commissioning competencies, an assurance system and a support and development framework.