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Environmental Audit
Committee

Making Government operations more sustainable: A progress report

Seventh Report of Session 2007–08

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written evidence*

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The Environmental Audit Committee

The Environmental Audit Committee is appointed by the House of Commons to consider to what extent the policies and programmes of government departments and non-departmental public bodies contribute to environmental protection and sustainable development; to audit their performance against such targets as may be set for them by Her Majesty's Ministers; and to report thereon to the House.

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Summary

Carbon emissions

Overall performance by Government departments and agencies in tackling carbon emissions has remained extremely poor, with progress lagging far behind the trajectory required to meet the 2010–11 target (reducing carbon emissions from Government offices by 12.5% from 1999–00 levels).

The Ministry of Defence has performed better; but this progress is partly illusory, depending to an extent simply on removing the emissions of the defence agency QinetiQ following its privatisation.

Following the recent Sustainable Development in Government (SDiG) report, the Government has re-examined its emissions figures and discovered additional carbon savings; while this is encouraging, these figures have yet to be examined by the SDC. In future the Government should submit the correct figures in time for the annual SDiG report.

Renewable energy

Departments have made excellent progress on increasing the use of green electricity contract. However, it is highly questionable whether the Government's use of such green tariff electricity is reducing carbon emissions. Progress on generating its own electricity from on-site or district renewables has so far been extremely disappointing. Central Government must demonstrate leadership by making rapid progress.

Carbon neutrality

The target of making the Government Estate carbon neutral by 2012 will depend very heavily on buying offsets. It is important the Government does as much as possible to reduce its own emissions. The Office of Government Commerce (OGC) should publish calculations of the amount of money the Government expects to spend on offsetting its emissions every year from 2012. The Government should look at capping the use of offsets to meet this target, as a means of forcing progress in generating its own electricity.

Energy consumption

The newly-announced Greening Government IT programme is encouraging, and should be made one of the single highest priorities of the Chief Sustainability Officer. This would be to give it the attention it deserves, given that increased use of IT would appear to be the biggest single factor in the upward trend in emissions from civil departments.

Government response to the Sustainable Development Commission

The Government has announced significant reforms in its response to the SDC's report. These are very encouraging, if belated. We expect tangible year on year progress, consistently across multiple departments, in both performance against targets and accuracy of reporting.

The departmental delivery plans that OGC is overseeing are a major step forward. They should not be a one-off exercise, but should be done annually, to set out clearly what progress each department is making, and a revised series of actions needed to meet their targets in the light of that progress.

Beyond the senior civil service, personal responsibility for sustainability issues must be increased at all levels. OGC should work with civil service unions to ensure that staff are trained, motivated, and empowered to take a leading role in mainstreaming sustainability in Government operations.

The role of the Sustainable Development Commission

The Sustainable Development Commission is having a significant influence in galvanising Government to improve its structures. It should review its presentation of Government figures, however, which in some places is too uncritical.

Introduction

1. Greening Government operations is important in its own right, because of the size and range of their environmental impacts. Each year, for instance, central Government offices produce approximately 2.3 million tonnes of CO₂ emissions (around 0.4% of the UK total) and 309,000 tonnes of waste. Central Government spends £60 billion on goods and services each year,¹ and through sustainable procurement it could accelerate the take-up of environmentally friendly products. Even more important is the effect Government can have on society more widely by demonstrating leadership in the way it approaches its own record. This can have a motivational effect through giving Government enhanced moral authority and providing practical templates of action for other sectors of society to follow.

Past scrutiny of the Government's record

2. The Environmental Audit Committee (EAC) has been scrutinising Government performance in improving its own sustainability ever since its inception in 1997. This is the seventh inquiry that EAC has devoted to this specific topic, and through this work the Committee has been instrumental in the evolution of the Government's own target and monitoring regime.² For instance, it was EAC's annual survey of departments that formed the basis for the Government's data collection exercise for the now annual Sustainable Development in Government (SDiG) report. In our last report on this issue, published in November 2005, we expressed concern primarily about the:

- poor progress by departments against their carbon reduction goals;
- patchiness of data provided by departments, in terms both of what was reported and how accurate it was;
- restricted scope of the SDiG targets and monitoring regime, in that it does not cover NHS bodies or schools; and
- exclusive focus of the SDiG regime on the operations of Government, while not covering the sustainability impacts of Government policy.³

3. In particular, we were interested in an apparent contradiction in the Government data. While departments' use of green electricity was rising, so too were carbon emissions from Government buildings. As we observed, it was "difficult to reconcile the massive increase in the use of renewable energy with the large increases in carbon emissions reported by

1 Sustainable Development Commission, *Sustainable Development in Government 2007*, March 2008, Table 2.7, paras 5.1-2, p 95.

2 Environmental Audit Committee, Second Report of 1997-98, *The Greening Government Initiative*, HC 517; Sixth Report of 1998-99, *Greening Government 1999*, HC 426; Fifth Report of 1999-2000, *The Greening Government Initiative: First Annual Report from the Green Ministers Committee*, HC 341; Thirteenth Report of Session 2002-03, *Greening Government 2003*, HC 961; Eighth Report of 2003-04, *Greening Government 2004*, HC 881; First Report of 2005-06, HC 698

3 Environmental Audit Committee, *Greening Government: the 2004 Sustainable Development in Government Report*, pp 3-4

departments.”⁴ As a result, we recommended that the National Audit Office (NAO) investigate departmental data on energy use and carbon emissions. The NAO published its report in November 2007; its conclusions are summarised in the Appendix, and drawn on throughout this report.

The latest SDiG report by the Sustainable Development Commission

4. In 2002 the Government introduced a comprehensive range of targets for all departments, and introduced an annual report on Sustainable Development in Government (SDiG) to illustrate performance against them.⁵ In 2006 it published a revised set of targets under the title Sustainable Operations on the Government Estate (SOGE).⁶ At the same time, publication of the annual SDiG report was handed over to the independent Sustainable Development Commission (SDC), fulfilling a new public watchdog role to oversee Government performance.

5. In March 2008, the Sustainable Development Commission published the latest Sustainable Development in Government Annual Report, based on data from 2006–07, along with its own commentary on the Government’s performance.⁷ While the overall figures showed that annual carbon emissions from Government buildings had fallen by 4% over the period 1999–00 to 2006–07, this reduction was largely due to the performance of the Ministry of Defence (MoD); removing the MoD means that emissions from Government offices went up by some 22%. Even the progress recorded by the MoD was partly illusory, since it depended on simply removing the emissions of the defence agency QinetiQ following its privatisation. Overall, the SDC found that, while Government as a whole is generally performing better this year than last, many individual departments are not on track to meet all their targets; and that radical and urgent steps were needed to drive their performance forward.

6. For the first time, this year’s SDC report received an official Government Response. This placed a strong emphasis on actions that the Government had already taken since the 2006–07 period reviewed by the report, and announced a significant array of new measures. Key amongst these was the announcement of a new Centre of Expertise for Sustainable Procurement; and the creation of a new post, the Government’s Chief Sustainability Officer, “to take forward a culture of change across all departments in sustainable operations and procurement”.⁸

4 Environmental Audit Committee, *Greening Government: the 2004 Sustainable Development in Government Report*, pp 3-4

5 The Government’s target and monitoring regime applies to the central Government Estate only: in practice this means offices of departments and agencies (including Whitehall headquarters as well as buildings throughout the country, such as JobCentre Plus offices), plus other buildings such as military bases in the UK, prisons, and courts. It does not include NHS bodies, local authorities, or schools.

6 A summary of the targets in the SOGE framework, and Government performance against them in 2006–07, is contained in Annex 1.

7 A summary of this commentary is contained in the Annex 3.

8 “New centre of expertise for cutting carbon emissions across Whitehall”, Defra press release 82/08, 18 March 2008. Key points of the Government Response are summarised in Annex 4.

Focus of this report

7. In this report we concentrate on three main areas. The first is carbon emissions and energy use from Government buildings, paying particular attention to departments' purchasing of "green electricity"—the issue which prompted us to ask the NAO to carry out its report. Secondly, we examine the effectiveness of the overall target and monitoring regime as it has been reformed since our last report, concentrating on the extent to which SOGE targets are being complied with, and the difference made by the SDC's role in the process. Last, we review the reforms announced in the recent Government Response, and make recommendations on how these ought to be implemented.

Carbon emissions and energy use from Government offices

Performance against targets for reducing carbon emissions

8. In our last report on the annual Sustainable Development in Government report, covering the Government's record for 2003–04, we stated that we were "seriously concerned about departmental progress against carbon reduction targets." As we explained:

The key [...] target here is to reduce carbon emissions by 12.5% by 2010–11 relative to the 1999–2000 baseline. This amounts to a 1% reduction a year for each department. However, departmental emissions have risen by 3% against the baseline, and indeed the position for most departments is actually much worse than this. The SDiG report states that, if the Ministry of Defence is excluded, emissions from the remaining civil departments have risen by 11% since 2000. [...] It is particularly worrying that the trajectory is going so dramatically in the wrong direction.⁹

9. Our new report draws on analysis by the National Audit Office and Sustainable Development Commission of departmental data for 2005–06 and 2006–07 respectively. These data show that the Government has made little progress since our last report; the Government's record is very disappointing and problems that we previously highlighted remain.

10. Overall, emission figures have been falling: in 2005–06 they declined by 0.5%, and in 2006–07 by 4%.¹⁰ However, this lags significantly behind the trajectory needed to meet the 2010–11 target. The SDC said, "using a straight line trajectory, [by 2007] an 8% reduction in carbon emissions across government (compared to 1999/00) would have been required to demonstrate it is on track to meet the 12.5% reduction by 2010/11".¹¹

9 Environmental Audit Committee, *Greening Government: the 2004 Sustainable Development in Government Report*, p 8

10 In both cases, measured against a 1999–00 baseline.

11 SDC, *Sustainable Development in Government 2007*, p 54

11. Better progress by the Ministry of Defence has masked continued very poor performance by civil departments as a whole—another theme that has remained consistent since our last report. Taking the MoD out of the figures, Government emissions had risen by 12% by 2005–06; while by 2006–07, this situation had worsened, with emissions increasing by 22% over 1999–00 levels. Furthermore, nearly two-thirds of all departments are not on track to meet their individual 12.5% reduction target by 2010–11.¹² **The record of civil departments in tackling their carbon emissions has remained very poor overall. We recommend that all departments set out a credible set of actions for delivering the 12.5% reduction target as urgently as possible.**

12. Even the progress made by the Ministry of Defence is to an extent illusory. A significant factor in the reduction in the MoD’s reported figures is the privatisation in 2001–02 of the defence agency QinetiQ. The NAO explains:

Carbon emissions associated with Qinetiq amounted to around 22,000 tonnes, and the sale therefore produced a windfall reduction in the overall emissions of the MoD. The methodology for assessing performance against energy targets takes no account of this: current emissions (excluding Qinetiq) are simply compared with baseline (including Qinetiq), resulting in emissions reductions being overstated.¹³

13. In its most recent report, the SDC commented: “Pan-government performance [...] is distorted by the fact that MoD still include data from a now privatised part of its estate (Qinetiq) in its 1999/00 baseline. [...] The SDC understands that over a third of MOD’s office carbon reductions can be attributed to the privatisation of Qinetiq.”¹⁴ According to the figures in the recent SDiG report, taking Qinetiq’s historic emissions out of the MoD baseline shrinks the pan-government reduction in emissions in 2006–07 from 4% to 0.7%.¹⁵ A supplementary memorandum from the Government said: “Government accepts that Qinetiq should be removed from the baseline and that, if this were done, this would lead to a materially lower performance improvement.”¹⁶

14. We welcome the fact that the Government has now removed Qinetiq from the historic baseline against which it is measuring progress in reducing emissions. What is harder to understand is why it has taken several years for the Government to accept and act on this point. It is unacceptable that the Government allowed what was essentially an accounting anomaly to distort its headline performance so profoundly. To avoid such inaccurate reporting in the future, the Government must ensure that where departments acquire or dispose of significant parts of their estate, they clearly recalculate the baseline of emissions from which they are measuring their progress.

12 SDC, *Sustainable Development in Government 2007*, p 54

13 National Audit Office, *Energy consumption and carbon emissions in government departments*, November 2007, p 27

14 SDC, *Sustainable Development in Government 2007*, p 8

15 SDC, *Sustainable Development in Government 2007*, p 8

16 Ev 33

Reliability of emissions figures

15. Following the SDC's recent report on departmental performance, the Government has re-examined its emissions figures for 2006–07. Specifically, it has made a number of further revisions to the baseline figures against which it is measuring progress—for instance, increasing the historic baseline to reflect the addition of magistrates courts to central Government, following the creation of the Ministry of Justice in 2007. The net effect of these revisions is summed up by the Government: “The effect of these changes was to fully offset the negative effect of the QinetiQ removal and resulted in the carbon reduction performance remaining unchanged at 4%.”¹⁷

16. Sara Eppel, SDC's director of policy, expressed some scepticism about these figures, especially those relating to the re-baselining of the Ministry of Justice (MoJ):

[...] lo and behold, when Government produced its response in March there was a new baseline for the Ministry of Justice, [...] and we have no idea what that number is or where it comes from. We have not been shown any new data. My team had talked to the department a matter of weeks before that, or even days, and as far as we were aware there was not any sudden improvement in the quality of the data that came from the MoJ. [...] We were a bit alarmed about that MoJ case, to be honest, because we did feel that the new data that came from the MoJ probably was not particularly reliable.¹⁸

While it is encouraging that the Government appears to have found evidence of additional carbon savings to offset the removal of “the QinetiQ effect”, these new figures should be treated with caution, until the SDC has examined and commented on them. We recommend that in future the Government ensures it submits the correct figures to the SDC in time for examination and inclusion in the annual Sustainable Development in Government report.

17. Also relating to the reliability of the figures in the SDiG report, another issue we examined was the fact that departments are not reporting their emissions on a consistent basis. In 2006 the Government revised the basis of their main carbon reduction targets, from covering departments' entire estates, to covering their offices solely. As the SDC explains, not all departments have recalculated their figures accordingly:

Assessing performance against this target therefore required a review of performance in the baseline year to extract the office activities from the entire estate. However, some departments have not been able to disaggregate their baseline data retrospectively to identify the share of emissions from the offices alone. Others have not acknowledged this change, and therefore inadvertently reported the entire estate. A few departments have purposefully chosen to include the non-office estate data in their performance (to provide a total rather than partial figure).¹⁹

17 Ev 33

18 Q19

19 SDC, *Sustainable Development in Government 2007*, p 55

18. This makes it more difficult to assess progress over time or to compare progress by different departments. The Ministry of Defence, HM Prison Service, and HM Court Service all have large estates—and therefore have a large influence on the Government’s overall emissions figures—but offices are a much smaller part of their estates. Further confusion is caused by the fact that PFI prisons are not included in the figures or targets. In fact, even the senior officials from whom we took evidence seemed very confused about what was and was not covered by the Government’s own targets.²⁰ The SDC were clear that targets “apply **only** to the office estate, despite what Government said [...] in the session.”²¹

19. We recommend the Government ensures that the basis on which departments report their emissions is made consistent. In particular, if the main targets on carbon emissions are to refer solely to offices then those major parts of the Government Estate that are not offices—notably large areas of military bases, prisons and courts—should be removed from the figures, and the baselines adjusted accordingly. In that case, the Government must also ensure that these other parts of its estate are subject to an equivalent set of targets and reporting requirements. Alternatively, the Government should enlarge the definition of the target to encompass them. In either case, PFI prisons should be required to meet the same target and reporting requirements as state-run prisons.

Electricity from renewable sources

20. The Government is performing very well against its target of drawing at least 10% of its electricity from renewable sources; by March 2007 it had already reached 28.3%. Six departments succeeded in buying more than 95% from renewable sources;²² and the SDC put Government performance against this target into the category “Excellent progress warranting recognition”. But carbon emissions have not reduced in step. Indeed, the same divergence between departments’ records in buying green electricity and reducing (or failing to reduce) carbon emissions has been a feature of the annual SDiG reports for some years. The chief executive of OGC, Nigel Smith, highlighted this issue in giving his overview of departmental performance, saying that Government “is doing certain things well, on renewables in particular, [...] but the thing it is not doing well is on its carbon footprint”.²³

21. The divergence between green electricity and carbon emissions was the key issue that we raised in our last report, and which we asked the National Audit Office to examine. The NAO’s report puts the matter simply:

The explanation lies in the way in which bought-in renewable electricity is treated for the purpose of calculating carbon emissions. Government policy in this respect is to assign exactly the same emissions factor to it as to standard grid electricity—i.e. to treat electricity purchased on green tariffs as giving rise to exactly the same amount of carbon emissions as ordinary electricity. Only renewable electricity which is

20 Qq 99-107

21 Ev 38

22 SDC, *Sustainable Development in Government 2007*, p 65

23 Q49

generated on site is considered to be carbon-free. No account is therefore taken of the percentage of renewable electricity purchased by a department, and carbon emissions are calculated simply on the basis of total electricity consumption.²⁴

As the overwhelming majority of the “green electricity” consumed by departments is purchased from suppliers under “green tariff” contracts, for all practical purposes, departments’ use of renewable energy is treated as having no effect on their carbon emissions.

22. As for why the Government treats “green tariff” electricity in this way, the NAO states:

Defra officials told us that there were a number of reasons for adopting such a policy. Firstly, they wished to avoid double-counting emission reductions at the level of the national accounts: electricity suppliers were already claiming emission reductions for the green electricity they generate, and to allow departments also to claim reductions for the same electricity would therefore be inappropriate. Secondly, they pointed out that the main objective of the targets was to reduce carbon via improved efficiency, and that using green tariffs was therefore not an appropriate response. And thirdly, they were concerned that the adoption of green tariffs did not increase the supply of renewable electricity.²⁵

23. It is the third of these reasons that is crucial. As we have commented elsewhere, the integrity of “green tariffs” has been the subject of much criticism and controversy.²⁶ Power companies are already subject, through the Renewables Obligation, to an obligation and financial incentive to increase the proportion of electricity they generate from renewable sources. Where suppliers sell electricity to consumers under “green tariffs”, it would appear that in most cases what this essentially amounts to is a simple branding of a proportion of their electricity, up to the amount which they are generating from renewable sources, as “green”—without doing anything additional to increase the amount of renewable capacity they are already building. In this case, average emissions resulting from all the supply contracts offered by a power company will in fact be the same—reflecting the average emissions per unit of energy from the mix of technologies they use to generate electricity (e.g., coal, gas, wind, hydro, biofuels, and nuclear)—no matter whether some supply contracts are branded “green” or not.

24. We asked Helen Ghosh, the Defra permanent secretary, why if her own officials “were concerned that the adoption of green tariffs did not increase the supply of renewable electricity” was the Government retaining a target for departments to purchase them? She replied that the Government had asked Ofgem, as part of its current review of “green tariffs”, to provide some advice on whether departments should count their use of such tariffs as reducing their own emissions. She then admitted: “I think it is an example where the commitment we have made is slightly ahead of policy and being absolutely clear on

24 NAO, *Energy consumption and carbon emissions in government departments*, p 13

25 NAO, *Energy consumption and carbon emissions in government departments*, pp 14-15

26 “Green Tariffs: Check what yours delivers”, Defra press release 187/08, 16 June 2008. Ofgem is currently undertaking a review of the market for green tariffs.

what the impact is. Policy will soon catch up with us when BERR has done its work on renewables and Ofgem has given us advice.”²⁷

25. Departments have made excellent progress on increasing their use of green electricity contracts. We commend the clear interest this shows across Government in demonstrating leadership on green procurement. At the same time, the contribution these green electricity contracts are making to the construction of new renewable capacity—and thus on decreasing carbon emissions—is in fact highly uncertain, and may be very marginal. We note that the Government is awaiting advice from Ofgem on whether departments’ use of “green tariffs” should be counted as reducing their emissions. If Ofgem confirms that they should not be counted in this way, we recommend that the target requiring departments to increase their sourcing of renewable power is revised wholly to exclude the purchase of “green tariff” electricity.

26. As of 2005–06, the proportion of its electricity that the Government generated itself from on-site renewables—e.g., photo-voltaics, wind turbines, or biomass power plants—was only 0.0004%.²⁸ The NAO suggested that one factor behind this poor performance was that:

[...] the government has never developed a long-term strategy for renewable energy on the government estate. The absence of such a strategy may reduce the scope for developing a collective approach to purchasing renewable energy in a way which guarantees additionality, and to developing on-site renewable energy to a far greater extent within the central government estate.²⁹

27. We asked officials what the Government’s ambitions were for increasing the use of on-site and district renewables. Nigel Smith’s reply was candid: “I have to say I really do not know the answer to that question. It is certainly not part of the target which I am driving to achieve, so I cannot comment, I am afraid.”³⁰ This was surprising, given that the Government Response to the recent SDiG report had accepted the SDC’s recommendation that: “Government should take a leading position in implementing self-generation renewable energy and departments should explore the potential for Salix finance backing.”³¹ We then asked about the absence, highlighted by the NAO, of an overarching strategy for increasing on-site and district renewables. Helen Ghosh drew our attention to the work that the Department for Business, Enterprise and Regulatory Reform is doing on a national renewable energy strategy, and added: “[...] it may well be something that Nigel’s team can lead on, particularly when we have a clearer set of policy guidelines from BERR on renewables overall.”³²

28. We are extremely disappointed with progress on generating electricity from on-site and district renewables. We recognise and support the Government’s commitment to

27 Q85

28 NAO, *Energy consumption and carbon emissions in government departments*, p 12

29 NAO, *Energy consumption and carbon emissions in government departments*, p 14

30 Q86

31 SDC, *Sustainable Development in Government 2007*, p 82

32 Q88

taking “a leading position in implementing self-generation renewable energy” through a renewable energy strategy that is currently in development; however, it is a serious failing of the Government that it is only now developing such a strategy. Installing on-site and district renewables is the only way for departments to be sure they are increasing the supply of zero carbon electricity. Immense national efforts will be required to meet our EU renewable energy targets. Given the wider contribution to micro- and district renewables of taking a lead through public procurement, Government use of self-generated renewable power must be scaled up enormously as a top priority. We recommend that this be made a key feature of departmental delivery plans, with a senior individual—such as the Chief Sustainability Officer—being made responsible for delivering this strategy across Government.

Carbon neutrality and carbon offsets

29. In 2006 the Government introduced a high-profile target for Government offices to be carbon neutral by 2012. From the outset it has been clear that achieving this target would depend heavily on the purchase of carbon credits; we confirmed this with the then Secretary of State for the Environment in July 2006, shortly after the target was announced.³³

30. In this year’s SDiG report SDC argued that: “Carbon neutrality should be seen as a part of the process that aims to progressively reduce emissions, rather than just a route to carbon offsetting. [...] The remaining carbon emissions can then potentially be offset; however, offsetting should be seen as an interim measure toward carbon neutrality [...]”³⁴ This was echoed by the Environment Agency, which also went further by calling for the contribution that carbon offsets can make towards Government emissions targets to be capped at a set percentage.³⁵

31. We were pleased to note that the Government shared these priorities. When we asked about the extent to which Government would be relying on offsets to meet the 2012 carbon neutrality target, Helen Ghosh replied:

It will be our last resort, is the answer. [...] Clearly what we need to do is [reduce] demand, increase efficiency, and only if it were the only way and at the time when we make the assessment was it value for money would we buy carbon offsets. We entirely agree with the Environment Agency on what the hierarchy should be.³⁶

32. We are sceptical about the plausibility of this ambition. It is apparent to us that there is little or no likelihood of the Government’s coming close to cutting its emissions at source to zero by 2012. Ms Ghosh was, however, bullish: “I think that will be disproved, we hope, by the work that Nigel [Smith, of OGC] is going to pull together in terms of the action plans we are all going to produce.”³⁷ Nigel Smith supported her in arguing that there was

33 EAC, *The Challenge of Climate Change*, 2006, Qq 326-7

34 SDC, *Sustainable Development in Government 2007*, p 80

35 Ev 46

36 Q94

37 Q96

reason to be optimistic, given that the Department of Work and Pensions (DWP) had recently—after the period covered by the last SDiG report—recorded rapid cuts in emissions of around 10% (essentially due, it would seem, to office rationalisation and energy efficiency measures).³⁸

33. We salute the Government’s ambition, and will applaud DWP if its progress is maintained and verified in next year’s SDiG report. The fact remains that there is still a limit to what office rationalisation and energy efficiency measures can do, as well as a limit to how fast emissions can be cut. The result is, we believe, that the Government will inescapably be reliant on buying offsets to achieve this target. We pressed officials to give us their best estimate of how many offsets would have to be purchased in 2012, but Nigel Smith stated:

I could not give you an estimate. In my view, this is one of the reasons why in the summer we are saying we are going to publish a trajectory for each department and an overall Government trajectory which looks at where you are, the pace of change, the actions you are taking and how you are translating those into getting real reductions to meet your targets in 2012. So the answer is, I do not think anybody can tell you at the moment.³⁹

Pressing Mr Smith for an answer, we were told that one of the Government’s fundamental difficulties is that it is unsure what “carbon neutrality” should mean:

To be frank, I do not know. What I do know is that we have said in our response [...] that part of the job we have to do is define what carbon neutrality means and how it relates to departments. So it is said quite clearly that OGC in terms of the centre of excellence and Defra are going to get their heads together to work it out, because I do not know what it means, I have to be honest with you. [...] In order to answer that question, you are quite right, on carbon neutrality we have to first of all define what carbon neutrality is so departments can work out whether they can achieve it or not.⁴⁰

34. It is hard to understand the reason for such confusion and reticence. In a memorandum written for this report, the SDC showed how straightforward it is to produce a “ballpark estimate” of how dependent the target will be on offsets—and how much money this might cost:

[...] even if government does achieve its 2010/11 target to reduce carbon emissions from offices by 12.5%, in 2012 it will still have to offset up to 87.5% of 1999/00 office carbon emissions to meet its carbon neutrality target. So **if** the target is met (which at the moment they are not on track to do) they will have to offset 2,110,452 tonnes of CO₂ (2,411,945 x 87.5%). At the price (£9.91 per tonne of CO₂) currently used for offsetting air travel by the Government Carbon Offsetting Fund (GCOF), this would amount to £20,914,578. This is obviously a poor use of taxpayers’ money and the

38 Q96

39 Q98

40 Q108

goal should be for the greatest reduction of carbon emissions before any offsetting is considered.⁴¹

35. The degree of confusion within Government as to how the target of making its offices carbon neutral by 2012 is to be met, how much this will cost, and even how it will be defined and what it will measure, is wholly unsatisfactory. These essential issues must be worked out urgently. In particular, each department's delivery plan should indicate what proportion of its effort will be met by offsets and what by self-generation in each year going forward. These projections should be updated annually.

36. In meeting this target from 2012 onwards, it is important the Government does as much as possible to reduce its own emissions, rather than simply relying on buying carbon offsets. This is the surest way to guarantee that the stated amount of emissions are actually being reduced, and should also prove to be better value for money in the long-term. OGC should publish calculations of the amount of money the Government expects to spend on offsetting its own emissions every year from 2012, and should use this to support the financial case for accelerated development of on-site and district renewable generation to cut departmental emissions at source. The Government should also look at capping the use of offsets to meet this target, as a further means of forcing progress in self-generation.

Tackling the rise in electricity usage

37. Departments have had success in reducing their demand for gas—down by 9.5% across all departments in 2005–06, reflecting a reduction in gas usage in office heating. However, this has been more than offset by a rise in electricity consumption: in 2005–06, across the entire Government estate electricity usage was up by 12% on 1999–00 levels, while taking civil departments on their own it was up 34%.⁴² As for the single biggest reason for this increase in demand, there has been a large increase in IT usage.⁴³

38. The Government Response to the recent SDiG report promises a major initiative to help tackle this problem, the “Greening Government IT” programme:

The Cabinet Office, supporting the work of CIO Council, are leading a work programme into how government can be more sustainable in its use of ICT. Working with industry the team are developing an action plan to be published in the Summer 2008 for adoption by departments. This will range from simple measures that can be adopted with immediate effect (using the Act on CO₂ campaign to highlight actions such as the need to switch off IT equipment at night) through more complex initiatives to reduce the power consumed by servers and through the use of databases. [...]⁴⁴

41 Ev 38

42 NAO, *Energy consumption and carbon emissions in government departments*, pp 10-11

43 NAO, *Energy consumption and carbon emissions in government departments*, p 11

44 Cabinet Office, Defra, and Office of Government Commerce, *Government Response to the Sustainable Development Commission SDiG Report 6*, March 2008, p 27

We welcome the Greening Government IT programme. We recommend that this programme is made one of the single highest priorities of the Chief Sustainability Officer, reporting to the Cabinet Secretary. This would be to give it the attention it deserves, given that increased use of IT would appear to be the biggest single factor in the upward trend in emissions from civil departments (up 22% since 1999–00).

39. One of the most important points about emissions from IT made by Helen Ghosh was that: “Most of the carbon impact of IT is in fact in the production of the hardware and the disposal of the hardware at the end.”⁴⁵ What is particularly striking about this is that these emissions (i.e., the embodied emissions within IT products) will not be recorded in departments’ annual emissions figures, which will simply record the emissions due to day-to-day electricity consumption. **Even though reducing the embodied emissions in Government IT will have no effect on departments’ recorded emissions, it is important that the Greening Government IT programme explicitly focuses on minimising them, given that most of the carbon emissions arising from IT come from its manufacture and disposal. We recommend that this programme includes efforts to minimise demand for new IT equipment overall, to increase the proportion of IT equipment that is reconditioned rather than bought all-new, and to procure new equipment with the lowest embodied emissions.**

40. Another point Nigel Smith made to us was that: “a lot of the carbon footprint does not come from the power usage of IT, it actually comes from the air conditioning to allow IT to be used, for instance on servers”.⁴⁶ **In terms of tackling the emissions from Government IT in operation, we would expect to see an emphasis on tackling the energy consumption of both IT equipment itself and the air conditioning required to keep it from overheating. In addition to improving the energy efficiency of IT use, however, we recommend that departments review their demand for electrical equipment, and reduce it where possible.**

Energy efficiency

41. Departments have an overall target to increase their energy efficiency—defined as energy use per square metre of office space, relative to 1999–00 levels—by 15% by 2010–11, and by 30% by 2020. By this measure, Government as a whole is performing well, already recording a 21.7% improvement on 1999–00 levels by 2006–07, and achieving the SDC’s highest categorisation of performance: “Excellent progress warranting recognition”.

42. Both the NAO and SDC drew attention to how this record could be misleading. As this target measures energy use per square metre, a recorded improvement in energy efficiency “can result from either a reduction in total energy consumption or from an increase in the floor area. Hence, a department might appear to have become more efficient even if total energy use has increased, if the total floor area has increased by a greater amount.”⁴⁷ This works both ways. The Home Office and Ministry of Justice both increased their energy use,

45 Q75 [Ms Ghosh]

46 Q75 [Mr Smith]

47 NAO, *Energy consumption and carbon emissions in government departments*, p 11

but recorded improved energy efficiency due to increased floor space.⁴⁸ The SDC said HM Treasury, the Department of Trade and Industry, and the Department of Health had reduced their total energy use by over 20%, but because of even greater reductions in floor space had registered worsening energy efficiency.

43. The SDC recommended that this target should be reviewed, adding that the Government should consider altering the terms of the target so that it measures energy use per numbers of staff (full time equivalents), and that the Government should also consider setting targets for absolute reductions in energy use.⁴⁹ The Government Response to the SDC stated that the Government accepted this recommendation, and that it will review the target.⁵⁰ However, it did not give any further details, and in particular did not respond to the suggestion that it consider a target for absolute reductions in energy use.

44. We recommend that the Government abolishes its energy efficiency targets, since by measuring energy use per square metre these give misleading pictures of departmental performance, thus rendering the targets meaningless. Similar problems might recur even if the target were changed to a per capita measure. For this reason we recommend that the Government replaces its energy efficiency targets with targets for reducing absolute levels of energy use.

Effectiveness of annual targets and reports

Effectiveness of the SOGE regime

45. The recent SDC report revealed a number of flaws in the implementation of policy, for instance:

- Overall performance on procurement ‘Quick Wins’ [a set of mandatory minimum environmental standards for the procurement of a variety of goods] is hugely disappointing given that they were introduced in 2003. Only 12 of the 21 departments reported that they included clauses on Quick Wins in all relevant contracts
- Just 46 of the 351 new build/refurbishment projects completed in 2006/07 were assessed against the Building Research Establishment Environmental Assessment Methodology (BREEAM) [mandatory for all public sector building projects since 2002]. Of these, only 28 projects (i.e. 8% of all completed projects) met the required standard
- Only a quarter of the government estate is currently covered by an Environmental Management System (EMS) [i.e., a system which provides managers with information on environmental performance]

48 SDC, *Sustainable Development in Government 2007*, p 61

49 SDC, *Sustainable Development in Government 2007*, p 63

50 Cabinet Office, Defra, and Office of Government Commerce, *Government Response to the Sustainable Development Commission SDiG Report 6*, p 32

- Only 10 of the 21 departments indicated that their Permanent Secretaries have the SOGE targets incorporated into their performance agreements
- Major problems persist on data collection and accurate reporting, particularly on travel, waste and water. This undermines the government's ability to assess and manage its own progress accurately⁵¹

46. Appearing before us, the SDC did highlight some promising recent developments. Notably, the Government appears to be significantly improving its information systems:

The property benchmarking scheme was made mandatory for all departments on 1 April 2008, which means they have to collect data and feed it into ePIMS [a software package] for every building over 500 metres squared. This can then directly be pooled in real time to a report that can be downloaded quarterly or weekly and it will give departments a real view. Instead of just waiting for us to produce this report 13 months after the year end, they can know in real-time what their performance is and take steps to improve it as quickly as possible.⁵²

47. By highlighting patchy information systems and lack of compliance with mandatory policies, the SDC's report reveals fundamental failings in the Sustainable Operations on the Government Estate target and monitoring regime, raising questions about its ability to effect progress and to hold failing departments to account. At the same time, we recognise that Office of Government Commerce is taking steps to improve these systems, notably the collection of real-time data from Government buildings. We look forward to seeing considerable improvement in performance as a result in the next two years. In particular, if the new role for OGC, including the Centre of Expertise for Sustainable Procurement, is to mean anything, we expect to see a sharp rise in compliance with mandatory policies such as "Quick Wins".

Scope of the SOGE regime

48. One of the most important issues raised by the SDC was its concern that, as the volume of Government operations that are transferred to arm's length bodies or the private sector increases, so the coverage of the Government's sustainable targets and reporting regime will shrink—unless Government ensures that departments continue to collect data and exercise control over the environmental management of these operations.⁵³ The evidence suggests there is a large scope for improvement in this.

49. One of the key findings in the latest SDiG report is the extent to which compliance with the SOGE regime is mixed among organisations that are a part of central Government, but not core Government departments. The SDC told us: "A lot of non-ministerial departments are not covered at all."⁵⁴ 15% of executive agencies did not submit data to the SDC last year, despite the fact that coverage of all executive agencies is mandatory. Only six

51 SDC, *Sustainable Development in Government 2007*, p 9

52 Q24 [Mr Ullah]

53 Q37

54 Q11 [Mr Ullah]

of 500 non-departmental public bodies (NDPBs) reported their data individually; while it is possible some of the remainder submitted their data to their parent departments, the SDC states: “Unfortunately, it is unclear how many NDPBs have been covered under core departments’ returns.”⁵⁵ On this point, Helen Ghosh could only say that “some [NDPBs] are adhering to similar targets.”⁵⁶ The Environment Agency, the Association for the Conservation of Energy, and the Environmental Industries Commission, all called for SOGE targets to be made mandatory for all NDPBs.⁵⁷

50. We find it unacceptable that 15% of executive agencies do not report performance against their Sustainable Operations on the Government Estate targets, even though this is mandatory. OGC must ensure that all executive agencies report to the SDC each year. All executive NDPBs either report their performance separately, or do so within individual subsections of their parent departments’ reports.

51. The report by the NAO drew attention to the discarding in 2006 of a target that had required departments to incorporate “energy clauses into PFI and contracted-out service provision”.⁵⁸ The SDC reported the impressive statistic that: “Sustainability clauses are included in 99.9% (by value) of all Facilities Management contracts, and 95.38% (by value) of IT contracts”.⁵⁹ However, it also noted that anecdotal evidence suggests that such clauses are not actively managed to drive forward sustainable development.⁶⁰ The Government officials we spoke to were very confident that outsourcing did not lead to a reduction in monitoring and control of environmental performance:

[...] 95 per cent—and there is still 5 per cent we have to tackle—of all IT outsourced FM contracts and property outsourced FM contracts have got sustainability clauses in them. They are very definitely on the ePIMS database of government property, so we collect the information, and they will be part of the benchmarking service, so we can look at the relative performance of different buildings in the estate. So the answer is most definitely they are included.⁶¹

52. We welcome the Government’s commitment to ensuring that all outsourced operations are retained within the Sustainable Operations on the Government Estate regime, with their environmental performance subject to their contracting department’s target and reporting requirements. At the same time we note that this only applies to outsourced operations that take place on property owned by Government bodies. We recommend that the Office of Government Commerce reviews the practicalities of the Government’s mandating suppliers of services not based on site to report their environmental data in respect of these contracts.

55 SDC, *Sustainable Development in Government 2007*, p 28

56 Q119

57 Ev 43, 40, 50

58 NAO, *Energy consumption and carbon emissions in government departments*, p 7

59 SDC, *Sustainable Development in Government 2007*, p 39

60 SDC, *Sustainable Development in Government 2007*, p 97

61 Q111

53. Because the SOGE regime relates to central Government only, it excludes major parts of the public sector such as NHS bodies, local authorities, schools, and police authorities. The SDC told us that a lot of work was going on to improve sustainability within health bodies, but that there was no equivalent to the SDiG report, setting out performance across the NHS. Helen Ghosh told us: “The wider public sector—local government, schools, the NHS—is explicitly not covered by the SOGE targets but there are all sorts of other mechanisms which other departments will be able to answer for on how they are, nonetheless, really driving through sustainability.”⁶² Sir Ian Andrews added: “My understanding is that those are consistent with SOGE targets but they are not within the remit of the estate.”⁶³ **While we are encouraged to learn that there is much activity to improve the sustainability of other parts of the public sector, the fact remains that there are no systematic and comprehensive assessments of progress. In the interests of public accountability, and in order to help to drive up performance consistently throughout the public sector, we recommend that OGC, relevant departments, and the SDC develop comprehensive annual assessments of progress in important sectors such as NHS bodies and schools.**

54. The Houses of Parliament, too, should be taking a lead in addressing climate change. We believe it would be appropriate for Parliament to adopt a set of targets, equivalent to those applied to Whitehall departments, and to report progress against them in an annual report. While we recognise the problems of working with an historic listed building as a major part of the estate, we do not believe this excuses Parliament from its duty to give a lead to the nation which it represents.

55. We will therefore be drawing this report to the attention of the House of Commons Administration Committee; Mr Speaker, as Chairman of the House of Commons Commission; the Chief Executive of the House of Commons Service; and the Director of Facilities. **We invite the House of Commons Commission and the Administration Committee to consider how to ensure the House of Commons sets and meets demanding targets for improving the sustainability of the Parliamentary Estate, and for reporting its performance annually.**

The role of the Sustainable Development Commission

56. In 2005 the Government handed publication of the annual SDiG report over to the SDC, as a feature of the UK Sustainable Development Strategy. As the Government explained: “To show we are serious about delivery, we will stop reporting our own progress and hand that task over to a strengthened Sustainable Development Commission, which will act as the independent ‘watchdog’ of government progress.”⁶⁴ The recent SDiG report, published in March 2008 and covering performance in the year 2006–07, was the third to be published by the SDC. This is the first occasion we have examined an annual SDiG report since these new arrangements came into effect.

62 Q121

63 Q121

64 Defra, *Securing the Future—UK Government Sustainable Development Strategy*, March 2005, p 4

57. We asked the SDC for its own assessment of the impact it has had on Government performance. Sara Eppel, SDC director of policy, said that giving publication of the SDiG report to an independent watchdog had focused more attention on Government performance and stimulated a significant response:

Previously government reported on itself and their ability to make the figures look less critical than they are is obviously quite easy [...] I think the reaction we have had from government this year particularly has been very significant. Personally I feel that the Cabinet Secretary having to defend this element of government's delivery for a second year running was just a step too far. Last year the Cabinet Secretary did get very upset about and annoyed about the fact that progress did not seem to be being made on these figures, and the same message effectively was coming back from us as an independent body for another year, and that definitely created quite a big reaction at the centre of government.⁶⁵

Considering the significant nature of the Government's response to this year's SDiG report, we agree that the Sustainable Development Commission is playing a significant role in stimulating Government to improve its performance.

58. **At the same time, we recommend that the SDC reviews whether its presentation of performance in the annual SDiG reports could be made more straightforward, including—where necessary—being more critical.** WWF, for instance, suggested to us that “the simple star rating system used by SDC is quite deceptive”:

[T]he SDC assessment makes little distinction between the relative importance of different targets which renders the overall conclusions misleading. The indicators of success or progress are not comparable in importance despite being given an equal points rating. For example a hard indicator such as an actual emissions cut is given equal weight to a soft indicator such as the Secretary of State having sustainability written into his/her performance agreement. [...] Furthermore the assessment ratings do not adequately represent the true situation. The lowest grade available is ‘Poor or no progress’. This is given when in fact there is negative progress. Hence the results do not represent that in many areas Government operations have not just failed to progress in their sustainability but have gone backwards.⁶⁶

59. In response to these points, Farooq Ullah of the SDC explained that the SDiG reports give departments two separate star ratings—one based on performance against SOGE targets, the other based on an assessment of what mechanisms they had in place to make progress against those targets—and suggested that WWF might be confusing them. We suggest, in this case, that WWF would not be alone. Furthermore, we questioned the tone of the report's “Headline” finding, that included the words “government as a whole is generally performing better this year than last year”,⁶⁷ when emissions from civil departments had risen 22% over the baseline. Sara Eppel said, “We took the view that if you want to change people's behaviour, just shouting at them only gets you so far and we

65 Q5

66 Ev 66

67 SDC, *Sustainable Development in Government 2007*, p 8

have done quite a lot of shouting”,⁶⁸ but we believe that where performance in important categories is weak this has to be given proper emphasis. **We recommend that the SDC looks again at its practice of simply reporting the data as given to it by departments. Currently, where it has reservations about the figures, it only expresses these in separate commentary sections. For example, the SDC’s press release on the recent SDiG report stated that “overall carbon emissions from offices have fallen by 4% since 1999”,⁶⁹ despite the fact that this figure had been discredited elsewhere in the report.**

Reforms to the structures of Government

The new role for the Office of Government Commerce

60. The Government response to this year’s SDiG report represented something of a watershed. Even the very fact of a formal response was a major step forward, this being the first such Government response to an SDiG report. The response itself announced a number of major reforms designed to improve leadership and performance across Government. Key to this is a new role for OGC to lead across Government on delivery, not just of sustainable procurement, but of meeting the targets of the entire SOGE framework. There is a new Director General post of Chief Sustainability Officer, and a new Centre of Expertise in Sustainable Procurement (CESP), situated within OGC. CESP’s objectives include overseeing department-by-department delivery plans by summer 2008, setting out how they will achieve their targets. The SDC were convinced that these were substantial announcements:

[...] we were extremely pleased by the Government’s response which they published on the same day as our report in March. We were very, very pleased, we felt that a lot of the recommendations we had been making for the last two to three years have been taken on board [...] We feel that is really giving it a high level profile that it has never ever had before.⁷⁰

61. At the same time, the SDC made some important points about what still needed to be done. Sara Eppel stressed that “there is only so much the centre can deliver”, and that while the OGC could provide advice and training, “what they cannot do is deliver for the government departments. One of the key issues for us is that the government departments themselves need to have much more focus on how to deliver this.”⁷¹ Farooq Ullah spelt out a number of important questions about the departmental delivery plans that the Government response promised by summer 2008: “Will it be something that is an emergency, one-off situation? Will it be something that is replicated every year? How had they monitored progress against it? Who is responsible at the end of the day for assessing how sustainable that plan really will make government?”⁷² Mr Ullah also stressed that the

68 Q42

69 “Urgent and radical action needed if Government is to meet key sustainability targets”, SDC press release, 18 March 2008

70 Q6

71 Q11

72 Q11

SOG targets and SDiG reports were not the only things that departments—and those holding them to scrutiny—should focus on. Notably, he argued that more attention should be placed on departments' Sustainable Development Action Plans (SDAPs):

We really feel that the vehicle for delivering this whole programme of work is the SDAPs themselves. The SDiG report is one end of it, it is the backward looking assessment, but all of this information needs to feed directly back into each department's SDAP so that they can embed sustainability into the way they function as their core remit. Engagement in that SDAP development process by each department should get staff involved and it should be at a very fundamental level. Everything they do should be detailed into this action plan and taken forward. Hopefully in that way it will involve staff and create and engender behavioural change.⁷³

62. The departmental delivery plans that the Office of Government Commerce is overseeing are a major step forward. They should not be a one-off exercise, but should be done annually, to set out clearly what progress each department is making, and a revised series of actions needed to meet their targets in the light of that progress.

Incentivising and empowering managers and staff

63. Another of the reforms announced in the Government Response to the SDC is that sustainability of the Government Estate will be one of the Cabinet Secretary's four corporate priorities for the civil service, and that all permanent secretaries will have SOGE targets and other key sustainability commitments built into their personal objectives. The SDC were clear that this would make a material difference—so long as the Cabinet Secretary was sufficiently demanding:

Permanent secretaries are required by the Cabinet Secretary [...] to produce quarterly assessments on progress against their own targets. If sustainable operations and sustainable procurement is one of those, then that will keep a profile at least every quarter on how that department is doing on progress. I think that will be important but, at the same time, the Cabinet Secretary needs to be challenging the permanent secretaries on the delivery [...]⁷⁴

64. An important point that remains unclear is just what strength these targets and priorities have, in terms of the careers of senior individuals. WWF, for instance, commented:

Although, as one of the supporting mechanism targets states, [permanent secretaries] should have sustainability targets incorporated into their performance objectives it is not clear what penalties are involved for failure to meet these objectives. An effective risk and/or reward structure must be implemented if achievement of these targets is to be adequately incentivised.⁷⁵

73 Q18

74 Q15

75 Ev 66

Another point that remains unclear is the extent to which the Cabinet Secretary will be accountable for Government performance—and whether a minister will assume responsibility for it. We asked officials whom the Cabinet Secretary would report to on this issue. They were unable to provide an answer.⁷⁶

65. We welcome the reform to incorporate sustainability goals in the personal objectives of the Cabinet Secretary and all Permanent Secretaries. We expect this to have a tangible effect on the forcefulness and coherence of departments’ response to these issues, and look forward to the increase in accountability for such performance to Parliament this should bring. We recommend the Government clarifies which minister has overall responsibility for this agenda—preferably a senior cabinet minister. We also recommend the Government indicates how performance against these objectives will be reflected in terms of career rewards and prospects.

66. We hope that these new personal responsibilities for sustainability will also provide a mechanism for encouraging senior civil servants to treat their departments’ sustainable development action plans (SDAPs) seriously, and see to it that departmental policy is more consistent with sustainability objectives. In the future we may choose to review, department by department, the extent to which SDAPs are being integrated into departmental policies and activities.

67. While the emphasis on making sustainability a priority of the senior civil service is obviously vital, it is important to ensure that staff at all levels receive the training and incentives required to mainstream sustainability into their work. The SDC told us: “The teams who undertake operational performance work are usually quite junior. Although the data is meant to be signed off at a very senior level, it is often a very mechanistic process, there is not a lot of resource and there are not a lot of people who are really focusing on this and seeing it as a priority”.⁷⁷ This was a point seconded by the Environmental Industries Commission (EIC), which suggested that:

Although departments may have experienced environmental staff at “head office” level, those made responsible for implementing environmental management systems and initiatives typically are junior grades, often with little experience of environmental and sustainability issues. In many cases, they lack adequate resources and support from senior and operational management staff. Many consider that their efforts are not integrated into mainstream departmental management processes. Turnover of environmental management staff is high as, once they start to gain experience; they can find better-remunerated posts in the private sector (often in outsourced functions serving government). As we understand the situation, many of these people are paid the standard administrative grade salary, despite being expected to work in a specialist technical area.⁷⁸

68. This was reinforced by the Public and Commercial Services Union (PCS), who told us: “At the first green forum we held for our members and representatives last year many said

76 Q57

77 Q11

78 Ev 49

that they were not aware of the Sustainable Development Action Planning (SDAP) process and were certainly not involved in it.”⁷⁹ Other comments PCS reported from its green forum meeting included:

- there is a lack of commitment at board, workplace and staff level to effectively tackle [sustainable development] issues
- there is a general lack of awareness at all levels on [sustainable development] issues
- the current structures in government department allow business streams to perform/operate in isolation around [sustainable development] issues rather than work together
- there is a lack of knowledge when dealing with contractors and holding them to account around [sustainable development] issues
- there is a lack of union involvement around [sustainable development] issues and it was felt that management in every government department needs to work with PCS to engender workplace change on this subject.⁸⁰

PCS said that it would raise awareness and galvanise the efforts of staff if rights for time off for trade union activities were extended to environmental duties and training. We asked the Government for its views; it stated that in 2007 BERR had concluded it was premature to provide explicit time off rights to environmental representatives. The Government stated that Acas might choose to revise its Code of Practice on time off for union duties, but that “it is a matter for Acas to decide whether explicit advice or guidance about union environmental representatives should be added”.⁸¹

69. Beyond the senior civil service, personal responsibility for sustainability issues must be increased at all levels. This will require more training and incentives. The evidence we have received highlights the important role that operational staff in procurement and facilities teams have to play. We recommend that OGC works with civil service unions to ensure that staff are trained, motivated, and empowered to take a leading role in mainstreaming sustainability in Government operations.

Conclusion

70. The sixth annual SDiG report reveals, behind the figures, very poor progress in tackling carbon emissions from the majority of departments. The Government response has announced many promising reforms; that there was a Government response to the SDC for the first time was itself a big step in the right direction. What is crucial now is that departments make good on this promise by adding detail to these plans and accelerating progress in tackling carbon emissions and increasing on-site and

79 Ev 53

80 Ev 54

81 Ev 35

district renewables. In particular, rapid progress needs to be made on reducing demand for electricity, and increasing on-site and district generation of electricity from low and no-carbon sources.

Conclusions and recommendations

1. The record of civil departments in tackling their carbon emissions has remained very poor overall. We recommend that all departments set out a credible set of actions for delivering the 12.5% reduction target as urgently as possible. (Paragraph 11)
2. We welcome the fact that the Government has now removed QinetiQ from the historic baseline against which it is measuring progress in reducing emissions. What is harder to understand is why it has taken several years for the Government to accept and act on this point. It is unacceptable that the Government allowed what was essentially an accounting anomaly to distort its headline performance so profoundly. To avoid such inaccurate reporting in the future, the Government must ensure that where departments acquire or dispose of significant parts of their estate, they clearly recalculate the baseline of emissions from which they are measuring their progress. (Paragraph 14)
3. While it is encouraging that the Government appears to have found evidence of additional carbon savings to offset the removal of “the QinetiQ effect”, these new figures should be treated with caution, until the SDC has examined and commented on them. We recommend that in future the Government ensures it submits the correct figures to the SDC in time for examination and inclusion in the annual Sustainable Development in Government report. (Paragraph 16)
4. We recommend the Government ensures that the basis on which departments report their emissions is made consistent. In particular, if the main targets on carbon emissions are to refer solely to offices then those major parts of the Government Estate that are not offices—notably large areas of military bases, prisons and courts—should be removed from the figures, and the baselines adjusted accordingly. In that case, the Government must also ensure that these other parts of its estate are subject to an equivalent set of targets and reporting requirements. Alternatively, the Government should enlarge the definition of the target to encompass them. In either case, PFI prisons should be required to meet the same target and reporting requirements as state-run prisons. (Paragraph 19)
5. Departments have made excellent progress on increasing their use of green electricity contracts. We commend the clear interest this shows across Government in demonstrating leadership on green procurement. At the same time, the contribution these green electricity contracts are making to the construction of new renewable capacity—and thus on decreasing carbon emissions—is in fact highly uncertain, and may be very marginal. We note that the Government is awaiting advice from Ofgem on whether departments’ use of “green tariffs” should be counted as reducing their emissions. If Ofgem confirms that they should not be counted in this way, we recommend that the target requiring departments to increase their sourcing of renewable power is revised wholly to exclude the purchase of “green tariff” electricity. (Paragraph 25)
6. We are extremely disappointed with progress on generating electricity from on-site and district renewables. We recognise and support the Government’s commitment

to taking “a leading position in implementing self-generation renewable energy” through a renewable energy strategy that is currently in development; however, it is a serious failing of the Government that it is only now developing such a strategy. Given the wider contribution to micro- and district renewables of taking a lead through public procurement, Government use of self-generated renewable power must be scaled up enormously as a top priority. We recommend that this be made a key feature of departmental delivery plans, with a senior individual—such as the Chief Sustainability Officer—being made responsible for delivering this strategy across Government. (Paragraph 28)

7. The degree of confusion within Government as to how the target of making its offices carbon neutral by 2012 is to be met, how much this will cost, and even how it will be defined and what it will measure, is wholly unsatisfactory. These essential issues must be worked out urgently. In particular, each department’s delivery plan should indicate what proportion of its effort will be met by offsets and what by self-generation in each year going forward. These projections should be updated annually. (Paragraph 35)
8. In meeting this target from 2012 onwards, it is important the Government does as much as possible to reduce its own emissions, rather than simply relying on buying carbon offsets. This is the surest way to guarantee that the stated amount of emissions are actually being reduced, and should also prove to be better value for money in the long-term. OGC should publish calculations of the amount of money the Government expects to spend on offsetting its own emissions every year from 2012, and should use this to support the financial case for accelerated development of on-site and district renewable generation to cut departmental emissions at source. The Government should also look at capping the use of offsets to meet this target, as a further means of forcing progress in self-generation. (Paragraph 36)
9. We welcome the Greening Government IT programme. We recommend that this programme is made one of the single highest priorities of the Chief Sustainability Officer, reporting to the Cabinet Secretary. This would be to give it the attention it deserves, given that increased use of IT would appear to be the biggest single factor in the upward trend in emissions from civil departments (up 22% since 1999–00). (Paragraph 38)
10. Even though reducing the embodied emissions in Government IT will have no effect on departments’ recorded emissions, it is important that the Greening Government IT programme explicitly focuses on minimising them, given that most of the carbon emissions arising from IT come from its manufacture and disposal. We recommend that this programme includes efforts to minimise demand for new IT equipment overall, to increase the proportion of IT equipment that is reconditioned rather than bought all-new, and to procure new equipment with the lowest embodied emissions. (Paragraph 39)
11. In terms of tackling the emissions from Government IT in operation, we would expect to see an emphasis on tackling the energy consumption of both IT equipment itself and the air conditioning required to keep it from overheating. In addition to improving the energy efficiency of IT use, however, we recommend that

departments review their demand for electrical equipment, and reduce it where possible. (Paragraph 40)

12. We recommend that the Government abolishes its energy efficiency targets, since by measuring energy use per square metre these give misleading pictures of departmental performance, thus rendering the targets meaningless. Similar problems might recur even if the target were changed to a per capita measure. For this reason we recommend that the Government replaces its energy efficiency targets with targets for reducing absolute levels of energy use. (Paragraph 44)
13. By highlighting patchy information systems and lack of compliance with mandatory policies, the SDC's report reveals fundamental failings in the Sustainable Operations on the Government Estate target and monitoring regime, raising questions about its ability to effect progress and to hold failing departments to account. (Paragraph 47)
14. At the same time, we recognise that Office of Government Commerce is taking steps to improve these systems, notably the collection of real-time data from Government buildings. We look forward to seeing considerable improvement in performance as a result in the next two years. In particular, if the new role for OGC, including the Centre of Expertise for Sustainable Procurement, is to mean anything, we expect to see a sharp rise in compliance with mandatory policies such as "Quick Wins". (Paragraph 47)
15. We find it unacceptable that 15% of executive agencies do not report performance against their Sustainable Operations on the Government Estate targets, even though this is mandatory. OGC must ensure that all executive agencies report to the SDC each year. All executive NDPBs either report their performance separately, or do so within individual subsections of their parent departments' reports. (Paragraph 50)
16. We welcome the Government's commitment to ensuring that all outsourced operations are retained within the Sustainable Operations on the Government Estate regime, with their environmental performance subject to their contracting department's target and reporting requirements. At the same time we note that this only applies to outsourced operations that take place on property owned by Government bodies. We recommend that the Office of Government Commerce reviews the practicalities of the Government's mandating suppliers of services not based on site to report their environmental data in respect of these contracts. (Paragraph 52)
17. While we are encouraged to learn that there is much activity to improve the sustainability of other parts of the public sector, the fact remains that there are no systematic and comprehensive assessments of progress. In the interests of public accountability, and in order to help to drive up performance consistently throughout the public sector, we recommend that OGC, relevant departments, and the SDC develop comprehensive annual assessments of progress in important sectors such as NHS bodies and schools. (Paragraph 53)
18. We invite the House of Commons Commission and the Administration Committee to consider how to ensure the House of Commons sets and meets demanding targets

for improving the sustainability of the Parliamentary Estate, and for reporting its performance annually. (Paragraph 55)

19. Considering the significant nature of the Government's response to this year's SDiG report, we agree that the Sustainable Development Commission is playing a significant role in stimulating Government to improve its performance. (Paragraph 57)
20. At the same time, we recommend that the SDC reviews whether its presentation of performance in the annual SDiG reports could be made more straightforward, including—where necessary—being more critical. (Paragraph 58)
21. We recommend that the SDC looks again at its practice of simply reporting the data as given to it by departments. Currently, where it has reservations about the figures, it only expresses these in separate commentary sections. For example, the SDC's press release on the recent SDiG report stated that "overall carbon emissions from offices have fallen by 4% since 1999", despite the fact that this figure had been discredited elsewhere in the report. (Paragraph 59)
22. The departmental delivery plans that the Office of Government Commerce is overseeing are a major step forward. They should not be a one-off exercise, but should be done annually, to set out clearly what progress each department is making, and a revised series of actions needed to meet their targets in the light of that progress. (Paragraph 62)
23. We welcome the reform to incorporate sustainability goals in the personal objectives of the Cabinet Secretary and all Permanent Secretaries. We expect this to have a tangible effect on the forcefulness and coherence of departments' response to these issues, and look forward to the increase in accountability for such performance to Parliament this should bring. We recommend the Government clarifies which minister has overall responsibility for this agenda—preferably a senior cabinet minister. We also recommend the Government indicates how performance against these objectives will be reflected in terms of career rewards and prospects. (Paragraph 65)
24. We hope that these new personal responsibilities for sustainability will also provide a mechanism for encouraging senior civil servants to treat their departments' sustainable development action plans (SDAPs) seriously, and see to it that departmental policy is more consistent with sustainability objectives. In the future we may choose to review, department by department, the extent to which SDAPs are being integrated into departmental policies and activities. (Paragraph 66)
25. Beyond the senior civil service, personal responsibility for sustainability issues must be increased at all levels. This will require more training and incentives. The evidence we have received highlights the important role that operational staff in procurement and facilities teams have to play. We recommend that OGC works with civil service unions to ensure that staff are trained, motivated, and empowered to take a leading role in mainstreaming sustainability in Government operations. (Paragraph 69)

26. The sixth annual SDiG report reveals, behind the figures, very poor progress in tackling carbon emissions from the majority of departments. The Government response has announced many promising reforms; that there was a Government response to the SDC for the first time was itself a big step in the right direction. What is crucial now is that departments make good on this promise by adding detail to these plans and accelerating progress in tackling carbon emissions and increasing on-site and district renewables. In particular, rapid progress needs to be made on reducing demand for electricity, and increasing on-site and district generation of electricity from low and no-carbon sources. (Paragraph 70)

Annex 1: 2006–07 performance against SOGE targets

Target Area	Target	Pan-governmental performance against target baseline year	Context
Climate Change and Energy	Reverse the current upward trend in carbon emissions by April 2007.	Good progress 10 of 21 departments have reported a reduction in carbon emissions compared to 1999/00	This target is measured against the 1999/00 baseline year. Therefore, any reduction in carbon emissions from offices from the baseline would indicate good progress for this target.
	Reduce carbon emissions (from offices) by 12.5% by 2010/11, relative to 1999/00 levels.	Some progress 4.0% reduction	Overall carbon emissions for the civil estate have increased by 22% when the MOD efficiencies are removed. Inversely, DCA reported poor performance, due to data and reporting problems, which has negatively skewed pan-government performance.
	Reduce carbon emissions (from road vehicles used for government administrative operations) by 15% by 2010/11 relative to 2005/06 levels.	No progress or poor progress 1.5% increase	DCA has reported significantly worsened performance against this target due to lack of data for the baseline year. If DCA was removed, pan-government carbon emissions would have decreased by 0.9%. Conversely, if we removed MOD, pan-government carbon emissions from road vehicles increased by 5,962 tonnes of CO ₂ or an increase of 6.4%. This is because MOD, who account for more than a third of pan-government road transport emissions, reported a reduction of 3,839 tonnes CO ₂ .
	Departments to increase their energy efficiency per m² by 15% by 2010, relative to 1999/00 levels.	Excellent progress warranting recognition 21.7% improvement	It should be noted that overall energy efficiency for the civil estate is worsening when the MOD efficiencies are removed: 3.3% worse when MOD excluded.
	Carbon neutral.	Not assessed this year	Departments have not been provided with guidance on how to reach 'neutral', and the debate on offsetting continues. If offsetting is seen as a key mechanism to achieve neutrality, and this can be applied in 2010 to hit this target, government should be focusing on carbon efficiency and not neutrality at the present time.
Sustainable Consumption and	Departments to reduce their waste arisings by 5% by 2010, relative to 2004/05 levels.	Excellent progress warranting recognition 5.3% reduction	The MOD, which produces 50% of government waste, does not have 2004/05 baseline data, and therefore its 2006/07 data has been discounted for this early pan-government performance indication.

	Departments to increase recycling to 40% of their waste arisings by 2010.	Good progress 38.5% recycled	Recycling includes reuse.
Natural Resource Protection	Departments to meet or exceed the aim of having 95% of SSSIs in sole ownership in target condition by 2010.	Good progress 82% SSSIs in target condition	Target condition includes SSSIs in 'favourable' and 'unfavourable recovering' condition.
	Reduce water consumption by 25% on the office and non-office estate by 2020, relative to 2004/05 levels.	Some progress 0.1% reduction in water use	
	Reduce water consumption to an average of 3m³ per person/yr for all new office builds or major refurbishment projects.	Good progress 2.9 m ³ /FTE	Only DfT reported this target as being applicable for 2006/07, and it achieved the target.
Renewable Energy and CHP	Departments to source at least 10% of electricity from renewables (by 31 March 2008).	Good progress 28.3% of electricity sourced from renewable sources	
	Departments to source at least 15% of electricity from Combined Heat and Power (by 2010).	Some progress 5.7% of electricity sourced from Combined Heat and Power	

Source: Sustainable Development Commission, *Sustainable Development in Government 2007, March 2008*, pp 22-

Annex 2: Findings from the NAO report, *Energy consumption and carbon emissions in government departments*

The NAO's review was published in November 2007. Based on data from 2005–06, it found that:

- Performance against the key target for reducing carbon emissions by 12.5% by 2010–11 is poor. Across the central government estate, emissions have fallen by 0.5% since 1999–00, but there is no clear downward trend, and this reduction is due mainly to the privatisation of the defence agency QinetiQ, which has thus removed the classification of its emissions from the public sector. Taking civil departments on their own, emissions have risen by 12%.
- Given current progress in reducing emissions, the target of achieving carbon neutrality for the Government estate by 2012 can only be achieved by extensive use of offsetting (i.e., purchasing carbon credits), and/or by treating bought-in renewable energy as carbon-free.
- The overall figures for energy consumption mask conflicting trends for fossil fuel use (heating) and electricity (lighting and IT). While gas consumption across the entire estate has declined by 9.5% since the baseline year, electricity consumption has increased by over 12%. This trend is particularly marked in civil departments where there has been an increase of 34% in electricity use due mainly to the growth in the use of IT-related equipment.
- In relation to energy efficiency, there has been a small improvement of 2% compared to the target of 15% by 2010–11. However, the performance of the MoD against this target cannot be assessed because of the absence of reliable baseline data. Moreover, there are very large variations both between and within civil departments over time. This measure is also difficult to interpret and does not reflect departmental performance in reducing carbon emissions.
- Civil departments are now purchasing large amounts of 'green' electricity, but no allowance is made for this in calculating carbon emissions. This is due to concerns about the carbon-free nature of green tariffs, and about the extent to which they contribute additional carbon reductions beyond those which would otherwise have been achieved by electricity suppliers. Allowing departments to claim credit for green electricity could therefore result in the double counting of emission reductions at a national level.
- There are large unexplained variations in data for some departments, and in some cases performance cannot be assessed against the 1999–2000 baseline due to the lack of reliable data and the impact of departmental restructurings. This limits the extent to which departmental performance can meaningfully be assessed and compared.
- Initiatives now in progress are likely to lead to a significant improvement in measuring and reporting.

Source: National Audit Office, *Energy consumption and carbon emissions in government departments*, November 2007, pp 4-5, www.nao.org.uk/publications/select_committees.htm

Annex 3: Findings by the SDC in the *Sustainable Development in Government Report 2007*

The Sustainable Development Commission (SDC) is a non-departmental public body (i.e., funded by but acting at arm's length from Government), and functions as the Government's independent watchdog on sustainable development. In 2005 the Government handed over to the SDC the role of compiling and publishing the annual Sustainable Development in Government (SDiG) report, detailing progress made by the Government in meeting its own sustainability targets. The latest report, published in March 2008 and based on data reported by departments from 2006–07, is the sixth in the series of annual SDiG reports, and the third published by the SDC.

Key findings

- Carbon emissions from offices fell by 4% since 1999–00. But this reduction was largely due to the performance of the Ministry of Defence (partly because of the privatisation of QinetiQ); if the MoD is removed, Government emissions from offices went up by 22%. Carbon emissions from vehicles across Government went up by 1.5% since the previous year.
- Energy efficiency per square metre improved by 21.7% against the 1999–00 baseline—higher than the target of a 15% by 2010. However, without the MoD energy efficiency in the rest of Government declined by 3.3%.
- Overall, good progress was made against targets for buying 'green' electricity, increasing recycling, reducing waste, and improving the condition of Government-owned Sites of Special Scientific Interest. Some limited progress was made on reducing water consumption.
- Persistent problems are impairing the consistency with which sustainability initiatives are organised and implemented. For instance:
 - information on departmental performance is not always accurate or complete;
 - only a quarter of the Government Estate is covered by an Environmental Management System;
 - only 12 of 21 Departments said they included clauses on 'Quick Wins' (a set of mandatory minimum environmental standards for the procurement of a variety of goods) in all relevant contracts;
 - only 10 of 21 Departments indicated their Permanent Secretaries had their Departmental targets incorporated into their personal performance agreements.

Key recommendations

- Departments now need to take radical actions to ensure targets translate into real progress, particularly on carbon emissions. The Sustainable Procurement and Operations Board (SPOB) must ensure that each department produces evidence-based trajectories, showing exactly how they will meet their SOGE targets. SPOB should define what "carbon neutral" means, and advise departments how they are to meet

the Government target of becoming carbon neutral by 2012.

- New targets ought to be introduced on reducing carbon emissions from travel, and more ambitious targets should be considered for waste and recycling. Sustainable procurement targets ought to be accompanied by more detailed guidance and effective enforcement. Senior civil servants, including permanent secretaries, ought to have SOGE targets built into their personal objectives.
- The Government should maintain a central register of all operations on the Government Estate, in order to track any changes owing to departmental reorganisation or privatisation. SOGE targets should be extended consistently to all Government operations, including non-departmental public bodies and non-ministerial departments. Data collection must be improved, and SPOB's new Sustainable Practitioners' Forum should consider how departmental support, advice, and funding available for investment could be managed better.

Source: Sustainable Development Commission, Sustainable Development in Government 2007, March 2008, pp 8-12

Annex 4: Government Response to the SDiG Report 2007

On 18 March 2008 the Government published its official response to the *Sustainable Development in Government 2007* report by the SDC. The first part of the response detailed actions which the Government has already taken, but which had not been included in the data for 2006–07 that were reviewed by the SDC. These included:

- Individual examples of good practice in a variety of departments, for instance: a reduction in emissions from travel by the Ministry of Defence and Foreign and Commonwealth Office; reduction of waste by HM Treasury and the Department for Culture, Media and Sport; and the reversal of an upward trend in carbon emissions from the Department for Work and Pensions estate.
- Actions following the decision by the Secretary of State for the Environment in March 2007 to ask the Cabinet Secretary, Sir Gus O'Donnell, to take personal charge of the government's work in this area, and the Prime Minister's Delivery Unit to recommend the structures needed to ensure SOGE targets are delivered.
- A major exercise since January 2008 to assure the quality of data that departments submit each year to the SDC, as well as the baseline figures from which progress is calculated. The results suggest that information has in places been inaccurate. However, the Government suggests that revisions to these data improve the record of the Ministry of Justice and Cabinet Office, while not materially affecting the Government's performance at an aggregate level.

The report also announced changes that will be put in place to address the recommendations of the SDC in the latest SDiG report. These included:

- The Cabinet Secretary has announced that sustainability of the Government Estate will be one of his four corporate priorities for the civil service. Underneath this, from April 2008 all permanent secretaries will have SOGE targets and other key sustainability commitments built into their personal objectives.
- The creation of a new Director General post of Chief Sustainability Officer, and a new Centre of Expertise in Sustainable Procurement, situated within the Office of Government Commerce. CESP's objectives will include drawing up a delivery plan by summer 2008. This will take account of all the recommendations in the SDC report, and lay out timescales for their delivery. It will also set out milestones and a trajectory for the delivery of the Government's SOGE targets and Sustainable Procurement Action Plan commitments.
- A programme to Green Government IT, to be launched by summer 2008.
- A variety of measures to improve the carbon footprints of Government buildings, for instance by the implementation of the EU Energy Performance of Buildings Directive, the adoption of new office space efficiency standards, and greater rationalisation of properties.

Source: Defra, Cabinet Office, and Office of Government Commerce, *Government Response to Sustainable Development Commission, March 2008*, pp 1-3

Formal Minutes

Tuesday 1 July 2008

Members present

Mr Tim Yeo, in the Chair

Mr Martin Caton
Mr David Chaytor
Mark Lazarowicz

Jo Swinson
Dr Desmond Turner
Joan Walley

Making Government operations more sustainable: A progress report

The Committee considered this matter.

Draft Report (*Making Government operations more sustainable: A progress report*), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 70 read and agreed to.

Annexes and Summary agreed to.

Resolved, That the Report be the Seventh Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Written evidence was ordered to be reported to the House for printing with the Report.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Wednesday 2 July 2008 at 2.20pm]

Witnesses

Tuesday 29 April 2008

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Sara Eppel, Director of Policy, and **Farooq Ullah**, Policy Analyst, Strategic Assessment, Sustainable Development Commission Ev 1

Sir Ian Andrews, Chairman, Sustainable Procurement and Operations Board (SPOB) and Second Permanent Under Secretary, Ministry of Defence, **Helen Ghosh**, Permanent Secretary, Defra, **Nigel Smith**, Chief Executive, Office of Government Commerce Ev 19

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List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2007–08

First Report	Are biofuels sustainable?	HC 76-I & -II (HC 528)
Second Report	Reducing Carbon Emissions from UK Business: The Role of the Climate Change Levy and Agreements	HC 354 (HC 590)
Third Report	The 2007 Pre-Budget Report and Comprehensive Spending Review: An environmental analysis	HC 149-I & -II (HC 591)
Fourth Report	Are Biofuels Sustainable? The Government Response	HC 528 (644)
Fifth Report	Personal Carbon Trading	HC 565
Sixth Report	Reaching an international agreement on climate change	HC 355
Seventh Report	Making Government operations more sustainable: A progress report	HC 529

Session 2006–07

First Report	The UN Millennium Ecosystem Assessment	HC 77 (HC 848)
Second Report	The EU Emissions Trading Scheme: Lessons for the Future	HC 70 (HC 1072)
Third Report	Regulatory Impact Assessments and Policy Appraisal	HC 353 (HC 849)
Fourth Report	Pre-Budget 2006 and the Stern Review	HC 227 (HC 739)
Fifth Report	Trade, Development and Environment: The Role of FCO	HC 289 (HC 1046)
Sixth Report	Voluntary Carbon Offset Market	HC 331 (HC 418)
Seventh Report	Beyond Stern: From the Climate Change Programme Review to the Draft Climate Change Bill	HC 460 (HC 1110)
Eighth Report	Emissions Trading: Government Response to the Committee's Second Report of Session 2006–07 on the EU ETS	HC 1072
Ninth Report	The Structure of Government and the challenge of climate change	HC 740 (HC 276)

Session 2005–06

First Report	Greening Government: the 2004 Sustainable Development in Government Report	HC 698
Second Report	Sustainable Timber	HC 607 (HC 1078)
Third Report	Sustainable Procurement: the Way Forward	HC 740
Fourth Report	Pre-Budget 2005: Tax, economic analysis, and climate change	HC 882 (HC 195)
Fifth Report	Sustainable Housing: A follow-up report	HC 779
Sixth Report	Keeping the lights on: Nuclear, Renewables, and Climate Change	HC 584 (HC 196)
Seventh Report	Sustainable Development Reporting by Government Departments	HC 1322 (HC 1681)
Eighth Report	Proposals for a draft Marine Bill	HC 1323 (HC 1682)
Ninth Report	Reducing Carbon Emissions from Transport	HC 981
Tenth Report	Trade, Development and Environment: The Role of DFID	HC 1014 (HC 197)
Eleventh Report	Outflanked: The World Trade Organisation, International Trade and Sustainable Development	HC 1455 (HC 354)
Twelfth Report	Transport Emissions: Government Response to the Committee's Ninth Report of Session 2005–06 on Reducing Carbon Emissions from Transport	HC 1718

Oral evidence

Taken before the Environmental Audit Committee

on Tuesday 29 April 2008

Members present

Colin Challen

Mr David Chaytor
Martin Horwood
Mr Graham Stuart

Jo Swinson
Dr Desmond Turner
Joan Walley

In the absence of the Chairman, Joan Walley was called to the Chair

Witnesses: Ms Sara Eppel, Director of Policy, and *Mr Farooq Ullah*, Policy Analyst, Strategic Assessment, Sustainable Development Commission, gave evidence.

Q1 Joan Walley: Welcome and good morning. I think it might be a good idea if I invited you to introduce yourselves because we were originally expecting Andrew Lee to be here as well. Could I say by way of absolute introduction that obviously this Select Committee of the House of Commons really does take great importance and significance the issue of greening government, so we very much look forward to your evidence today.

Ms Eppel: Thank you. I am Sara Eppel and I am the Director of Policy at the Sustainable Development Commission. This is my colleague Farooq Ullah, who is in our watchdog team at the Sustainable Development Commission.

Q2 Joan Walley: Thank you very much. I think we just wanted to start off by asking you, you took over the role of publishing the annual *Sustainable Development in Government* report in 2005, and it is the third report that you have produced, and we were interested in what your overall view is of the Government's contribution towards this agenda, how well is it performing, and how much confidence do you have in the way in which it is tackling this agenda?

Ms Eppel: Overall we think the Government's performance has been fairly poor. In some areas it is definitely improving. We have been doing the annual report on *Sustainable Development in Government* for three years, this is the third year, and we have seen signs of progress, but it is slow, it is fairly limited, and it is very variable between departments. There are some departments which have been working on it for a number of years and are doing well.

Q3 Joan Walley: Are you able to name those for us?

Ms Eppel: The DWP has been really addressing this issue for quite a few years. The data which we have is fairly reliable from DWP. Other departments look as if they are doing very well but they are very small and therefore they find it easier to deliver. The DWP is huge, it has a vast estate, and it has got big problems to overcome, but it has been working hard and it has been working consistently over a number

of years, so from the perspective of how well is government doing overall, I would say that is a department that is really putting the effort in. Other departments have areas of good practice, so the Prison Service has been working hard on it for a number of years as well. Again, there is a long way to go, it is a very, very big estate, but it is showing real signs of trying to do things better. There are some areas that we have identified in the report, such as the MoD's waste data, which are simply inadequate, so we do feel that that is quite a problem given that the MoD is such a large percentage of the government estate.

Q4 Joan Walley: Did you want to come in, Mr Ullah?

Mr Ullah: I just want to say three departments which have topped the table in our assessment have been the Department of Health, CLG and DTI (now BERR) so obviously these departments have performed quite well as well. We do recognise that all departments have worked particularly hard as well. The Ministry of Justice (formally the DCA) with all its problems (and these problems are quite historical) have now got a good team in place and they are working quite hard, and we do work with them fairly regularly to address these problems so we do hope that in the future the problems that we have reported will be addressed.

Q5 Joan Walley: I think we would be interested to know what you feel the differences are that you have made since you took over the responsibility for sustainable development in government.

Ms Eppel: I think the move to make this reporting more independent was very important. Previously government reported on itself and their ability to make the figures look less critical than they are, is obviously quite easy to do. You can massage the figures and make them not quite so bad, frankly, so giving it to an independent body like us was very important. I think the reaction we have had from government this year particularly has been very significant. Personally, I feel that the Cabinet Secretary having to defend this element of

government's delivery for a second year running was just a step too far. Last year the Cabinet Secretary did get very upset and annoyed about the fact that progress did not seem to be being made on these figures, and the same message effectively was coming back from us as an independent body for another year, and that definitely created quite a big reaction at the centre of government. Also this year, we gave the Government the data, the league tables, and basically the whole draft of the report in December, and said we would not be publishing until March because we wanted to try to stimulate a reaction from government to see if there was more that could be done in terms of organisational change and raising the profile of delivery across government.

Q6 Joan Walley: And how much do you feel that the Government is responding to that?

Ms Eppel: Well, we were extremely pleased by the Government's response which they published on the same day as our report in March. We were very, very pleased, we felt that a lot of the recommendations we had been making for the last two to three years have been taken on board, the high level point about putting a fourth objective into permanent secretaries' delivery for this year is very important. We feel that is really giving it a high level profile that it has never ever had before. We made 43 recommendations and almost all of those were accepted or accepted in principle. "Accepted in principle" clearly is open to interpretation but government is committing itself to doing a Delivery Plan which it will publish this summer so, to be honest, the devil is in the detail of the Delivery Plan, how ambitious that is, et cetera.

Q7 Joan Walley: In respect of the powers that you have, do you have sufficient legal powers, are you able to get the information that you need or would you welcome more scope, for example as the National Audit Office has, to be able to get access to information that would perhaps enable you to do a more thorough job of auditing what government departments do?

Ms Eppel: We do not have any legal powers; we have a watchdog remit which obliges us to do this assessment but the data that we are given is simply that; it is the data that we get from the government departments. We do not have any powers to go into a department and require them to give us further data.

Q8 Joan Walley: I realise that but do you think you should have that? Would that help what you are doing or hinder it?

Ms Eppel: It has not been a problem up to now.

Q9 Joan Walley: So you cannot think of any examples where if you had had that power you perhaps could have got more information that would have assisted you in getting to the bottom of the whole agenda?

Ms Eppel: Not so far but it may come up over time.

Joan Walley: Thank you. Mr Challen?

Q10 Colin Challen: You have mentioned that you seem fairly satisfied with the Government's response in the sense that it is responding to criticisms that have been made. I just wonder how deep you think it is because sometimes we hear about "sort of Delivery Plans" or "towards a Delivery Plan process" and we get into this kind of jargon which always leads to more reviews and so on. Do you think that their commitment is deep or is it simply cosmetic?

Ms Eppel: No, I think the commitment is deep. The commitment to create a Centre of Excellence within the Office of Government Commerce is very significant. We feel that it should be in the centre of the department which is responsible for procurement, so sustainability should be a core function of that department and we have said that for a number of years, so we are very pleased that the centre is being created. The scope of the centre will matter, how big it is, and how skilled in sustainability the officials within that centre are, will also be very important.

Q11 Colin Challen: This is the OGC we are talking about?

Ms Eppel: In the OGC's Centre of Excellence and the resources that they have, how many people are there, but also there is only so much the centre can deliver, so they can do a lot in terms of setting standards, they can do a lot in terms of setting pan-government contracts, for example on energy, they can do a lot in terms of upskilling the procurement specialists across government but what they cannot do is deliver for the government departments. One of the key issues for us is that the government departments themselves need to have much more focus on how to deliver this. The teams who undertake operational performance work are usually quite junior. Although the data is meant to be signed off at a very senior level, it is often a very mechanistic process, there is not a lot of resource and there are not a lot of people who are really focusing on this and seeing it as a priority for each of the departments, so I think that individual departments need to be working to the same goal and the same agenda over the next few years to make a really, really significant change.

Mr Ullah: Under the Delivery Plan itself the Government response has been a promise of things to come, so we are looking forward to the Delivery Plan and we are working with the OGC to help prepare that. However, in response to your question as to whether it is a superficial response, the answer lies in how deep this Delivery Plan will go. Will it be something that is an emergency, one-off situation? Will it be something that is replicated every year? How had they monitored progress against it? Who is responsible at the end of the day for assessing how sustainable that plan really will make government? We have not talked too much about this but at the SDC we would like to see them continue this process every year with an updated Delivery Plan of how they will continue to improve. Much like departments themselves have Sustainable Development Action Plans that we help the

29 April 2008 Ms Sara Eppel and Mr Farooq Ullah

departments to work on, the Government itself should have its own action plan for becoming more sustainable. The other thing is that coverage at the moment is not particularly great. NDPBs and other outsourced suppliers are not covered. Government needs to take a view on who is in and who is out of this process. A lot of non-ministerial departments are not covered at all. In *Securing the Future* it clearly states central government departments and for us that implies ministerial and non-ministerial but there are a lot of bodies that simply are not covered, so as part of the Delivery Plan we hope that government will have a review and decide who should be involved in this process.

Q12 Colin Challen: I am just a little bit worried that we might be looking here at some new job titles and a few re-descriptions of things that were done in the past and be given a new tick-box approach. In its new role, will the OGC really have any political clout or is it simply going to be that tick-box approach that I mentioned?

Ms Eppel: I think it is difficult to tell at the moment. As Farooq says, it does depend a bit on the accountability. At the moment we are not sure to whom the Centre of Excellence will actually be accountable. Is it to the Treasury (OGC is part of the Treasury now) or is it to the Cabinet Secretary, and I think this does make a difference. We do not know yet; it depends how it is structured. And similarly, is it going to be a tick-box approach? I think the devil is in the detail of the Delivery Plan. We do not really know the answer to that but we hope that it is going to be as ambitious as it needs to be. I would just say that the targets themselves are not particularly ambitious. This is about delivering against targets which really are only going to set government on a path to sustainability. It is not going to achieve sustainability by just reaching its existing targets. There needs to be a plan that moves ahead way beyond the targets because otherwise we are simply not going to be taking the right steps in line with the Climate Change Bill and the whole bigger agenda around climate change that the Government is operating within.

Q13 Colin Challen: Does it suggest that Defra's Sustainable Development Unit should have a role in monitoring the OGC's performance or perhaps the Office of Climate Change or even the Prime Minister's Delivery Unit? Is that where this should go, to the very top? How will they be monitored?

Ms Eppel: At the end of the day, we are the Government's watchdog on sustainable development and the watchdog that specifically covers the sustainable operations on the government estate target and procurement, so we will be taking a close interest in how the delivery is actually being performed, how it is being done, and how effectively the OGC is delivering within new structure. As I understand it, Defra will be maintaining the policy lead on sustainability, which in our view is right, and what we intend to do is keep an eye on it as the

watchdog, so we will have an independent role ourselves, which is what we were given in the Sustainable Procurement Action Plan last year.

Mr Ullah: On page 107 of our report¹ we quote some of the urgent recommendations of the PMDU report that came out last year regarding performance, and on performance management they recommend that Sir Gus O'Donnell should report directly to the Defra Minister on performance against sustainable operations targets. I just noticed this last night.

Q14 Joan Walley: Which page are you on?

Mr Ullah: Page 107, it is an orange box. We do not know ourselves what has happened with the PMDU report and the recommendations within that and whether they have fallen by the wayside, but it was quite a significant analysis that they undertook, and I think it would be a shame and a missed opportunity if many of these recommendations, in addition to our own, are not taken into account in the new governance arrangements that are coming into place.

Q15 Colin Challen: You have mentioned that sustainability of government operations will become one of the Cabinet Secretary's four corporate priorities for the Civil Service, which seems a bit late in the day for me but anyway it has happened and permanent secretaries will have sustainability targets built into their personal objectives (I have visions of them cycling to work) but how do you expect this will actually change the way their departments are run? Will it actually make any material difference?

Ms Eppel: I think it will. Permanent secretaries are required by the Cabinet Secretary, as I understand, to produce quarterly assessments on progress against their own targets. If sustainable operations and sustainable procurement is one of those, then that will keep a profile at least every quarter on how that department is doing on progress. I think that will be important but, at the same time, the Cabinet Secretary needs to be challenging the permanent secretaries on the delivery so it is not just about, "yes, we are making progress, yes, we have done a bit of this and bit of that and we have got some new initiatives"; it is more about "are those initiatives going to achieve very much, are they at the scale that we need, what are the problems, is there additional resource needed in this area, do we need to make some major investments?" Those are the rather difficult decisions which departments have often put back for a few more years, which is probably why there has been such slow progress on meeting the existing targets anyway, so it is that continual challenge by the cabinet secretary that is going to be needed.

Q16 Colin Challen: Are there any key steps that they can take to ensure that people further down the food chain, so to speak, can be empowered to embed sustainability into their everyday working lives? They are under competing pressures and in previous

¹ Sustainable Development in Government Annual Report 2007 (www.sd-commission.org.uk)

inquiries we have heard about the pressure of cost, for example, and reducing cost can often work against sustainability. How do we challenge that?

Ms Eppel: I think there are two things there. One is about the process that government goes through to deliver against its objectives and the second one is about does value for money and sustainability match up? On the first point, government is pretty good at deciding what its key priorities are, that is the public service agreements/PSAs, the departmental strategic objectives, and the Delivery Plans underneath these, and then it has a whole project management system which means that the departments deliver to those Delivery Plans and the DSOs, so it is not short of systems for delivering against objectives. I think the key thing is making this a priority objective so the delivery systems work effectively as much as the main PSAs. Once you have done that, then the teams are set up to deliver. It is about prioritisation. I do not see any reason why that cannot be done in every department; it is a matter of priorities. On the second point about value for money and sustainability, I think there are plenty of cases where value for money and sustainability align, so if for example a department was looking for some new buildings to lease or to purchase, value for money, as identified by the Treasury, means whole life value, so it is not just the up-front cost, it is about the on-going maintenance and so on, and their value for money and whole life value and sustainability usually align quite well. The difficulties are when you have to make some decisions about, for example, in an existing building where a new air-conditioning system or a new heating system is needed, that is an up-front capital cost, and if you want to make it really sustainable, a renewable energy system for example, it is a bigger capital cost, and there it is very difficult to say that value for money and sustainability align because at the end of the day the capital cost can be a lot higher for doing something that is significantly more sustainable, which is why the processes within the department need to take that into account and need to be addressing it rather than just saying whole-life costing is going to do it, because it is not going to be that simple in every case.

Q17 Colin Challen: Some private sector companies appoint non-exec directors to oversee sustainability issues and so on. Are there any examples of public bodies that have people at that high level also doing that kind of job?

Ms Eppel: There are non-executive directors in government departments. However, I am not aware of any that have got particular sustainability expertise, but that is probably because I do not know any of the non-executive directors so I am not sure I can answer that. I think the other thing to bear in mind is that it is not just about what you buy because you cannot buy your way into sustainability necessarily (in some cases you can) but it is also about demand management e.g. Do you actually need to travel? It is not just about “do you have a low-carbon car?” It is “do you need to travel?” or “can we do video conferencing and not travel?” So some of it will be about demand management within

the departments and behaviour change, and that is more cultural and it is more about organising leadership around delivering a culture change across the Civil Service, and all departments not just the enthusiastic departments.

Q18 Joan Walley: Just before we move on from this group of questions, in view of what you have just said, can I ask you how you see the training for the leadership aspects of this that you have touched on? If we are going to get a Delivery Plan from government that is going to be fit for purpose, and you mentioned earlier on that you could have junior people not necessarily linked to the executive leadership decision-making, what do you think should be taking place between now and when the Delivery Action Plan comes into effect later on in the summer to prepare and equip and train and upskill people to deliver on the sustainable development agenda?

Ms Eppel: I should explain that SDC has three elements to its remit. This watchdog function is just one, the other is policy advice and the third is capacity building across Whitehall departments. The watchdog team and my capacity building team actually work with departments to try to improve people’s capability around sustainable development. Some of that is focussed on the operational teams and getting them to understand more about sustainability and how to deliver on it, but some of it is actually within the departments. For example, we have done in-house workshops with CLG, we are going to be working closer with the Treasury and the purpose of that is to try to instil an understanding about sustainability into the whole system because at the end of the day a lot of these decisions are not actually necessarily made just by the operational teams. I once heard a figure of 35,000 procurers across the Civil Service. It is not necessarily the procurement specialist who is procuring a particular product or service, it is also people in policy teams. We are trying to work with government to improve understanding of sustainability in a very viral way to try to get the message better understood. However, we are small and there is only so much we can do. One of my team is going to be working within OGC for three months this summer to try to help support the development of the Delivery Plan. But, there is a long way to go.

Mr Ullah: We really feel that the vehicle for delivering this whole programme of work is the SDAPs themselves. The SD report is one end of it, it is the backward looking assessment, but all of this information needs to feed directly back into each department’s SDAP so that they can embed sustainability into the way they function as their core remit. Engagement in that SDAP development process by each department should get staff involved and it should be at a very fundamental level. Everything they do should be detailed into this action plan and taken forward. Hopefully in that way it will involve staff and create and engender behavioural change.

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Q19 Dr Turner: Sara, your annual reports obviously rely on the information that you get from government departments. The Government's own response to your latest report says that the Government has carried out a major exercise to improve the quality of the data that you receive every year. Are you satisfied that you are being fed good information from the departments? Is it accurate?

Ms Eppel: I think some of it is accurate. To be honest, the energy data involves reading the meters and it goes through the Building Research Establishment, or has done up to now. I think it is fairly reliable but there are definitely big gaps. I mentioned earlier waste from the MoD and that continues to be a significant problem. There is also an issue which we raised in the Sustainable Development In Government Report (SDIG) about baseline data and having the departments' data properly baselined. If departments change their function or they get new responsibilities and they have departments merged together they have to re-baseline their data so that we know we are talking from the same sheet effectively. There was an issue around the Ministry of Justice because it took on a lot of Magistrates' Courts and as a result in our report we said we could not access the Ministry of Justice's progress,² because there was not really enough data for us to know one way or another. It needs to be completely re-baselined. MoJ needs to look fully at the information it is getting from every Magistrates' Court but they have not been able to do that and that is reasonable. It needs to be done but, lo and behold, when Government produced its response in March there was a new baseline for the Ministry of Justice, for a new baseline, and we have no idea what that number is or where it comes from. We have not been shown any new data. My team had talked to the department a matter of weeks before that, or even days, and as far as we were aware there was not any sudden improvement in the quality of the data that came from the MoJ. I have to say, having said that, OGC has said to us, "We want you to be involved in formally re-baselining," but we were a bit alarmed about that the MoJ case, to be honest because we did feel that the new data that came from the MoJ probably was not particularly reliable.

Q20 Dr Turner: That raises several interesting thoughts. To what extent are you able to discuss with departments the methodology by which they derive their data?

Ms Eppel: We do discuss that a lot. My team discusses it in a lot of detail. We will be going back and forth for quite a long time. They will give us the first set of data and we will get our consultants, Entec, to put it through the process, do some cleansing, but the back and forth is quite considerable. We will try and interrogate the data

because we want to be sure that we feel reasonably comfortable with it. I would say we have a fairly accurate view of whether the data is solid or not, but as far as we are aware no department does full external verification of the data and without that external verification it is on trust.

Mr Ullah: The issue really is that there is no third party data verification by any department. Some of them do partial verification, but we have not seen any department do a full dataset. While we take this data on trust and goodwill, without having the assurance that a third party has gone through it we can never be fully confident that the data is accurate.

Q21 Dr Turner: So there needs to be a robust audit process?

Mr Ullah: There does, yes. We have recommended for the last two years running that all departments have their data third party verified before sending it on to us because, at the end of the day, that is the only way that we can be fully assured that it is as accurate as it could be.

Q22 Dr Turner: Do you think the Sustainable Development Commission itself is in a position to carry out that audit function?

Mr Ullah: No, I do not think so, not with the resources we currently have. It is not our core function. Our job is there as Government's assessor and scrutiniser, not as its statistician. I think that something needs to be put in place: either departments must verify their data or another body does it before it comes to us.

Q23 Dr Turner: It sounds like more expensive consultants coming into view. Are there people out there with the expertise to do this sort of job at a reasonable cost?

Ms Eppel: Yes, it could be expensive consultants but it does not have to be. There are smaller organisations that can do this. It does not have to be PwC, let us be honest. In addition to that, as the watchdog we could do spot-checks but we have not done that yet. It is something that we can do in another year or so. For us it is about the best use of our pretty limited resources.

Q24 Dr Turner: You derive a lot of the information by sending out questionnaires. Is there a possibility of having direct access to departmental computer systems so that you can extract data directly?

Ms Eppel: I do not think so. OGC are trying to centralise the collection of data much more. They have got a system called EPIMS which at the moment is just focussed on buildings, but this year they are trying to align our questionnaire with their system and from next year we are hoping that the EPIMS system will actually collect all the data for us. As far as I understand it OGC are also trying to do ongoing monitoring. It will not just be an annual process of collecting the data and assessing it, it will

² *Note by Witness:* In its report, the Sustainable Development Commission said they were not able to access the Ministry of Justice's progress. During the evidence session, the witness meant to refer, saying SDC could access the Ministry of Justice's progress.

be quarterly or even monthly in some cases if they want to examine the data through the year to see what level of progress they are making. I do not think that the SDC would ask for direct access to the report systems. I think Government should be responsible for its own data. It is just that as the Government's watchdog we want to be confident that that data has been externally verified and is therefore of high quality.

Mr Ullah: Can I give the Committee a bit more detail about the future intentions of data collection? We are working with the OGC this year for the first time to use EPIMS as the online platform which we use to collect data. Formerly it was done very separately; basically the data was held in my computer at my desk. EPIMS is a central government database, which means that once the data is verified and checked and we are happy that it is free to be signed off it is accessible to anybody in Government, which means in effect that we are working towards giving ownership of the data back to Government. We hope that this will engender a sense of ownership and responsibility in the data and thereby improve the quality of it. The other aspect of EPIMS is the fact that it is related to real-time information collected from each building site. The property benchmarking scheme was made mandatory for all departments on 1 April 2008, which means they have to collect data and feed it into EPIMS for every building over 500 metres squared. This can then directly be pulled in real time to a report that can be downloaded quarterly or weekly and it will give departments a real view. Instead of just waiting for us to produce this report 13 months after the year end, they can know on real-time what their performance is and take steps to improve it as quickly as possible. In the future we hope to give the data collection back to them and somehow build a system using EPIMS collect all data in real-time or more regularly and allow departments to get a view of their performance as soon as possible.

Q25 Dr Turner: What is the view on the coming inclusion of departments in the Carbon Reduction Commitment? Do you think this is going to improve departmental performance? Do you think the departments have sufficiently good environmental management systems within them to be able to participate meaningfully in the Carbon Reduction Commitment?

Ms Eppel: I think the Carbon Reduction Commitment will actually be another means for them achieving some considerable improvement in their delivery. I think it is hugely important that all government departments are involved and, in fact, that all public bodies are involved, including the NHS and the wider public estate. I think it is going to be an additional driver to achieving change. I think it is very important.

Mr Ullah: It is a financial incentive that they have never really had before. This is taxpayers' money and so if they do not achieve a reduction through the scheme they will have to pay. I do not think they

have ever been held to account financially in that way for the carbon emissions before as they are yet to start offsetting.

Q26 Martin Horwood: I would like to ask you a bit about the way in which you have brought together the data and assessed it and presented yourselves. I should say just before going on to slightly critical comments that I do think this is a very impressive piece of work and a very important report and I think the Sustainable Development Commission should be congratulated on it. There are two ways in which you have summarised data which have been criticised by some of our evidence. One is the star rating system where you seem to give equal weighting to policies as well as impacts. For instance, if somebody actually reduces their carbon emissions that might contribute to getting a star but so does just including a statement in their policy objectives and those do not seem like equal things at all. For instance, I think the Export Credit Guarantee Department, as WWF pointed out, gets a four star rating and that is presumably on the basis of quite a lot of policy commitments, whereas the Export Credit Guarantee Department might not get such a good rating.

Ms Eppel: I think there are two things to clarify. The star ratings are assessed to see if the departments are on track to meet the targets. They are not saying the departments have met the targets, they are saying at this point, 2008 or 2007, depending on when we are reporting, we consider them to be on the right point of the trajectory. The second thing is about the ECGD issue, which is slightly different. The Sustainable Development in Government Report is only focusing on operations and some elements of procurement. What it is not covering at all is policy, that is covered in the Sustainability Development Action Plans, so there is a distinction between the two reports. We have a whole programme of work around the Sustainable Development Action Plans, part of which is to support departments and encourage them to deliver and develop SDAPs and the other part is to look at them and to assess their progress. All of that we publish on our website and those are available in parallel. This particular document is specifically focused on operations and procurement; it is not covering policy.

Mr Ullah: There are two types of star ratings in this report. One is the performance star rating solely on the SOGE targets which Government has set themselves, these are their targets and we simply assess performance against it. You can find it on page 25. There is another rating which we call the mechanisms rating which rates the mechanisms that departments have in place, that is on page 35, which we think are fundamental mechanisms in delivering these kind of operational improvements. There are things like, for example, the BREEAM standards. If the BREEAM standards have been met they get points for that. The two things are very separate. I do not know if WWF has confused the two, but we keep them very separate. One is purely based on the

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SOGE targets and the other is based on what we consider to be the key mechanisms to deliver performance improvements.

Q27 Martin Horwood: If we concentrate on the SOGE performance star rating and the page 25 table, you are saying that you cannot contribute to a star just by adopting a policy there, it has to be based on impacts?

Mr Ullah: No. The scoring mechanism is purely based on performance against the targets.

Q28 Martin Horwood: So CLG can get five stars despite the fact that its level of recycling has gone down later in the report?

Mr Ullah: This is an indication of performance being on track. No one department is on track at all target areas, they are not at 100%. If you look at the percentages, it is a clear indication of where they sit against performance against the targets.

Q29 Martin Horwood: Can you not see that that is potentially misleading because you are effectively giving credit for people being on track and not for the actual outcomes and performance?

Mr Ullah: I do recognise that, yes. I guess the thresholds that we have used in terms of the percentages to assign the stars may be the misleading part. Anything over 85% we feel warrants a five star performance in terms of the progress they are making towards achieving these targets.

Q30 Martin Horwood: I would like to ask you briefly about the “traffic light” system as well. Clearly there is a lot of good hard data in this report and you clearly have to simplify it and I think that is a good thing to do to make it accessible, but it is important that those simplifications are not misleading. On page 89 you use your “traffic light” system, which has blue for excellent progress and red for no or poor progress. It does not have a category for going backwards and since several government departments seem to be doing so I think that should be the case. Can you explain to me how DCLG and the Department for Transport both appear to be recycling less waste than they were the previous year and yet they still have excellent progress blue scores?

Mr Ullah: This is performance against the targets themselves. It is not a direction of travel indication; it is purely a snapshot for one point in time.

Q31 Martin Horwood: But the direction of travel is backwards in both cases, is it not?

Mr Ullah: They are still performing above the target. Regardless of the drop in their recycling rate, against the target they are still performing excellently. These are the Government’s own targets and we report simply against them. The issue is maybe with the target itself.

Q32 Martin Horwood: In what world is going backwards making excellent progress?

Mr Ullah: I think we need to look at the trend overall they are making.

Q33 Martin Horwood: The trend is backwards.

Mr Ullah: I do not know if that is necessarily the trend. It is maybe a one-year blip. We need to look at the direction in which they are really travelling over the period of their examination, not simply during one year through to the other.

Ms Eppel: I think it is fair to say that if you draw it on a graph you can say the target is to be met here and a straight line would be like this, which is what we do, the straight line is like that, but departments are going to go up and down each year because some years it is more difficult and then you will get a sudden rise because they may be making an investment or they change a contract or they do something that makes a big change. The fact that it is going up and down like that, if it is still above the line, which is where we would expect them to be in terms of meeting the target, is worth accrediting them for.

Q34 Martin Horwood: The Department for Transport in 2005–06 recycled 85% of its waste, in 2006–07 it was only 57% and you give them “excellent progress”. You refer on the next page to the fact that it may be something to do with better data management but it is not fully explained. If the target is only 45% or something like that then clearly they are well above it in both years and in your world that may count as excellent progress. There is something very strange going on there that is not really explained.

Mr Ullah: There is a lot of context in this that obviously we cannot get into. We do not know what that department is doing. If they have had a major office relocation then they could have recycled a lot more material that year. If they were having to move offices in 2005–06 their recycling rate could have skyrocketed because they would have recycled a lot more material.

Q35 Martin Horwood: If you were presenting this as financial results and we were the Public Accounts Committee you would have an explanatory note saying that the reason this one is particularly weird is because X happened, but we have no such explanations here.

Mr Ullah: This is always the problem with this process. We work with the information departments give us. We do not have the ability, the time or the resources to necessarily go around the doors and ask everyone why their number has changed and say, “Can you give us a full list of what has happened in your own department for the last year?” It is a failing of this process that that information is not pulled into the process. If they do not give it to us, we simply do not have the time and resources to go round and find out all the reasons for this. We try our best. We have our consultants look at the changes in the data and then ask for clarification if there are any.

Q36 Martin Horwood: That is a major anomaly, is it not, that the DfT has dropped spectacularly and apparently in its percentage of recycling and there is not a very clear explanation?

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Mr Ullah: I agree. I can do some examination and come back to the Committee with an explanation as to why that might be, but I could not tell you off the top of my head and it is not in the report.³

Joan Walley: I think we would welcome that very much.

Q37 Mr Chaytor: This report was based on the new SOGE targets published in 2006. Has that made a significant difference in terms of the reporting? Are you satisfied with the new SOGE targets? Do you think there are any areas in which they could be made more stringent?

Ms Eppel: The new targets simplified it a bit for Government. They were slightly more outcome focused than the previous ones. We were not totally satisfied with them and we have said that in this report and in previous reports. I guess there are two areas. One is in the transport data which we are given, which has a target. That only covers road transport and we feel that the whole transport footprint is more important, so it should include air travel and rail. Basically it is about how the public sector is moving around and what the impact of that is. The other area of concern is the coverage. As Government outsources more of its operations into NDPBs or out to private companies we feel that there does need to be an audit chain for going out beyond the central government departments. At the moment that is not covered within the sustainable operations targets. We welcomed the simplification but we were not totally happy about the coverage.

Q38 Mr Chaytor: In terms of coverage, the Department of Health gets a five star rating in terms of performance overall, but that does not include hospitals. What is the logic in excluding hospitals or GPs' surgeries from the Department of Health's assessment whereas prisons are included in the Department of Justice's assessment?

Mr Ullah: It is purely an issue with the mechanics of how Government is organised. Prison services is an executive agency now of the Ministry of Justice. However, the NHS and the NHS Trusts are operated locally and do not fall within the remit of central government. This is why Government really needs to sit down and decide who is in and who is out and who they need to be assessing and who should be a part of this report itself.

Ms Eppel: Last year when Government published its response to the Sustainable Procurement Action Plan it was just focused on central government but at the same time there was a parallel process with local government, the education sector and the health sector to get them to take on something as ambitious as this. The NHS probably has a long way to go but there are various mechanisms in which it could do this. We feel that the Department of Health should be leading the NHS to delivering to a higher standard on most of this operational performance.

Mr Ullah: The NHS is undertaking a similar review to this themselves as their own body through their own initiative. While we do not cover them, they are

doing a lot of work. The score is an indication of the fact that they are a leading department and they are passing those messages down their supply chain as well.

Ms Eppel: The NHS PASA was the procurement body for the NHS and that was quite a leading organisation, it was doing good work. I think they were quite exemplary in many ways, but, as with all these things, it is a moving target.

Q39 Mr Chaytor: But there is not a parallel report to this produced for the NHS, is there? Given the NHS is arguably the largest employer in Europe, it is clearly absolutely central to any assessment of the Government's overall report on sustainability, is there not a handy document that pools together the record of the NHS through all its agencies and trusts?

Ms Eppel: No, there is not.

Mr Ullah: Not yet. They are working on something. I do not have the details of what that might be.

Q40 Joan Walley: Have you read any recommendations that they should be included within your remit in any way?

Ms Eppel: We have not. I think we would need to have more resources to be able to do that effectively.

Q41 Mr Stuart: I would also like to congratulate you on the work in the report. Reading your headline on page 8, were you lent on?

Ms Eppel: No. We are never lent on.

Q42 Mr Stuart: If that is a headline, don't give up the day job as they say. For a Government which is this far off meeting its targets, when it says this is a central purpose of Government and at the moment a central challenge for us all, yet they want global leadership. The watchdog that is doing it says, "Government on the whole is generally performing better this year than last year". We have got Government emissions from offices up by 22% since 1999-2000 if you do not include MoD and if you take out all of MoD actual efficiency per square metre has declined by 3.3%. What word would you more properly use, disappointing, extremely disappointing or lamentable? Why is that not in your headline? If you are here as the watchdog supposed to provoke and hold the Government to account then surely it is for the Government to be talking about what they are going to be doing next year. Every year for the last number of years this Committee has heard about what it is going to do next year, what it has done since the data that was in that report you are looking at since that point where we have done all these steps, we keep hearing that and yet here we are, you are in a position to give them a prod and you write that as your headline.

Ms Eppel: I think we would say we have written that as our full report. There is plenty of evidence to show that we have been quite tough on the Government. Maybe our headline could have been stronger. We took the view that if you want to change people's behaviour, just shouting at them only gets you so far and we have done quite a lot of shouting. We

³ See Ev 37.

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honestly felt it was worth giving them a bit of encouragement for the best practice and for the fact that this year for the first time they have produced a response to our report which accepted 43 recommendations by us and for setting up a new Centre of Excellence, which we had been asking for for some time and putting a performance objective into Permanent Secretaries' objectives for this year. We thought it was worth saying that Government does seem to have got a grip on this a bit more this year. Although we accept and we have said in this report in some considerable detail that there are significant failings, there are signs that things are getting better and overall, it is a bit better than last year.

Mr Ullah: The reason for that one particular statement, that although Government as a whole has been performing better in the last year, is the fact that—

Q43 Mr Stuart: It is a bit wet, is it not? Are you pleased about that? I just think it is disappointing.

Mr Ullah: There is a very good reason for it. It is purely down to the star ratings. More stars were awarded this year than last year. We have used a comparable star rating process this year and last year. Based on the scoring mechanisms we use we came to the conclusion that Government is indeed performing better than last year. It would be unfair for us not to say that up front as well. That is the reason for that one statement. I agree with Sara, there is a lot of work going on on the ground, a lot of practitioner activity that should be rewarded in this report but it may not reflect the numbers. 2007 was a watershed year where a lot of activity is beginning to happen. It might not be reflected in the numbers yet but it will in the future. This is not just a numbers exercise at the end of the day; it is about encouraging behavioural change. The numbers are almost incidental to that fact.

Q44 Mr Stuart: The lead department, Defra, has had a 32% increase in energy use per square metre since 1999–2000—that is lamentable—compared to the Department for Work and Pensions which is 5% worse, that is commendably better than Defra, but Defra is the lead department in government. The Secretary of State is supposed to be answerable in the Climate Change Bill if we believe that judicial review has any real bite and will mean anything. Defra energy efficiency: no progress or poor progress, in fact backwards progress but we do not have a colour for backwards progress! Then you write that as a headline! I am just disappointed as a

watchdog that you have not been stronger. Only 12 out of 21 departments said they included clauses on “Quick Wins”. This a mandatory standard. They are not even doing that which is mandatory let alone cultural change. Only ten out of 21 departments have targets incorporated into their personal performance agreements. When we were in China we found that the provincial heads of government now have at least energy efficiency built into their bonus and performance targets and here we are lecturing them and we are way behind. It is not reflected sufficiently at the front of your report, which is the only bit much of the press is going to read.

Ms Eppel: What you have identified are the issues we have put in print, which are that there are problems in what Defra has done over the past year, I absolutely accept that, that is why it is in print. You have picked out some of the key points. Whether that means that the whole of Government is going backwards is a different issue because there are several departments—

Q45 Joan Walley: We look forward to receiving the further written information that you promised on this issue of the way in which the ratings were made.⁴ I think that might well shed further light on the issue that Mr Stuart has raised. Just before we finish this session, in respect of the pot calling the kettle black, have you got any views on the Parliamentary Estate because that is not included in your remit, is it?

Ms Eppel: The Parliamentary Estate is not covered at all and therefore we are not able either to gather your data, assess it, put it through the same mill or produce a report. We think that is a problem. We think it ought to be included and it should be included within this report to compare your own performance in this building.

Q46 Joan Walley: The reason it is not is because Parliament is a law unto itself, is it?

Ms Eppel: I think it is historic.

Mr Ullah: Whoever is in is in for life and they cannot get out. The Parliamentary Estate has never been recorded and that has never progressed, which again Government should take a view on.

Q47 Joan Walley: If the Parliamentary Estate were to be reported do you think that, unlike the NHS, where it has its own separate reporting mechanisms, it should be within the orbit of your remit?

Ms Eppel: Absolutely.

Joan Walley: Thank you both very much indeed for coming along and giving evidence this morning.

⁴ See Ev 37

Memorandum submitted by Office of Government Commerce

INTRODUCTION

This is the Government response to the Environmental Audit Committee's Inquiry: *Making government operations more sustainable: a progress check*. This response provides a summary of highlights and addresses the 15 specific subjects on which the Committee sought comments on 18 March 2008.

SUMMARY

The Government recognises the importance of making its operations more sustainable and welcomes the opportunity to account for the progress that has been made and recent changes to its arrangements for supporting departments' efforts in this area.

On 18 March, the Government published its response to the Sustainable Development Commission's latest report on Sustainable Development in Government (SDiG).¹ This response reports on actions taken and planned, centrally and by individual departments, to achieve the sustainable operations targets for the government estate, which include targets to reduce carbon emissions.

The central actions taken include:

- the announcement in the 2008 Budget, of plans to establish a "Centre of Expertise in Sustainable Procurement" (CESP), overseen by a new Director General Post of Chief Sustainability Officer (CSO) within the Office of Government Commerce (OGC);
- OGC, via the CESP, will lead on the delivery of government operational targets and mandates with the support of the Cabinet Secretary who recently made delivery of the Sustainable Operations on the Government Estate (SOGE) targets and Sustainable Procurement Action Plan (SPAP) commitments one of the four corporate priorities for the Civil Service;
- the inclusion within Permanent Secretaries performance objectives of delivery of those commitments to hold them accountable for their department's performance;
- provision of additional financial support to departments through Salix Finance, a revolving loan fund that enables departments to invest in energy efficiency capital projects.

Defra will continue to lead on setting overarching Sustainable Development strategy. Defra and other relevant departments will continue to lead on their specific policy issues, including the level of ambition of government targets.

This builds upon previous government activity including:

- UK Government Sustainable Development Strategy—Securing the Future;
- the Framework for Sustainable Development on the Government Estate, published in stages from July 2002 and the revised SOGE targets, covering energy, water, waste, travel, construction and procurement;
- the Sustainable Procurement and Operations Board (SPOB) chaired by Sir Ian Andrews (2nd Permanent Secretary at the Ministry of Defence) and made up of representatives from key departments;
- the publication of the SPAP in March 2007.

Government has strengthened its governance arrangements, assurance mechanisms and leadership through work by the SPOB, and will build on this through the foundation of the CESP within OGC. OGC will now take this agenda forward and address the need for stronger integration between the government's action on procurement and the government estate, and the drive to achieve SOGE targets and SPAP commitments. The objectives of the CESP will be:

- to provide strong central coordination of performance management principally through the development of delivery plans with milestones and trajectories to assure delivery against the SOGE and SPAP commitments. These plans will be published in Summer 2008;
- to take account of the recommendations of the SDiG within the context of that delivery plan;
- develop guidance to assist departments in improving performance and clarify the applicability and context of the targets and mandates;
- to set out further actions that will remove barriers that prevent further progress in government; and
- to raise government's capability and leadership in sustainable procurement and operations.

The Government response highlighted action that has been taken since the period considered in the 6th SDiG report. This includes a wide range of activity, some of which is recognised in case studies of the SDC report itself, and much of which has been initiated in response to last year's SDC report.

¹ www.sd-commission.org.uk

How successfully is the Government providing centralised leadership, guidance, and funding for Departments and Agencies? How well are Departments making use of expertise and funding provided by central bodies, as well as each other? Should anything be done to improve co-ordination?

1. Building on work by the SPOB, stronger cross-Whitehall collaboration will be addressed through, the establishment of the CESP within OGC, and the creation of a new “top 200” Director General post of Chief Sustainability Officer responsible for overseeing delivery of government commitments set out in the SPAP published March 2007.

2. OGC, via the CESP, under the leadership of the CSO, will address the need for stronger integration between the government’s action on procurement and the government estate and the drive to achieve SOGE targets and SPAP commitments. Its objectives will be to:

- to provide strong central coordination of performance management principally through the development of delivery plans with milestones and trajectories to assure delivery against the SOGE and SPAP commitments. These plans will be published in Summer 2008;
- to take account of all the recommendations of the SDiG within the context of those delivery plans;
- develop guidance to assist departments in improving performance and clarify the applicability and context of the targets and mandates;
- to set out further actions that will remove barriers that prevent further progress in government; and
- to raise government’s capability and leadership in sustainable procurement and operations.

3. The basis for placing leadership for delivery of government operational targets within OGC is its unique position within central government, where it holds responsibility for procurement policy and collaborative procurement, and performance of the government estate. Locating the CESP within this context gives ready access to strong central mechanisms which will assure delivery of the SOGE targets and SPAP commitments.

4. Defra will continue to lead on setting the overarching Sustainable Development strategy. Defra and other relevant departments will continue to lead on policy issues including the level of ambition of government targets.

5. OGC will work closely with Defra and other departments, to ensure that the delivery plans are aligned with current policy and to ensure that they anticipate and support future policy developments.

How well are Sustainable Operations on the Government Estate (SOGE) data and targets embedded into core management information systems and priorities within Departments and Agencies? How could this be improved?

6. OGC’s Property Benchmarking Service, delivered through the central government property database, ePIMS, already captures a number of key sustainability metrics at an individual building level; these include energy consumption, water consumption and solid waste recycling. Performance is analysed, benchmarked and reported against equivalent private sector buildings. A new tool “The Property Interrogator” will supplement this analysis, providing decision makers with visibility of key performance indicators in real time across the estate. The Property Benchmarking Service is now mandatory (from 1 April 2008) for all office occupations over 500 m² on the estate.

7. Working alongside the SDC, OGC is taking forward plans to enhance ePIMS to provide the platform for data capture and handling of data for future SDiG surveys. Use of ePIMS will significantly enhance the availability of hard-edged real time performance data for measurement against the majority of the SOGE targets and will offer the scope to analyse individual building sustainability performance at source—taking the current SDiG department perspective to another level. It will also help reduce the reporting burden on departments while ensuring OGC and the CESP has the data needed to perform an effective scrutiny and challenge role.

Why has progress in reducing carbon emissions from the Government Estate been so poor? What should be done to accelerate progress?

8. The 6th SDiG report shows that overall carbon emissions from the government estate have fallen by 4% against the baseline year. Factors that may have limited further progress include:

- an increase in the size of the government estate from 1999–2000 to 2005–06;
- the increase in energy usage from ICT equipment and increased air conditioning.

9. Government are confident that actions taken over the last 12 months have improved performance further—and that this will be reflected when the SDC comes to report on government’s performance over the past 12 months.

10. Case studies in the 6th SDiG report illustrate recent progress that has been achieved over the past 12 months. For example, DWP has succeeded in achieving a 14% energy reduction from its 300 largest buildings (which consume around 75% of total DWP energy). A reduction of at least 10% should therefore be achieved across the estate as a whole for the last 12 months, reversing what had been a consistent upward trend.

11. The Government has also put in place measures to make further progress. One of the barriers has been a perceived lack of upfront finance to allow investment in energy services. To address this, an independent company Salix Finance was set up by The Carbon Trust in 2004 to provide loans to public and private sector organisations, which are required to provide match funding and establish an on-going “ring-fenced” energy efficiency fund. The loans, once established, continue to deliver energy and emission savings over time, with recycled energy savings split between the revolving fund and released for front-line services. Anticipated public sector savings have been estimated as 0.1 MtC (Million tonnes Carbon) by 2010. An additional £30 million of funding has been announced for Salix over the next three years as part of the Environmental Transformation Fund.

12. As part of its Carbon Management Programme, Defra has installed a power management tool that optimises electricity as it enters a building, creating a steady flow at a consistently low, but optimised voltage. This reduces electricity consumption, costs and carbon emissions.

13. Most public sector bodies in England are able to access Salix Finance, including NHS Foundation Trusts. The NHS launched a £100 million Energy and Environment Fund early in 2007, which is a three year funding scheme to help improve energy efficiency across the NHS estate in England.

14. Partnerships for Renewables (PfR), is an independent commercial company set up by Carbon Trust Enterprise. The PfR team works exclusively with public sector bodies to develop and manage on-site wind projects on public sector land in the UK.

15. Government has a growing understanding of the drivers of performance, and as our data improves, we are able to analyse more effectively these drivers and address them in order to accelerate progress.

16. On carbon emissions one of the critical drivers is the size of the government estate. NAO analysis² of the data government provided to the BRE shows that the square metreage on which government reports to BRE had, by 2005–06, grown by 7% since 1999–2000. Our analysis of departmental returns suggests however, that this reflects more comprehensive reporting to BRE by government departments. Rationalisation of the estate is a powerful driver of reduced carbon emissions. The BERR “two roofs” strategy has been a significant contributor to reduced emissions in that department. Exploiting the 500 lease breaks in the government property portfolio to rationalise the estate and drive sustainability will be a key task for the CESP and OGC’s Government Estate Team.

17. Another key driver is the use of electricity. NAO figures suggest that government as a whole has used more electricity (12%) and less gas (9%) since 1999–2000. Further analysis of the increase in electricity use is required. We believe that part of the increase may be caused by increased use of ICT. In DWP, for example, one driver of the upward trend in emissions (now reversed) has been the upgrading of ICT to customer-facing staff (to allow, among other things, better access for customers to employment information) and extended opening hours.

18. More generally, recent ICT equipment requires more electricity than its 1999 equivalents. Having identified this issue we are now seeking to address it: OGC has worked with DCMS to develop a pan-Government framework for ICT power management software, which will be available in 2008–09. The Chief Information Officers Council will be setting out a detailed plan to drive down the consumption of electricity by government’s ICT and reduce its other environmental impacts in Summer 2008.

Should targets for energy use be framed in terms of absolute reductions in consumption, as opposed to improvements in energy efficiency?

19. The SOGE targets cover carbon reduction targets from offices and whole estate energy efficiency. Together these provide the basis for an analysis of performance that can help to explain variations between years. It is important, having agreed the targets in 2006, that departments remain focused on their delivery. But government will review this target in the light of the potentially perverse consequences identified by the SDG and by the NAO. Whilst energy efficiency performance can appear to worsen where a department has rationalised its estate, energy use per square metre is a useful indicator of performance, for individual buildings—and for an estate where the mix of air-conditioned and naturally ventilated buildings does not change.

20. The Carbon Reduction Commitment will provide government departments with an important incentive to achieve emissions reductions from their entire estate. The scheme is designed to drive energy efficiency and carbon savings by giving organisations a financial incentive to do so through emissions trading (through downstream carbon pricing and the risks and rewards implied by the revenue recycling mechanism), and combining this with reputational incentives (through the performance league table).

² *Energy Consumption and Carbon Emissions in Government Departments*, November 2007

How should the Government treat the purchase by departments of electricity from “green tariff” contracts?

21. Current policy is that government departments should not claim zero carbon from green tariffs without the retirement of associated Renewable Obligation Certificates.³ As reporting standards remain in their infancy this can make the public sector appear worse than some private companies who use the purchase of electricity from green tariff contracts as a contributor towards their carbon reduction efforts.

22. As highlighted in Government’s response to the 6th SDiG report, government departments have made strong progress in buying energy from green sources. Over the past year, public sector bodies (including the wider public sector) have bought 1536 GWh of energy from sustainable sources exempt from the Climate Change Levy, supporting the market for renewable sustainable energy. This represents 20% of the energy bought under these arrangements, against a UK average of 4.6%. Current data from departments suggest that 28% of electricity consumed in 2006–07 was provided from renewable sources.

What should be done to accelerate progress from departments in using Combined Heat and Power (CHP), and sourcing electricity from onsite renewables?

23. Government has introduced a range of measures to support the growth in Good Quality CHP capacity, where Good Quality denotes schemes certified as highly efficient under the CHP Quality Assurance Programme. These include exemption from the Climate Change Levy, a constructive regime for CHP in the EU Emissions Trading Scheme, and eligibility for Enhanced Capital Allowances for CHP plant and machinery.

24. The SOGE targets include a CHP target from the earlier Framework for Sustainable Development on the Government Estate requiring departments to source at least 15% of electricity from CHP by 2010. Departments which source 100% of their electricity from renewable resources are exempt from this target.

25. The 2007 SDiG report showed that 13 out of 21 departments had made excellent progress against either the renewable energy target or the CHP target, with 12 out of 13 doing so through purchase of renewable energy tariffs.

26. CHP is more cost-effective where there is a large, steady heat demand, and where there is a large gap between the gas price and the electricity price. This gap has not existed over the past few years, so investment in on-site CHP has not been as attractive a solution as it was in the 1990s.

27. In addition to investing in CHP and switching to renewable energy tariffs, departments have been encouraged to consider the installation of on-site renewable sources of energy. For example, in October 2005 Whitehall’s energy-saving District Heating System was opened. The CHP system provides heat to 18 government departments, including Number 10 and the Treasury. It is estimated that the energy-efficient plant saves taxpayers a projected £140,000 a year in net running costs.

28. Phase two of BERR’s Low Carbon Buildings Programme (www.lowcarbonbuildingsphase2.org.uk) provides capital grant funding of 50% of eligible costs (up to £1 million) for government departments, public sector bodies and some charitable organisations to install micro-generation equipment on their buildings.

How should Departments and Agencies make better progress on reducing CO₂ emissions from their use of road vehicles?

29. The May 2007 Energy White Paper set out government action to reduce CO₂ emissions from the use of road vehicles: the government committed to ensuring that, by 2010–11, new passenger cars procured by central government departments and their agencies for administrative purposes will emit 130 gCO₂/km or less on average across the new car fleet. The Department for Transport has circulated guidance to other government departments on how they can achieve this in practice.

30. Procurement, particularly the Fleet Collaborative Category, has a key role to play in ensuring government delivers this commitment. The OGC Fleet Vehicle database reveals considerable success in promoting low fuel consumption across Whitehall and the wider public sector (notably in the NHS). Of vehicles on the database, almost all delivered since the start of 2007, and purchased through two frameworks (the NHS PaSA Lease framework and the DWP Vehicle Purchase framework), 2450 vehicles (26.0%) have CO₂ emissions of 130 g/km or under, and 1287 (13.7%) have emission of 120 g/km or under.

31. The May 2007 Energy White Paper also announced the development of a new programme to promote public sector procurement of innovative, lower-carbon vehicle models. The programme, which has initial funding of £20 million, will support demonstrations in public sector fleets, to provide early markets for lower-carbon vehicle technologies. In the first phase, the programme will support development of a lower-carbon van. The first tender for the vehicles is expected to be issued later in 2008.

32. In responding to the 6th SDiG report, government highlighted that progress had been made in reducing carbon dioxide emissions from road vehicles. For example, HMRC has successfully reduced its road travel related carbon emissions by almost 12% through the implementation of a sustainable fleet

³ The Renewable Obligation is the mechanism by which government works with the energy industry to increase the levels of renewable energy generated in the UK.

management policy and by changing staff travel behaviours. It has reduced its fleet by 387 vehicles and restricted vehicle performance to average CO₂ emissions of 119 g/km. The majority of pool cars are now dual-fuel or hybrid and, following a review of its private user scheme, grey fleet vehicles are restricted to a maximum of 170 g/km CO₂. This figure will be reduced further over the next few years. Staff are strongly encouraged to make better use of video and telephone conferencing facilities and, where travel is necessary, to consider rail travel in preference to car or air.

What controls should the Government place on its use of carbon credits to meet its target of carbon neutrality?

33. A new project has been created in Defra which will lead work to establish the rules for wider government offsetting initiatives. The CESP is defining the scope of the carbon neutrality target and will write guidance for other government departments on how they can achieve this. This work is supported by the SDC and The Carbon Trust. Achieving carbon neutrality requires more than calculating emissions to be offset. Government will only use offsetting once all other measures have been considered.

How does the new set of targets under the SOGE framework, established in 2006, compare with the previous set, established in 2002 and 2004? What are the advantages of the new set? Has anything important been lost? Should any new targets be added? Are the targets at the right level of ambition?

34. The Framework for Sustainable Development on the Government Estate was published in stages from July 2002. It was the Government's main vehicle for systematically assessing, reporting and improving its performance and was agreed by all government departments.

35. The Sustainable Procurement and Operations Board (SPOB) was asked to review the Framework targets. The SPOB was chaired by Sir Ian Andrews (2nd PUS, MoD) and made up of representatives of key departments.

36. When the original targets were reviewed, evidence suggested there were too many unrelated operational targets in the original Framework to deliver improvements. Initial findings, which Ministers endorsed in November 2005, were that action was required in three areas:

- fewer, more stretching, outcome-based targets with a long term focus;
- capacity building; and
- leadership.

37. In 2006, Defra launched revised SOGE targets, covering energy, water, waste, travel, construction and procurement. These targets are more demanding and require departments to implement a series of supporting mandates and sustainable procurement requirements. In particular, new builds and major refurbishment projects are required to achieve a BREEAM rating, or equivalent, of "excellent" and "very good" respectively. A full analysis of the current target set and comparisons with earlier targets can be found at Annex B.

We believe that government should focus on delivering progress against these targets before looking to introduce new targets.

SOGE targets currently cover core Departments and Executive Agencies. Is this adequate, or should they be extended to cover all Executive NDPBs (Non-Departmental Public Bodies)—especially given the growing volume of Government business covered by arm's-length bodies?

38. The SOGE Framework applies to all central government departments (ministerial and non-ministerial) and their Executive Agencies. 52 of the 61 Executive Agencies were included in the 6th SDiG report, and CESP will work with departments to extend the scope of this reporting, to ensure all agencies report in coming years.

39. Government already reports across operational as well as office estates in many cases (including prisons, the probation service, courts, Defra laboratories, Defence estate, DWP and HMRC caller offices) and will continue to encourage departments to widen the scope of reporting to ensure the true footprint of government activity is captured. CESP will identify and disseminate best practice and work with departments to ensure key NDPBs are aware of the targets, commitments and best practice. We will also explore how to best use existing governance arrangements to encourage NDPBs to consider measuring and reducing their environmental impact where practical and relevant.

How well is the Government accounting for the changing shape of the Government Estate? How should it manage the changes to responsibilities and data caused when functions are transferred to new Departments or the private sector?

40. On occasion the government estate changes to reflect operational needs, for example the inclusion of the Magistrates Court Service within the Ministry of Justice. This can cause issues in reporting the performance of this estate where responsibility for a site changes, or the estate changes in size. A key recommendation of the SDC, accepted by government and to be delivered by the CESP, is to establish a central register to track changes to the estate. This will enable changes to baselines to be identified and agreed.

Why are some Departments not including “Quick Wins” clauses in their contracts, when this has been mandatory since 2003? Why do so few catering contracts have a sustainability clause? What more should be done to embed sustainability into Government procurement?

41. The “Quick Wins” minimum product standards were first introduced in 2003 and a revised and expanded version was mandated in 2007 as part of the SPAP. Uptake of these standards has not been consistent across government. Government has taken action to address the wider issues surrounding uptake of “Quick Wins”. Defra and OGC have been working together in the last six months to review the “Quick Wins” approach, improving its accessibility through extending the range of products for which standards are proposed and encouraging the use of pan-government collaborative procurement contracts that will ensure that these mandatory minimum product specifications are met. The CESP will help to drive this work, and develop means of reporting performance and managing uptake of the standards.

42. However, there are examples of departments embedding “Quick Wins” within their procurement processes. For example, Defra work with suppliers for major capital development projects to ensure that any products in the following categories meet or exceed the required “Quick Wins” standard:

- water using appliances (low flush toilets);
- energy control gear;
- lighting systems;
- air conditioning units;
- boilers;
- glazing;
- paints and varnishes;
- all wood used in construction projects; and
- thermal screens.

CATERING

43. The public sector comprises a vast number of diverse organisations. Each is responsible for its own operations and many have different priorities. Government has provided focus and guidance in this area through the Public Sector Food Procurement Initiative (PSFPI) programme. The PSFPI provides procurers with tools to help them consider sustainability issues such as environmental impacts, health, nutrition and opportunities for small and local suppliers to bid for government contracts. A more user-friendly version of the toolkit was recently published on the PSFPI website and is being promoted across the public sector.

EMBEDDING SUSTAINABILITY INTO PROCUREMENT

44. The procurement of common goods and services represents a major opportunity for government to drive improvements in the sustainability of its operations, and of its supply base. The government is committed to collaborative procurement of common goods and services, covering initially the categories fleet, travel, energy and ICT. This will be a major driver of both value for money and sustainability. What matters is what we buy, but also how we manage demand and policy.

45. OGC’s Collaborative Procurement Directorate works with government departments and other public bodies to influence £72 billion of common spend. In 2007–08 over £565 million has been saved through collaboration, and strong progress in embedding sustainability into collaboration activities has been made.

46. C will build on this in the coming year by developing KPIs for sustainability in the collaborative categories. The KPIs will cover four key areas:

- reduction in carbon emissions;
- financial savings directly attributable to sustainability activity;
- category level measures—such as use of environmental product specifications; and
- supply base—assess and measure environmental credentials.

47. Reporting in this way will support the work to embed sustainability as a “business as usual” activity within pan-government procurement and allow for the performance of sustainability initiatives to be monitored and reported in the same way as value for money is currently.

48. The CESP will provide departments with guidance and support in embedding sustainability within all their procurement activities. This will build on the work already undertaken by Defra and OGC.

How well is the Government approaching the environmental management of premises and operations which are outsourced or run under the Private Finance Initiative? Could this be improved, and if so, how?

49. Government recognises the importance of capturing the full impact of its operations, even those managed by a third party. By working constructively with PFI and outsource providers, contracts can be managed to ensure that suppliers meet the requirements of the SOGE Framework, ensuring that departments are able to measure, report and manage the full extent of their operations.

50. A strong example of this is the development at Allenby/Connaught, the largest estates PFI contract ever awarded by the Ministry of Defence. The 35 year, £8 billion project is developing a living and working environment for 18,700 personnel. A 10-year construction programme will demolish 400 buildings, construct 365 new buildings and carry out 140 refurbishments. This is the largest BREEAM certification project in the UK with new buildings designed to achieve “Excellent” and refurbishments “Very Good” ratings. Modular construction ensures efficiency and waste minimisation, and an onsite waste transfer station achieves 80% recycling. 97% of demolition waste is crushed and reused on site.

51. The building designs incorporate best practice energy efficiency and low carbon energy technologies including solar thermal water heating and micro-CHP systems estimated to save 1,400 tonnes of CO₂ emissions annually. Water efficiency and sustainable urban drainage systems feature throughout, including rainwater harvesting. Each new accommodation building is served by a rainwater harvesting system. Given the number of the systems to be installed, the rainwater harvesting scheme is one of the largest ever undertaken in the UK. The project won Building Magazine’s Sustainable Development of the Year Award and Best Sustainability Initiative for the Public Sector Award for 2007.

52. The procurement of out sourced services can also be used to support delivery of sustainability objectives. Land Securities Trillium (LST) provide fully serviced accommodation to the DWP across over 1,000 sites via a 20 year PFI agreement. The Department’s Sustainable Development Team work in close partnership with LST to identify, develop and implement innovative technical and housekeeping measures to reduce energy and water use, reduce waste and increase recycling, and meet sustainable operations targets. Major improvements have been achieved over the past year, particularly on office carbon emissions.

OTHER ISSUES

What is the key to the progress shown by Departments and Agencies in reducing waste and increasing recycling? Are there any wider lessons which could improve performance in other areas?

53. There are a number of key drivers in waste. Site consolidations, refurbishments and closures often generate an increase in waste in any one year, as offices are emptied. Further work is needed to understand the scale of these non-routine waste arisings to establish their overall likely impact on the achievement of waste targets. This will be considered in the forthcoming Delivery Plan being developed by the CESP.

54. By ensuring effective waste segregation at source, departments are able to understand exactly what waste is generated and in particular what processes on the site/establishment generate the waste. With this information, other options in the waste hierarchy can be explored.

55. Another key driver to improving performance is considering waste as a resource which can be used elsewhere, not as a bi-product of a service or operation. Procuring the correct waste management services, ensuring contractors have the fleet and infrastructure to support the waste they are being given to manage is also important. An example of this is the work by Defra on food waste. Defra has recently established a new food and biodegradable waste collection. Food waste is collected from the restaurants in its London sites and taken to a local waste processing facility. Using an accelerated composting machine compost is produced from the waste and is made available to community groups. The new scheme diverts biodegradable waste from landfill/incineration, and increases recycling.

56. The understanding of these drivers and enablers has enabled many departments to take steps to address their waste management approach, and deliver improvements in performance, as reflected in the 6th SDiG report. For example, HMT and HMRC have achieved recycling rates in the current year at 1 Horse Guards Road/100 Parliament Street that are above 50% for the building. This is fully reported in the SDiG report in the case study reported at Box 4.1. As the footnote to that text box illustrates, HMT reported performance on this measure is 17.4% for 2006–07 so they have achieved a marked improvement in the past year.

57. For routine waste, many departments now offer wide ranging recycling facilities for products such as paper, batteries and mobile telephones. There is an increasing move to “binless” office systems, such as that implemented by DCMS, where they saw recycling levels increase from 10% to 60%.

58. A further example of Departmental work on waste management can be found in the MoD. In recognition of the challenging nature of the diverse 4000-site defence estate and the varied waste streams it manages, the MoD commissioned a specialist consultancy to undertake a waste improvement study. The study examined how MoD managed waste and involved a series of audits across the estate. The key recommendation was the formation of a pan-MoD Waste Management Authority that would maximise purchasing power, increase efficiencies in waste collections and standardise waste practices.

59. The MoD has also taken action to improve waste management on its St Athan site. St Athan's implemented a sustainability and recycling strategy that saw the site move from scrap, salvage and skip collection of its waste to a recycling rate of over 70%, resulting in 105 tonnes of waste being diverted from landfill since the scheme's launch in September 2007. In recognition of this the team received two awards at the UK National Recycling and Sustainability Awards held in February 2008; Best Recycling and Sustainability Initiative and Best Recycling Team and Manager. In addition the team were also crowned national champions. MoD plan to build on this success sharing good practice across other sites.

Is protecting biodiversity on their landholdings a high enough priority in relevant Departments and Agencies? Does more need to be done to protect biodiversity on landholdings that are not classed as Sites of Special Scientific Interest?

60. More can always be done to conserve biodiversity. For that reason we are seeking to embed biodiversity into the decision making of all sectors through the England Biodiversity Strategy.

61. The 2006 SOGE Framework included a target for departments management of Sites of Special Scientific Interest (SSSI's) in sole ownership or control to ensure that 95% or more were in the target condition by 2010. Government is already delivering strong progress against this commitment. In the most recent report SDC rated overall government performance as "Green" with two of the six departments the target applies to exceeding the target.

62. The government estate is complex and comprised of a diverse range of sites which require tailored management of bio-diversity considerations. For example, the Forestry Commission manages the public forest estate, promoting and maintaining forestry; the Highways Agency manages road verges for biodiversity; the MoD, which has management responsibility for around 170 SSSIs, has a department-wide biodiversity strategic statement and has undertaken biodiversity audits on its estate. Biodiversity conservation is implemented at the local level through Conservation Management Plans, Integrated Land Management Plans and, Integrated Rural Management Plans. The grounds in some schools and prisons are also managed for biodiversity benefit. These actions are not limited to land notified as SSSIs.

63. Section 40 of the Natural Environment and Rural Communities Act 2006 introduced a new duty on all public authorities to have regard to biodiversity conservation when exercising their functions. This extends to managing their estates. Furthermore, Public Service Agreement (PSA) 28, has biodiversity valued, safeguarded and enhanced as part of its vision, and has identified government departments, such as DfT and DCLG as formal partners in the delivery of the PSA.

23 April 2008

Annex B

SOGE TARGETS AND PREVIOUS FRAMEWORK

<i>SOGE Targets</i>	<i>Previous Framework Targets</i>
Carbon emissions from offices	
Reverse the current upward trend in carbon emissions by April 2007.	N/A
Reduce carbon emissions by 12.5% by 2010–11, relative to 1999–00 levels.	Government departments to reduce absolute carbon, from fuel and electricity used in buildings on their estate by 12.5% by 2010–11, relative to 1999–00.
Reduce carbon emissions by 30% by 2020, relative to 1999–00 levels.	
Carbon emissions from road vehicles	
Reduce carbon emissions from road vehicles used for government administrative operations by 15% by 2010–11, relative to 2005–06 levels.	Reduce road transport vehicle CO ₂ emissions by at least 10% by 31 March 2006 (against a baseline year of 2002–03), to be achieved through any combination of three options: Reducing total business vehicle mileage; improving the average fuel efficiency of vehicles and; or reducing total fuel consumed.

<i>SOGE Targets</i>	<i>Previous Framework Targets</i>
Carbon Neutral	
Central government's office estate to be carbon neutral by 2012.	N/A
Energy Efficiency & Renewables	
Departments to increase their energy efficiency per m ² by 15% by 2010, relative to 1999–00 levels.	Government departments to increase the energy efficiency of the buildings on their estate, measured in terms of kWh of 1) fuel and 2) electricity use per square meter of building floor area, 67 or estate area, by 15% by 2010–11 relative to 1999–00.
Departments to increase their energy efficiency per m ² by 30% by 2020, relative to 1999–00 levels.	
Existing Sustainable Operational Commitments (to continue until completion)	
Departments to source at least 10% of electricity from renewables (31 March 2008)	Government departments are required to source at least 10% electricity from renewable sources by 31 March 2008 (2010 for the MOD). This will be measured by kilowatt hours for: Purchasing of renewable electricity; and self-generation of renewable electricity (excluding CHP).
Departments to source at least 15% of electricity from Combined Heat and Power (2010)	Source at least 15% electricity from Good Quality Combined Heat & Power by 2010 (with allowances for departments that already purchase 100% renewable energy).
Waste arisings	
Departments to reduce their waste arisings by 5% by 2010, relative to 2004–05 levels.	From the date that total site arisings have been calculated, departments should reverse the upward trend in waste arisings, through progressive reduction by at least 1% per annum in total waste arisings generated, and where possible extend this to each type of waste arisings generated. For those departments that currently have no waste arisings data, site data must be circulated by December 2006 and reported on in the following period. The D2 Target requires departments to measure and obtain a figure for waste arisings from a site. Put in place monitoring programmes incorporating comprehensive data collection methods for identifying and quantifying waste arisings in line with the timescales adopted in departmental strategies.
Departments to reduce their waste arisings by 25% by 2020, relative to 2004–05 levels.	
Recycling	
Departments to increase their recycling figures to 40% of their waste arisings by 2010.	The target for D4 is that as soon as recycling/ composting figures from Target D2 have been established at a site or a unit of establishments, departments should increase these rates by at least 5% per annum with the aim of reaching 75% recycling/ composting rate overall. Where possible this should be extended to each type of waste arising generated.
Departments to increase their recycling figures to 75% of their waste arisings by 2020.	
Biodiversity	
Departments to meet or exceed the aim of having 95% of Sites of Special Scientific Interest (SSSIs) in sole ownership or control in target condition by 2010.	The H4 target requires departments that own SSSIs to achieve at least 68% "favourable or "unfavourable recovering conditions status on sites by 2006, and 95% by 2010. 'By 2006' has been interpreted as being by 1 January 2006.

SOGE Targets

Previous Framework Targets

Water consumption

Reduce water consumption by 25% on the office and non-office estate by 2020, relative to 2004–05 levels.

Reduce water consumption in office buildings where the department is the sole occupier or is billed for water services to an average of 7.7m³ per person per year by 31 March 2004; and to 7 m³ per person per year for all new buildings and major refurbishments where design commences after 2002.

Reduce water consumption to an average of 3m³ per person/year for all new office builds or major office refurbishments. (1)

N/A

Witnesses: **Sir Ian Andrews**, Chairman, Sustainable Procurement and Operations Board (SPOB), and Second Permanent Under Secretary, Ministry of Defence, **Ms Helen Ghosh**, Permanent Secretary, Defra, and **Mr Nigel Smith**, Chief Executive, Office of Government Commerce, gave evidence.

Q48 Joan Walley: Good morning and welcome. I am not sure whether you heard the first session of our inquiry into “greening” government but obviously it is a subject very close to this Select Committee’s heart. We very much welcome all three of you coming here today. It would be really useful for our Committee to have some sense of what your overall verdict is on how well the Government is doing in meeting its sustainability target. Is there anything you would like to add by way of introduction to the way it is going at the moment?

Mr Smith: I am Nigel Smith. I am the Chief Executive of OGC. Generally speaking I think the SDC report was quite balanced. I think it gave credit where credit was due. Against the eleven major SOGE targets, six are on track or ahead of target. It was also a wake-up call in terms of certain areas where we really do have to increase our pace. I think we will have to get more coordination. Whilst there is an enormous amount of best practice in Government, the key thing is there is not consistency and we are not sharing best practice. I think that really lead to some of the recommendations that came out from SDC and the things that we have now announced we are going to do.

Q49 Joan Walley: We are interested in your own self-assessment of how Government is doing almost irrespective of the recommendations of the actual report that has been done. What are you most proud of? What are you most disappointed about? What do you think you should really be addressing if we are going to meet the target the Government is setting?

Mr Smith: It is doing certain things well, on renewables in particular, in terms of space efficiency, but the thing it is not doing well is on its carbon footprint, that is the key issue which comes out of the report and I think that is the key challenge that Government faces.

Q50 Joan Walley: On carbon?

Mr Smith: Yes.

Q51 Joan Walley: Do your colleagues wish to add anything?

Ms Ghosh: From a Defra point of view, we would absolutely agree with the point about the big challenge being on carbon and obviously things like fuel prices have moved against Government in the same way as they have other parts of the economy. It will be challenging for us in terms of meeting the UK’s ambitious carbon targets. The other issue which our work together will need to focus on over the coming months and years is the issue of the overall impact of products. As you know, Defra plays a big role in terms of sustainable products and innovation in terms of giving government departments and the economy more generally the tools to achieve overall carbon targets, from the beginning to end of product production right through to waste and I think that is still very much a developing area of policy and that is something on which we will need to work very closely with Nigel and his team over the coming period.

Q52 Jo Swinson: As part of the Government Response to the report there is a new role for the OGC, there is a new Chief Sustainability Officer and a Centre of Expertise for Sustainable Procurement. It struck me when looking at the report that there is an entire page dedicated to abbreviations. There has been a lot of structural change. Even the SPOB was only set up two years ago. To what extent do you think that the lack of faster progress has been as a result of the Government’s structures not being right rather than a lack of political will and not having it high enough up the priority list?

Mr Smith: One of the key things is that I think the government structures were pretty good. I think there has been a lot of good work done by SPOB in particular over the last year, but a lot of what it did is not reflected in this report because this report is looking at the year 2006–07. Having said that, I think one of the important differences in the approach going forward is actually that we are looking to dedicate real resource, looking perhaps at the unsexy things of data management, performance management and looking at the barriers and the drivers. Rather than saying we are going to do a lot of different things, what are the things that are going to make a real difference? I think that has been the

gap in the past. Certainly as far as my department is concerned, we have an agreement to put real resource into the centre of excellence. This is not a virtual organisation, this is a real organisation with real horsepower where we can actually get down and look at some of the real things we are going to do to get improvement.

Ms Ghosh: The context over the last 12 months really has supported collective government activity. I think the impetus given by the Climate Change Bill and by the Carbon Reduction Commitment element of that will impact on all government departments by 2010 and in local government this means there is enormous interest in, in particular, carbon reduction. Something like 100 out of 150 Local Area Agreements that we are currently negotiating will have a CO₂ reduction target for the whole local authority area in them. All of that will work to give government departments and the wider public sector real incentives to achieve these challenging targets.

Q53 Jo Swinson: A centre of excellence sounds great, but there have been a lot of fine words from Government in successive years. What practical difference will it make and how soon will we start to see a difference?

Mr Smith: I think the jury is out in terms of how soon because we have got to show it by performance. I think the real difference it will make is hidden away in the words there, which is that by the summer we are going to publish plans on trajectories of achieving our targets by department and we are going to coordinate those plans. The centre of excellence is going to do certain things itself. It is going to enable departments to do the work in a way where you can say, "Well, okay, these are all the things we are doing. Is that plan going to achieve the targets?" I think that is an important part of performance management which has been lacking in the past. I think that is a tremendously powerful thing to put in place. That is the single thing I would bring out. Yes, there will be a lot of best practice sharing, there will be training, there will be interest groups and all those other things, but the real issue is looking at planned trajectory, how you are going to achieve your output.

Q54 Jo Swinson: I suppose it seems strange that that has not already been happening. Helen, as Permanent Secretary of a Department, has there not been a plan in place for how Defra was going to meet Defra targets?

Ms Ghosh: There has been. All departments, as earlier reports by the SDC have shown, have had plans in place. What this year's report from the SDC really made us do—and Nigel was very, very helpful in taking the lead on this—was to look at what the totality of this meant, what did the data mean. As our response makes clear, there were a number of consistent problems in various elements of the baseline data and there still are. On things like waste, for example, we know there are still problems of data. When we looked at it collectively in response to this year's SDC report we realised that there were identifiable problems that needed pooling together

by a central unit, such as Nigel's new team and that could make the whole Government effort greater than the sum of its parts. This is why I think this really is a step change, plus the political context and the fact that Gus O'Donnell and I have a personal performance target on this very clearly, Bill Jeffrey in MoD has it and Nigel has it. We all have very clear targets now and this gives us a real point for takeoff.

Sir Ian Andrews: Can I just take up your earlier point? I think that is evidence of just how seriously people are taking this because it is an evolutionary process. We are responding to challenges as we understand them. The engagement of the Sustainable Development Commission has been hugely helpful as part of the Sustainable Procurement and Operations Board in driving forward those initiatives. In terms of what am I most proud of in answer to the earlier question? It is the momentum that has built up, the traction that we have got since the period covered by the SDC report in moving forward this agenda. I think the level of engagement and the level of attention it is now getting is really exciting. Helen talked about the Permanent Secretary objectives. I think that is a huge change and a hugely important initiative. Recognising the issues with the data, the OGC taking a lead on that is hugely helpful. I would celebrate the evidence of the dynamism of what is coming out of that.

Q55 Jo Swinson: How do you see SPOB interacting with the new Chief Sustainability Officer and the centre of excellence?⁴

Sir Ian Andrews: We are actually looking at the moment at what the governance structure should be for the centre of excellence⁵ and for the Chief Sustainability Officer, but I would see SPOB having a significant role to play in that. Ultimately the Chief Sustainability Officer is accountable through Nigel to the Cabinet Secretary.

Q56 Jo Swinson: Accountability is an interesting issue. The previous witnesses raised queries about this. How exactly will that work accountability wise? Will it be to Defra as the lead department of the Treasury or directly to the Prime Minister? Where does the accountability run?

Mr Smith: I think that is still under discussion. The important thing from my point of view is that I have a very clear understanding of who I report into, who the Sustainability Officer reports into, that is myself, I report into Gus and the agenda reports in to the Commercial Delivery Board, which is the collective of all of the Permanent Secretaries of the largest departments. That goes straight into the agenda I have on collaboration, on estate management. There is a very, very clear focus of accountability now. That is certainly under discussion as far as ministerial responsibility is concerned.

⁴ *Note by Witness:* The Member meant to refer to the centre of expertise, not the centre of excellence.

⁵ *Note by Witness:* The witness meant to refer to the centre of expertise, not the centre of excellence.

Q57 Jo Swinson: Will that be clarified at some point? I am just thinking about us as MPs.

Ms Ghosh: Clearly you need to be clear who is the minister you would summon down to sit here to talk about it next time, SDC report. I think the key thing is, as you were saying, we really have now pooled together a very clear set of responsibilities within Government reporting, Permanent Secretaries with their responsibilities, Nigel's responsibility for pulling it together and reporting to Gus. I keep seeing flashing on my screen letters from Gus to various Permanent Secretaries saying, "I want a report by such-and-such a date on how you are getting on with drinking water." He is taking this very personally and holding it to account.

Q58 Joan Walley: Ministerial accountability and responsibility you say is still not quite clear.

Ms Ghosh: In terms of the single point in Government from whom you would seek assurances in a Committee like this, I can assure you that Hilary Benn, Des Browne and all ministers are now very, very focussed on this and delivering our individual departmental contributions.

Q59 Jo Swinson: That rather suggests it has been driven from the Civil Service rather than from government ministers.

Ms Ghosh: No. If you had Hilary Benn here, I can assure you, you would get plenty of passion. He is determined that Defra should rise to the very top of the league table. We have got a programme called "Defra as Sustainability Leader" so keen is he to do that. He keeps asking me how much electricity we are consuming on various floors in Nobel House!

Sir Ian Andrews: There might be some competition between ministers!

Q60 Jo Swinson: Is there going to be a review this year of the SOGE framework? Will there be a possibility to look at widening the departments which are involved in this? We heard from the previous witnesses that it is only central government departments that are involved and the Parliamentary Estate is not included. Is that going to be considered, and is there going to be this review?

Mr Smith: There is no plan to review it as far as I am aware. My official view would be to say let us actually get achievement of the targets we have got. Let me give you one statistic in terms of the property estate, which most of these targets actually relate to. There are 14,000 different holdings in Government.⁶ This is a massive property estate, it is 4.2 million square metres.⁷ This is a very, very big part of Government. I do not think it is a small agenda at all.

Sir Ian Andrews: Could I just pick up the point on the targets? I absolutely agree with that. I think it is very easy to refine targets continually and you then take people's eye off the ball of what they are trying to deliver here. When we did the original review

within the then Sustainable Operations Board back in 2006 there was a real recognition that there was a proliferation of input derived targets, which was not actually the way in which we were going to rise to the challenge of leading by example and achieving a step change in performance. What we sought to do in setting the first half dozen or so SOGE targets was to focus on those areas that really mattered, of which the most important was carbon. It was not to shed all of the things we were doing before but to say these are the really important things we need to focus on. My sense would be that we should keep that focus because we are just starting to see traction and we can really make progress against those objectives.

Q61 Jo Swinson: You have talked about the Delivery Plans which are going to set out in detail how the different departments are going to meet their sustainability targets. They are due by this coming summer. Is it OGC that is leading on this?

Mr Smith: Yes.

Q62 Jo Swinson: Are you confident that deadlines will be met, you have got the resources and the capacity?

Mr Smith: Absolutely confident, yes. We made a commitment and we will do it.

Q63 Martin Horwood: I am going to focus on carbon emissions so you know this is going to be rather painful, do you not?

Mr Smith: Yes.

Q64 Martin Horwood: Let us start with a "quick win". We gave the Sustainable Development Commission a little bit of a hard time for the way they presented some of the data and the easy ride they seem to have given you in some respects, but they made the fairly reasonable point that they were given rubbish data by Government in some respects, the most spectacular one of which is the inclusion of QinetiQ in the baseline data. That is clearly misleading. Why are you still doing it?

Mr Smith: We are not. If you have a look at the Government response to SDC, ahead of that response basically my department, with help from Defra and also from Ian's department, actually spent over two months looking at the baseline data. There is no question about it, the baseline data was not good enough. We spent two months going and looking at the major areas of problem in the data, which are mostly within the carbon area but there are other areas as well. We went out to all of the departments and asked for revalidation. We looked at baselines and whether they were robust and whether the collection method was robust. Certainly in respect of QinetiQ, what comes out in the report actually in the footnote is that QinetiQ was still included in the baseline but they did show what it would be like if the baseline was re-done. We have subsequently re-done the baselines. Over the next two or three months we will get agreement from SDC to re-baseline those numbers. There were other issues. The MoJ was a similar issue, the courts' estate was included but actually was not part of the

⁶ Note by Witness: There are in fact, over 9,000 different holdings in Government, not 14,000.

⁷ Note by Witness: The estate measures 14.2 million square metres, not 4.2 million square metres.

baseline so that made the figures worse. When you looked at the MoJ, with a proper baseline they actually went from red to amber under the SDC evaluation. There are things that went both ways, but generally speaking the accuracy was just not good enough.

Q65 Martin Horwood: If you take out MoD, the overall carbon emissions from Government buildings have been up by 22%. Wherever you look at the hard data in this report there are disgraceful performances. I will just pick out a couple of examples. On page 71, the emissions of carbon dioxide from road based transport for administrative operations: the Home Office is up 80%, the Foreign Office is up 78% and the Department of Constitutional Affairs is up 257%. If you look on page 57 at energy efficiency on the government estate, two departments were excellent, two were good, two were making some progress and 15 were making no or poor progress and that includes the ones that are going backwards who are in a sense doing even worse than that. This overall picture is absolutely pathetic, is it not? Why is it so poor when it is so important that the Government gives a lead on this?

Mr Smith: If you just take energy efficiency as an issue, I think we have to be careful about energy efficiency and I am not suggesting we change the target, but there are two sides of energy efficiency. Part of my responsibility, in order to get better use of the government estate, is to drive down the number of buildings and holdings and increase the density of people in buildings because overall we think that against the benchmark of private industry we are using space 25% less efficiently than private industry. As part of High Performing Property, which was published back in 2006, which is the major plan that my department has, we basically set ourselves a target of saving £1.5 billion on operating costs from the government estate over the next nine years.⁸ How we are going to do that is by using the lease breaks and getting over 500 lease breaks coming up over the next nine years⁹ and coordinating the use of those buildings amongst Government, so basically we increase the density. We have just brought out a standard, which was announced in the Budget, for density for new builds and major refurbishments of ten square metres a person and for all other refurbishments it is between ten and 12. If you look at where we are, we are currently across Government sitting at an average of 16 to 17. That is a long answer to a simple question. If you bring that 16 down to 12 that will automatically lead to a problem in terms of efficiency.

Q66 Martin Horwood: That is not necessarily true. If you had well designed and well insulated buildings and you had more people in them the energy

efficiency would go very high. You have not entirely answered the question, to be fair, because you have talked about one of the things you are doing well, which is laudable, but you have not really explained why the overall performance is so appalling.

Ms Ghosh: Can I just give a living example? One of the key features is the amount of energy you use supporting IT, which is significant and we are doing something about it through the Green IT programme. In my case we have moved out—for both environmental and also economic reasons—of two main buildings in London and all of my staff are now focussed in two buildings along Millbank. Where there was previously an empty space with nobody sitting at a desk tapping away at an IT system now there is another person doing it. My energy efficiency has gone down per square metre because I have two people in the space where previously there was one and there is all the energy associated in particular with IT. As we are all doing, you can take action on the energy efficiency of the building overall, but now we need to focus on things like Green IT to get better energy efficiency figures. On my wider estate our energy use has gone up in our science labs but that is partly because over the past couple of years we have been beset by a number of animal disease outbreaks and people are working 24 hours a day. What we are doing is benchmarking, trying to find ways of reducing energy. There are some strange things going on within the estate that mean that energy use will sometimes go up and efficiency will go up.

Q67 Martin Horwood: There does not seem to be overall ambition and vision here. I have a medium sized enterprise in my constituency employing a couple of hundred people and they are trying to reduce their carbon footprint by 75% within a matter of three years. Does that not make you feel a bit sick?

Ms Ghosh: It makes me feel completely delighted. As a representative of Defra, I am absolutely delighted if SMEs like that are—

Q68 Martin Horwood: Yours is going up.

Ms Ghosh: My CO₂ for my office estate is going down. My energy efficiency is not good because of the point about my square metreage. Our overall target for Government on CO₂ is very ambitious.

Q69 Martin Horwood: QinetiQ apart, the MoD seems to be doing rather better than the rest of government departments. Even without QinetiQ, it still improves the overall government performance. What is making the MoD perform better than the civil departments?

Sir Ian Andrews: I think it is because it is different. If you look across the civil estate, that is dominated by largely office accommodation. If you look across the defence estate, it has a huge operational capability, domestic accommodation, operation accommodation, airfields and so on. One of the destabilising factors in the data was that the SDC initially focussed on the civil estate, of which we have about 28 MoD buildings within that area, but the

⁸ Note by Witness: It is in fact hoped that the target saving will be completed by 2013.

⁹ Note by Witness: The Office of Government Commerce hope to achieve over 500 lease breaks within the next 8 years, not 9, as indicated during the evidence session.

MoD as a whole is some 60 plus%¹⁰ of total emissions across government, a big polluter. We have done a lot of things which are examples of best practice which we are very proud of. There are a number of other things that we need to do much better. I can go into some of those examples if you like. I think there is a clear determination that as a major polluter we have to play our part. The defence board has taken on this issue in the last year or so and said this is a serious operational issue for the department because if we cannot reduce the levels of waste generated by our ships we cannot contribute to the mitigation of climate change and there is an operational effect on our ability to operate. There is a focus there which is helping us to move forward, but it is a different environment, it is a different estate from the wider civil estate. In terms of the mechanisms that we have put in place through the OGC lead in terms of property benchmarking, looking at best practice, sharing best practice, developing solutions in particular areas and seeing how they can read across to others, those are examples of how we can move forward. In terms of why is it you just cannot put it right overnight, as you said, if you have a building which is designed to excellent standards it is possible to achieve low carbon emissions. You have to have that design, you have to have it in place and you have to think through sustainability from the very beginning. We are doing a lot of new build and construction on the defence estate, we have the opportunity to do that. The target to go for standards of excellence was one which was put in place only two or three years ago. We are now seeing across the whole of the government estate those standards being achieved. They were not achieved in the period covered by the Sustainable Development Commission Report. As those buildings are built—there is an excellent Defra example, we have got a number of examples, there are other examples across Government—so those standards of excellence will start to be delivered and we will be able to make the sort of commitments and match the sort of achievements that you are talking about in your constituency.

Q70 Martin Horwood: The significance of QinetiQ is quite large. Do you know whether QinetiQ's annual carbon emissions have gone down or up since it was privatised?

Sir Ian Andrews: That must be a question for QinetiQ.

Q71 Martin Horwood: I am asking you.

Sir Ian Andrews: The answer is I do not know.

Q72 Joan Walley: I want to come back to the comment that Mr Smith made in response to Mr Horwood's question when I think the Committee heard the welcome news that the inclusion of the baseline as far as QinetiQ's emissions are concerned was no longer being taken into account in respect of the baseline figures. In the Government's response to our inquiry the evidence in paragraph 8 says that

the sixth SDIG report shows that overall carbon emissions from the government's estate have fallen by 4% against the baseline year. Even though you are saying it is no longer applicable it has been taken out of the baseline figure and the Government is still clinging on to the fact that it is not being taken out to all intents and purposes. There seems to be an inconsistency and a contradiction there. Can you clarify it?

Mr Smith: The confusion comes in that we happen to have two different four per cents here. The SDC report gave credit for the QinetiQ baseline being in the baseline but not in the actuals. We spent over two months looking at the base data. We had other things which went the other way, for instance the courts estate in MoJ. When you do the major changes, you take QinetiQ out, you put the courts estate back in, you come to the same number across government, that there has been between a 3 and 4% reduction in carbon. That is not where we need to be in terms of achieving our commitments we have made to get to 12.5% by 2010–11.

Q73 Martin Horwood: That is not at all what I interpreted your answer as saying. I thought you meant that in future you were re-baselining to exclude QinetiQ. SDC are quite clear, if we exclude QinetiQ from MoD's baseline data the emissions reductions made by MoD are lower than reported and as a result carbon emissions from offices across the government estate have reduced by only 0.7%. Are you saying that is wrong?

Mr Smith: No. In terms of the SDC report, on the data they received that is correct. Since we got the draft report we have gone through a number of problems with baseline data, eg the Courts Service, and we have worked those back in and we have tried to understand what the true picture is. Over the next two or three months we will be getting those signed off by the SDC as acceptable new baselines. What I am saying is there is a pro forma reduction of 4%. When you take QinetiQ out and you put the courts estate in you get to around a 4% reduction. That will be incorporated in the next SDC report.

Martin Horwood: That is not the published data that was referred to by Ms Walley earlier.

Q74 Joan Walley: I would be most grateful if the Committee could have a written explanation relating to the answer to Mr Horwood and also to paragraph 8 of the government memorandum to our evidence so that there can be no misunderstandings and we can clarify that.

Mr Smith: Yes, of course.¹¹

Q75 Dr Turner: Helen, you have already mentioned the problem of energy consumption with IT, which is increasing. Can you tell us a bit more about how the Green Government IT programme will tackle the rise in emissions resulting from increased use, and how big a difference is it likely to make to energy use and resultant emissions?

¹⁰ *Note by Witness:* The figure is in fact 70 plus per cent of total emissions across government, not 60 plus per cent.

¹¹ See Ev 33.

Ms Ghosh: I suspect Nigel is more of an expert on this than I am. John Suffolk, who is the overall Chief Information Officer for Government, is going to be publishing some proposals this summer. I guess alongside it is our action plan, is it?

Mr Smith: We have not agreed that but it is in the summer.

Ms Ghosh: What we have been doing, lead in operational terms by my CIO Chris Chant, is to look at the various kinds of carbon impacts of the IT we use. Some of the issues are around use, do people turn them on and off, do we have over-complicated screen savers, do we have automatic standby turn off kinds of facilities in our IT and some of it is in the whole production chain. Most of the carbon impact of IT is in fact in the production of the hardware and the disposal of the hardware at the end. What John Suffolk is producing across government—and it is an excellent example of the way collaboration and working together can produce good sustainability outcomes—is to produce guidance and no doubt common purchasing on both standards and the use of IT. My own Department is already doing this through our Renew IT Programme where we are all going to have laptops which are produced in a very sustainable chain but which also have some of those key up-to-date facilities to make sure they are sustainable in use. Do you want to say more about the sort of stuff John will be doing?

Mr Smith: The sort of things are what Helen says, looking at behaviour as well as the supply of equipment. One important issue which comes out of the early work which has been done is, as Helen was saying, that some studies indicate that 80% of the carbon footprint of IT equipment is actually in its manufacture and not in its operation. Having said that, if we have a look at the IT equipment in government, actually a lot of the carbon footprint does not come from the power usage of IT, it actually comes from the air conditioning to allow IT to be used, for instance on servers, and one of the areas I know John is concentrating on is looking at how we actually manage our servers across government in terms of where the servers are, have we got the right arrangement of our servers, because there is a massive power consumption. Certainly those are the major areas. The other area we are, I know, going to be looking at is with the industry itself. We have got very good strategic relationship management processes with the IT industry, we deal on a regular basis with the top 12 suppliers of IT into government, and we are looking at how they can help development of their hardware to meet our requirement for lower energy-demand IT equipment. So it is a very broad based approach.

Q76 Dr Turner: You have policies for increasing the efficiency of new equipment but do you have any policies for trying to control the demand for IT equipment?

Ms Ghosh: I think every Department probably has its own policies, some of which are driven by finance as well as sustainability. To give the example of Defra, we certainly do, and one of the things we are doing through our Renew IT Programme is to

reduce the number of pieces of IT equipment which any individual can have. I will feel this very much myself because at the moment I have a fixed PC in the office, a laptop I use at home and a Blackberry, and in the new world I will be able to have one item, which is a laptop which I shall carry to and from on my bicycle and plug in at the office or carry home and use at home, and therefore we are restricting in Defra the number of items which individuals can have and also making sure we are not over-providing within our offices, more terminals and docks and so on, than are required for our reduced number of staff. I imagine MoD is doing the same sort of thing.

Sir Ian Andrews: Certainly we are and indeed we have a major IT programme, the defence information infrastructure project, which is rationalising our 300-odd current systems into one single architecture, and that will have a huge impact in this area as well. Helen is absolutely right to mention, and Nigel, the importance of focusing on demand. The industry is looking at how they can supply it better but unless and until we actually focus on demand then we are not going to make as much progress as we can.

Q77 Jo Swinson: Obviously restricting this to one piece of IT is one way of managing demand but it seems to me what is more important is the amount of time you have a particular piece of equipment, and it is in the manufacturers' interests to make us continually want more although there does not seem to be any reason for that. Do you have programmes in place where instead of just buying a new PC system the memory card just gets up-dated and the processor gets updated?

Ms Ghosh: Yes, we certainly do.

Q78 Jo Swinson: How can that be extended? How can the Government act as a driver to help ordinary consumers in that way as well?

Ms Ghosh: Before Nigel comes in with the technical answer, can I tell a little story? We have recently, because we are upgrading our IT, and overall it will have a very positive sustainability impact, given some—and I do not actually know the figures but a substantial amount—of our hardware to the UK Borders Agency who have not got enough. So we are re-using within government some IT, and I think that is a good example of recycling which is going on in the IT world of government.

Mr Smith: The CIO Council are probably the people who should reply on this because it is not at the heart of what I do, but certainly they have set themselves standards for reduction in the cost of desktops across government, and they are pretty aggressive targets I believe, and that does look at demand as well as behaviours and usage; it looks at demand as well as supply. On the other side of the agenda, because I do not think we should forget we also have a value for money agenda here, we have also set up category collaborative pilots across government, one of which is ICT and we are looking at demand as well as supply and setting the strategy for that. We are going to have sustainability right at the heart of

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the requirement we are setting up for those category boards. So, yes, we are building it into the system of procurement as well as just the one-off procurement.

Q79 Martin Horwood: I want to come back on the Blackberry issue. You do seem to be missing the point here slightly. Accepting all the things which have been said already, when your energy usage per square metre is going up 32%, do you really think that focusing on getting rid of Blackberries and things like this is going to make a big difference?

Ms Ghosh: Can I just reiterate—

Q80 Martin Horwood: Can I just ask my real question? Who is advising you? Are you taking advice from green organisations or from people like Tesco who are taking ambitious steps in reducing carbon emissions in large buildings?

Ms Ghosh: Indeed. We are taking advice both from our in-house experts, from the Carbon Trust, and no doubt the SME you referred to is taking advice from them. We have teams, for example the Market Transformation Programme is a group of experts whom we support to find the best products out there on the market and those feed through into the quick wins list, so we are absolutely at the cutting edge of what good products are available and what the best performing organisations are doing.¹² Yes, we are very much up with the game there. As I say, the point about energy efficiency is as much to do with having a larger number of people in our buildings overall, and of course the carbon emissions we were emitting from buildings we have vacated will be feeding through into our figures for 2007-08, so you will over time see a reduction in overall carbon even though the efficiency snapshot is not a good one.

Q81 Dr Turner: Let us change the topic slightly. The Department have made a lot of progress in buying green electricity, but the electricity bought under the green tariffs does not seem to be treated as reducing carbon emissions, can you explain that?

Ms Ghosh: Certainly. We have asked Ofgem, which is doing a study at the moment about the genuine additionality or the genuine reduction in carbon which comes from green tariffs. At the moment we are taking the view, and it is a very purist view I should add, that you cannot guarantee with the range of green tariffs there are at the moment that by buying a green tariff you are genuinely reducing the amount of carbon being used. It is not clear whether you are calling for more demand. Therefore we want to be assured, before we count it as a genuine carbon reduction, that there is genuinely carbon being reduced, so Ofgem is giving us some advice in the summer about that. It is the case, as I think the SDC Report says, that some private organisations do count it as carbon being reduced and indeed strictly speaking in accordance with our guidelines that is fine for them to do it but we want to be absolutely sure, rather as with our quality assurance for carbon

offset schemes we are currently consulting on, that the claims are genuine. We will be able to make progress on that after the summer.

Q82 Dr Turner: We understand the National Audit Office pointed this out.

Ms Ghosh: It is an anomaly at the moment.

Q83 Dr Turner: There is a problem here because if green tariffs are not actually increasing the supply of renewable electricity, what is the value of green tariffs? What is the value of the targets which require Departments to use more of them?

Ms Ghosh: As I say, what we need to be clear about before we count it is what is actually happening. This is work rather for BERR officials and ministers to reply on than for me, but of course when it is the case that somebody buys a Renewable Obligation Certificate (ROC), which therefore is taken—and this is a technical area which is getting beyond me—out of the system, then you can guarantee carbon being taken out of the system, but as far as Government is concerned our current view is that there are other, more cost effective, ways we can reduce our carbon rather than spend money on buying the certificates. So it is a slightly complex area. BERR will be producing their renewable energy consultation paper later this year and that will pull together all these issues about renewables and supply.

Q84 Dr Turner: This Report highlights work your Department, Nigel, has done on negotiating a government-wide deal to buy electricity under green tariffs at no extra cost. But it does not comment on whether OGC took account of either the integrity or the additionality of the different green tariff contracts. Do you know if it did?

Mr Smith: As far as I am aware, and I will get a note to the Committee on this,¹³ as far as the customers were concerned using the frameworks we put in place they actually paid the same as they had previously paid on a contract which actually fixed the price for up to four years. So from a value for money point of view, in terms of procurement, it was a good deal because the renewables were no more expensive than the base energy, and the base energy which they were procuring was actually lower than they bought the previous time. I have to say I am not aware of the technicalities in terms of the question you have asked but from a procurement point of view it was a good deal.

Q85 Dr Turner: So we have to make sure it is actually renewable in the future?

Ms Ghosh: I think it is an example where the commitment we have made is slightly ahead of policy and being absolutely clear on what the impact is. Policy will soon catch up with us when BERR has done its work on renewables and Ofgem has given us advice.

¹² See Ev 32.

¹³ See Ev 33.

Q86 Mr Stuart: Can I ask you about on-site renewables, because in 2005–06 0.0004% of electricity was generated from on-site renewables, how ambitious are you to improve those figures and how quickly can you make progress?

Mr Smith: I have to say I really do not know the answer to that question. It is certainly not part of the target which I am driving to achieve, so I cannot comment, I am afraid.

Ms Ghosh: There are lots of mechanisms in place to improve it and again I think it comes back to some of the issues that BERR will be producing on policy proposals. We are funding but there is a lot of private sector money going into the Carbon Trust to help with on-site renewables. There are new rules about planning permission which make it easier, BERR I know is thinking very seriously—back to our friends the ROCs—that if you produce your own energy on-site you get two ROC certificates where you would only get one for traditional production. So the Government has put in place lots of ways of making it more attractive and I think within government we have to work within those, but BERR will be producing proposals on this in their renewables paper this year.

Sir Ian Andrews: Indeed, combined heat and power targets do feature within the SOGE objectives quite explicitly. I know from my personal experience, there are some very good and innovative examples but they tend to be quite small scale at the moment and the determination is to drive those up.

Ms Ghosh: There is a combined heat and power one in Whitehall, just over there.

Sir Ian Andrews: And in the Ministry of Defence main building.

Q87 Mr Stuart: When the new SOGE framework came in, in 2005–06, it removed a requirement for departments to make long-term plans for renewable energy. Can I ask you why that was? Is the Government's new renewable energy strategy going to supply this kind of long-term vision on renewables?

Ms Ghosh: I will ask Ian to comment on the particular point about the targets. Clearly, we have two drivers across government for renewables, the impact on our overall carbon targets and also the contribution we have to make to the EU renewables target. So we will have a very strong policy incentive to do that. Ian may want to comment on the difference between the two sets of targets.

Sir Ian Andrews: I think some clarification should be made here. First of all, the SOGE targets did not remove anything, what they said was in response to the commitment in the Securing the Future published in 2005, which actually made a commitment to review the framework of targets which we had, we looked at these in terms of how we were going to signal a step change, how were we going to lead by example, and the purpose of the targets was actually to come up with a reduced number of outcome-focused objectives which would signal where the real priorities were. We were deliberately not prescriptive in the way that individual departments actually responded and how

they achieved those objectives, beyond sharing best practice, because departments are very different. In no way were we sweeping away the commitments, the targets, the objectives which were there, but what we were saying was, “These are the six areas by which we are going to be judged, how do we deliver against these outcomes.” What we also did was mandated a number of processes that we put in place as a requirement for people to do. This was not replacing what was there before but it was signalling actually what our real priorities for outcomes were across the piece.

Q88 Mr Stuart: I understand the point about the outcomes, but each department trying to deliver its outcomes might well benefit from a long-term strategy which has been thought through on how to deliver renewables on the government estate. The National Audit Office commented on the fact the Government had never developed such a strategy which would be an enormously useful tool, would it not, for a department to pick up and be able to use while trying to deliver the outcomes you have just talked about, and there is not that strategy?

Ms Ghosh: And it may well be something that Nigel's team can lead on, particularly when we have a clearer set of policy guidelines from BERR on renewables overall. So CESP will be very well placed to take us forward on that.

Q89 Mr Stuart: The Environment Agency has written to us about problems they have experienced with the Carbon Trust's new Partnerships for Renewables company, and they have asked that either Defra or the OGC clarify the value for money and state aid issues which are slowing down their work with Partnerships for Renewables. Which of you is sorting it out?

Ms Ghosh: It would be me who would be sorting it out and I am very happy to report to the Committee.¹⁴ State aid, as you may well be aware, is one of those areas into which one treads with great fear if one does not know much about it, but I will certainly come back to you on that.¹⁵

Q90 Martin Horwood: Can I move off electricity to renewable heat, which I think most commentators now think is a vitally important part of any renewable energy strategy. It is not even part of the SOGE targets, is it? Do you think it should be?

Ms Ghosh: Back to Ian's point, it is a way of reducing overall carbon emissions, so it may well be something, and some of our BREEAM Excellent buildings will use heat recycling in various ways.

Q91 Martin Horwood: I love constituency examples if I can squeeze them in, Gloucestershire Constabulary have their brand new headquarters with a ground-source heat pump under it, for more commercial reasons than ecological ones because it saves them money; Chelsea Building Society built a new call centre in my constituency again largely heated by a ground-source heat pump, and yet there

¹⁴ See Ev 33.

¹⁵ See Ev 33.

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are other public buildings going up without these and by the sounds of it you have another heat source in your IT equipment and possibly in your staff if they are going to be crammed in like sardines. Could you tell us that every new build public building on the government estate is now going to have a ground-source heat pump? Is that true?

Ms Ghosh: As colleagues have said, the solution in different places will be different. As you know, we have a commitment to every new build being BREEAM excellent. There is an interesting point there, because BREEAM does not actually measure carbon emissions, it has a number of other sustainability criteria and I know the BRE is working on that element of the standard, but the solution for heat in some cases could be combined heat and power—

Q92 Mr Stuart: No, sorry, combined heat and power generates electricity, the heat element is not actually a renewable source.

Ms Ghosh: Okay, but the answer to how you heat could be as you describe or it could be something else, so I do not think we will want to prescribe what the solution is in every given case.

Q93 Mr Stuart: Why not? It is commercially viable and it reduces carbon emissions and it is applicable to almost any building.

Sir Ian Andrews: We have a high performing property programme, we have bench-marking, and that would be something which would be taken into account in that sort of context. I would absolutely reinforce the point that we are focusing on outcomes, it may be that particular solutions are appropriate in particular cases. I could give you an example of a major MoD programme which is actually delivering new accommodation across Salisbury Plain which makes enormous use of solar thermal water heating, and every roof has solar panels on it. That is a contribution, it is a way we go about capturing it. Going back to the BREEAM point, that is one of the factors which influenced the design and assessment which comes out of this. But to be prescriptive and say, “Every public building has to have a particular solution” I do not think is appropriate, but if the benchmarking approach identifies one which could be proceeded with, then we would do so.

Mr Smith: We are engaged with the Carbon Trust and we are engaging with private enterprise and we have the Constructors’ Forum which we now have in place, where we are dealing with all the major constructors. One of the interesting statistics, when you get down to the numbers, and the NAO brought it out in a recent report,¹⁶ is that actually since 1999 we have seen a 9% reduction in gas which primarily is used obviously for heating but an over-14% increase in electricity. So actually one of the issues we are facing is the Government probably has done something to reduce its carbon emissions through heating but actually the issue comes out from the

other use of electricity which is primarily ICT. I think that is what we will find but it is conjecture at this point.

Q94 Mr Chaytor: 2012 is the year by which the government estate should be carbon neutral. To what extent will that be achieved by the purchase of carbon offsets as against increasing efficiency?

Ms Ghosh: It will be our last resort, is the answer. I notice the Environment Agency said the same thing but it is very much the last thing we would do. Clearly what we need to do is increase reduced demand, increase efficiency, and only if it were the only way and at the time when we make the assessment was it value for money would we buy carbon offsets. We entirely agree with the Environment Agency on what the hierarchy should be.

Q95 Mr Chaytor: But it is four years to 2012 and on the evidence of this 2007 Report you are going to have to achieve the majority of your reductions by carbon offsets.

Ms Ghosh: No, I think—

Q96 Mr Chaytor: There is nothing in here which indicates a trajectory which would give you a zero carbon estate by 2012.

Ms Ghosh: I think that will be disproved, we hope, by the work that Nigel is going to pull together in terms of the action plans we are all going to produce.

Mr Smith: It is a challenge from where Government is starting, or where it is. That is the whole purpose of what came out the SDC Report, it said that the Government needs to take urgent action to increase the pace of change. I have to say I agree with that, that is the conclusion I have come to, but I do think there is some reason to be perhaps not confident but optimistic. I do not want to just give you departmental statistics all the time, but there is a very important one from one of the largest departments, and that is the DWP. With a large number of buildings, in the last year—and this is not reflected obviously in the SDC statistics—as a result of this campaign to increase the efficiency of buildings, to basically get more people in (I would argue not crammed in like sardines but certainly greater people density) DWP, which was on a rising trend if you look at the SDC, one of the worst performers, something like a 22% increase in carbon since 1999, have decreased in one year by 14%.¹⁷

Q97 Joan Walley: A lot of the DWP buildings have been sold on to Trillium, so does the Trillium estate come within that performance target?

Mr Smith: No, all of the data in the FM contract under Trillium is included in the statistics, and, what is more, has been built in with very, very good and strong sustainability measures with Trillium which they work on a regular basis to actually drive down energy demand. So it is not that you have FM contracts and you shift it off the government estate and do not have to worry about it, it is not another

¹⁶ Energy consumption and carbon emissions in government departments, A review by the National Audit Office, November 2007.

¹⁷ *Note by Witness:* It has in fact, decreased by 10% in one year, not 14% as indicated during the evidence session.

QinetiQ, because it is very much part of the responsibility of Government, engaging with the PFI or the FM supplier, to make sure they are playing their part.

Q98 Mr Chaytor: So as of 2012 what is your best estimate now of the balance between real efficiency, real emission reductions, and reductions achieved by offsets?

Mr Smith: I could not give you an estimate. In my view, this is one of the reasons why in the summer we are saying we are going to publish a trajectory for each department and an overall Government trajectory which looks at where you are, the pace of change, the actions you are taking and how you are translating those into getting real reductions to meet your targets in 2012. So the answer is, I do not think anybody can tell you at the moment.

Q99 Mr Chaytor: Am I right in thinking that by 2020 the Government's target is for a 30% reduction?

Mr Smith: Yes, that is right.

Ms Ghosh: Yes.

Q100 Mr Chaytor: So presumably it will be less than 30% by 2012?

Mr Smith: Yes.

Ms Ghosh: Yes.

Q101 Mr Chaytor: So therefore we are talking of the vast majority of the reductions by 2012 being achieved by offsets, so it is not a question of the last resort.

Ms Ghosh: Zero carbon in our buildings, not our overall carbon emissions. It does not take into account transport and all the other things we do which produce carbon.

Sir Ian Andrews: It is a carbon neutral government office estate by 2012, whereas the wider figures apply to the whole estate.

Ms Ghosh: Everything we do.

Q102 Mr Chaytor: Can I clarify this? The 30% by 2020, does that not apply to the government estate?

Ms Ghosh: As one of the elements which produce carbon, yes.

Q103 Mr Chaytor: Let me just get this absolutely right. By 2012 it is carbon neutral on the government estate.

Sir Ian Andrews: On the government office estate.

Q104 Mr Chaytor: Government office estate, okay. By 2020 it is a 30% reduction in emissions on government buildings.

Sir Ian Andrews: The whole government estate.

Q105 Mr Chaytor: What is the difference between the government office estate and the whole government set of buildings?

Sir Ian Andrews: A very large part of that, as I said earlier, is actually the operational defence estate, which is some 66% of the totality of the government estate. Other departments also have their operational estate—Defra laboratories, prisons and

so on. Therefore the target is 30% across the whole piece and carbon neutrality by 2012 on the government office estate. I think I have seen in written evidence that has been put to the Committee by other witnesses suggestions that the targets may not be challenging or stretching enough. We were very clear that is a hugely challenging and stretching target. As I said earlier, I am encouraged by the real traction we are now building up, and a lot of the things we put in the Government's evidence is those things which have happened since the period covered by the SDC Report which gives me real optimism for how we move this forward.

Q106 Mr Chaytor: So in terms of 2012, are there any other significant exemptions other than the wider MoD estate?

Sir Ian Andrews: There are parts of the government operational estate which I have mentioned, so Defra laboratories—

Q107 Mr Chaytor: So Defra laboratories would be excluded?

Ms Ghosh: Would be excluded. And I assume, though we would need to confirm this with the Committee, carbon emissions from road vehicles are excluded from the definition of a carbon neutral government estate¹⁸.

Sir Ian Andrews: Yes.

Ms Ghosh: So transport is added into the total 30% reduction.

Q108 Mr Chaytor: If I can just come back to the Report which is going to be produced this summer indicating the trajectory, would that have an analysis of the likely cost of achieving the zero carbon status of the government office estate by 2012 in respect of the purchase of credits as against increasing the efficiency of your buildings?

Mr Smith: To be frank, I do not know. What I do know is that we have said in our response—and certainly I did when I talked to the NAO—that part of the job we have to do is define what carbon neutrality means and how it relates to departments. So it is said quite clearly that OGC in terms of the centre of excellence and Defra are going to get their heads together to work it out, because I do not know what it means, I have to be honest with you. As far as the focus of the delivery plans are concerned, the delivery plans will be, how do we get from where we are currently to our targets, so in order to answer that question, you are quite right, on carbon neutrality we have to first of all define what carbon neutrality is so departments can work out whether they can achieve it or not.

Ms Ghosh: Yes.

Q109 Mr Stuart: So will you be able to write to the Committee later in the year and let us know what percentage you are at and how many offsets you expect to require by 2012, once you have your trajectory? Given this Committee is pretty dubious about a lot of the offsets and their value and their

¹⁸ See Ev 32.

true additionality, and I cannot speak for all members of the Committee, I think there would be a lot of misgiving if major amounts of money were spent on what we would consider to be dubious offsets—

Ms Ghosh: Absolutely.

Q110 Mr Stuart:—when there was still a huge amount of work to be done for the Government to transform and lower its carbon emissions in order to meet the 2020 target, and it would be a misallocation of resources in a way to be spending it on offsets when it should just carry on improving its own performance all the way to 2020.

Ms Ghosh: On the point about offsets, we entirely agree on this point and whether there are snake oil sales persons out there, so we launched an informal, now a formal, consultation on a quality assurance scheme for carbon offsetting, so you can be guaranteed when you are booking your flight or whatever it may be that the carbon offset you are buying is genuine. We are consulting at the moment and will be introducing a certification scheme later this year, so you will be able to rely on the offset.

Q111 Joan Walley: We have touched on the issue of carbon neutrality and what that means, I would like to move us on to what we mean by greening the government estate. One of the concerns that I have is where the outsourcing of contracts, where the PFI and the privatised contracts, actually fit. We have already had a reference to Trillium. If we are into a situation or scenario where there is ever increasing privatised outsourcing of contracts, where does that fit in terms of them being outside the remit of the targets that are being set and the progression of missing targets when, if you like, the government estate is getting smaller and smaller? If I may just refer you to the National Audit Office Report, it sets out quite clearly that Target E6 “ . . . required all departments to include clauses to ensure opportunities are identified and measures taken for reducing carbon emissions and collecting energy data as far as practical in all estate management contracts initiated from August 2004 . . . ”. The note that follows that was provided to us by the National Audit Office is, “ . . . neither of these targets has been retained under the SOGE initiative and to this extent they have been effectively abandoned.” So how does that square with government wanting to set targets? Presumably if Trillium was being let now, that would not be a factor which was in it. What is being done about all this?

Mr Smith: The issue is actually the point that Ian was making before and really it is a change in the way targets are looked at. These are outcome-based targets. These buildings are in the outcome objectives which have been set by Government, absolutely clearly. As I understand it, 95%—and there is still 5% we have to tackle—of all IT outsourced FM contracts and property outsourced FM contracts have got sustainability clauses in them. They are very definitely on the ePIMS database of government property, so we collect the information, and they will be part of the

benchmarking service, so we can look at the relative performance of different buildings in the estate. So the answer is most definitely they are included. If you look at the largest one, which is DWP, which comes into the Land Securities Trillium contract, they have got very clear sustainability targets. They have a programme called Rise, the Re-launched Initiative on Sustainable Energy, where they have a joint target between themselves and their supplier to get 10% savings of energy and water, I think over the next 18 months, which is a pretty ambitious target. So, yes, they are included.

Q112 Joan Walley: Could you tell us what proportion of emissions from government operations are from outsourced or privatised operations?

Mr Smith: I cannot actually specifically answer that, but what I can do is give you the percentages of the government estate and how it is split between freehold, leasehold and PFI or outsourced contracts. The freehold is 42%,¹⁹ if I remember correctly, the leasehold is 28%, and the PFI/outsourced is the remainder, which, if I am right, is another 28%. I am pretty sure that is correct.²⁰

Q113 Joan Walley: Just to get this absolutely clear, all PFI contracts will have this sustainability target included in them?

Mr Smith: Yes, absolutely. The only instance where property would cease to be part of the targets is if that agency or whatever was privatised, like QinetiQ for example.

Q114 Joan Walley: But it could well be.

Ms Ghosh: Privatised in that it is no longer part of government.

Q115 Joan Walley: But it is providing a contracted-out government service.

Mr Smith: No, that is included, absolutely included.

Q116 Joan Walley: I still cannot quite see how there can be the tight oversight of the government estate when, because of the contractual arrangements, it is no longer technically part of the government estate.

Ms Ghosh: Because it is built into the contract, because you use the contract to drive through the sustainability outcomes you want, and that is what has happened in Trillium and in HMRC. That is how you do it.

Q117 Joan Walley: And you have the means of being able to audit and follow that through?

Ms Ghosh: Yes.

Mr Smith: Yes, absolutely. The ePIMS database, which is I would say one of the best pieces of management information I have come across in my eight months in government, has got 97% of all of the government properties, that is audited for

¹⁹ Note by Witness: The freehold is, in fact, 43%, not 42%.

²⁰ Note by Witness: The remaining 1% is serviced office accommodation.

accuracy, and we are at about 90% where we are happy with the audit of accuracy. There is very good management information.

Sir Ian Andrews: There may be some confusion over the QinetiQ position. QinetiQ is actually a private company which is no longer part of defence or government. We are a minority, so that is completely removed off the pitch. That is why I could not answer your question earlier about whether I knew the extent to which they continue with the trajectory. Everything which is on the government estate and is used by government—

Ms Ghosh: Used by government, that is the definition.

Sir Ian Andrews: —is captured in this. PFIs take different forms. You cited Land Securities Trillium and DWP, we have a huge PFI in defence—I referred to it earlier—for rationalising, renewing accommodation on Salisbury Plain in Aldershot Garrison. This is an £8 billion value over 35 years, it is accommodation for 18,500 people, demolishing 400 buildings, building 365 new ones, it is the biggest BREEAM project which has ever been attempted. It is achieving 97% of demolition waste crushed and re-used on site. I mentioned solar thermal water heating earlier, it won *Building Magazine's* Sustainable Development of the Year award and the entire supply chain is accredited to ISO 14000 standards. Different PFIs have different performances across the estate. If you look at the MoD main building, which is a PFI, the building is not owned by us over the period of the PFI but we are working with the PFI provider to look at ways in which we can improve the sustainability, the performance, of that building. So the shorthand PFI can take many forms.

Q118 Chairman: So if we had DCLG sat here and I was asking that question to your equivalent in DCLG in terms of new school buildings or academies, or if we had the Department of Health here, you could say with absolute certainty that this is incorporated and presumably the Sustainable Development Commission would be able to give the same verifiable answer?

Ms Ghosh: These targets apply to the estate and buildings and operations of central government departments, not local government which would be schools, or the NHS.

Q119 Joan Walley: But it is still government-funded, is it not?

Ms Ghosh: Many things are government-funded—NDPBs, some of which are adhering to similar targets. This is just central government departments and these targets apply to central government departments, so any building which is occupied by a central government department in any way, including my laboratories, is covered by these targets. There are other mechanisms—and you would need to ask Hugh Taylor and David Nicholson to talk in detail about, for example the NHS—which departments are driving through with their delivery bodies, like the NHS, like local

government, including my set of local area agreement targets, to get sustainability out there in the wider public sector. This is central government.

Q120 Joan Walley: The concern we have is that more and more contracts are being transferred, outsourced, privatised, and whether or not it is in the central government estate or under the government umbrella but nonetheless provided by a local agency, we are losing a lot of scope to be able to—

Ms Ghosh: For all the reasons which Ian and Nigel have described, as long as it is being occupied by the central government department, the central government department is responsible for making sure it delivers its overall targets as set out in our SOGE targets, and we can use the contracts, the leases, all of that, to ensure we are achieving our targets.

Q121 Joan Walley: But would you not agree that there is a large number of operations which are outside that definition which are still funded by central government?

Ms Ghosh: Indeed. The wider public sector—local government, schools, the NHS—is explicitly not covered by the SOGE targets but there are all sorts of other mechanisms which other departments will be able to answer for on how they are, nonetheless, really driving through sustainability.

Sir Ian Andrews: My understanding is that those are consistent with SOGE targets but they are not within the remit of the estate.

Joan Walley: Okay, thank you.

Q122 Mr Stuart: The Report on page 9 in its commentary says that in comparison with companies like Marks & Spencer the Government's own record looks particularly weak. Do you accept that?

Ms Ghosh: I think there are a number of parts of the private sector which in terms of the commitments they have made are ahead of us. Clearly we will be interested to see the outcomes. But, as I always say, this is not a competition. It is great that the big companies are setting a lead and achieving what they are achieving.

Q123 Mr Stuart: But is the performance of Government particularly weak? Your Department, which is supposed to be the lead department, is more than half way down the performance table.

Ms Ghosh: But improving. I come back to what Nigel said at the beginning, there are some very positive things coming out of the SDC Report and our response and some things on which we are conscious we have to work. I think the key point is that the whole of society and the economy is really getting engaged in this.

Q124 Mr Stuart: Are you particularly weak or not?

Mr Smith: Can I help? I will give you my observation. I think Government is weak against best in class performance in private industry, I do not believe that Government is weak across private industry. The issue is, what should we be actually

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trying to change? Why are we doing this? Is it to save 100,000 tonnes of carbon? No. It is to show leadership. The actual carbon emissions which come from central government as a percentage of the economy is relatively low—I cannot remember exactly.

Ms Ghosh: It is 8%. The 8% is from the public sector as a whole, and 36% of that comes from central government.

Q125 Mr Stuart: The point is that that leadership has not been shown and it has been a particularly weak performance to date. Can I move on to action to do something about it? The Prime Minister's Delivery Unit last year said that swift and decisive action needed to be taken. Can you tell us which of the urgent recommendations from that Report have not been taken up, whether they are going to be and, if not, why not?

Mr Smith: I believe all of them are and that was certainly one of the things I looked at very closely when I was recommending what we should do about where we are now and how are we going to achieve our targets. The PMDU talks about two fundamental things—the issue I have been talking about, perhaps the unsexy bit, which is the performance management and trajectories and it talks about personal accountability and permanent secretaries. Both of those things are fundamental to the Government response which was issued in March of this year.

Q126 Mr Stuart: So this is Gus O'Donnell reporting directly to the Defra Minister on performance?

Ms Ghosh: That was the point we were discussing earlier, Gus is discussing this with the Prime Minister and others, who is the appropriate minister for that report.

Q127 Mr Stuart: So “swift and decisive action required” came out in July last year, it is from the Prime Minister's own Delivery Unit and here we are, nearly in May the following year, and so urgent and important is this you cannot even sort out by now

which minister Sir Gus O'Donnell should speak to. That does not sound like Government is taking this matter very seriously.

Ms Ghosh: I hesitate to say this in front of a group of politicians, but the fact that we have set up all the delivery mechanisms, the targets, the objectives, and Nigel's team, is a very significant part of delivering what we need to deliver. It is a question of getting the machine moving and the machine is certainly moving, I can assure you. Gus has had discussions with Hilary on a number of occasions, the question is, who is the best person to report back to you on behalf of the Government as a whole. That is the only issue that remains.

Q128 Joan Walley: On that point I am afraid time has run out for us. I would like to thank all three of you for coming along and giving evidence. Just one thing we did not have a chance to cover was the issue of whether or not there could be an ACAS code of practice which could extend environmental duties into the opportunity for time off for workers; education and environmental training. I would be grateful if you could give a note to the Committee on that issue.²²

Ms Ghosh: Is that explicitly around the departmental trade union side?

Q129 Joan Walley: Yes. Time off for trade union activities.

Ms Ghosh: Specifically time for trade union representatives?

Q130 Joan Walley: For environmental issues to be included.

Ms Ghosh: Yes.

Mr Smith: I will reply to the Committee in respect of the data but can I say that if you look at pages 23 to 26 of the Government's reply, actually all the data and the re-base-lining of the data is shown in our Government reply.²³

Joan Walley: Okay. Thank you very much.

²² See Ev 33.

²³ http://www.cabinetoffice.gov.uk/reports/sustainable_development.aspx

Supplementary memorandum submitted by the Office of Government Commerce

Q80 *Market Transformation Programme:*

Market Transformation Programme is a group of experts whom Defra supports to help generate the evidence for sustainable product policy. For example, the Market Transformation Programme as well as other experts, advises Defra on “quick wins” which are procurement specifications to be used by government departments to ensure they procure sustainable products.

Q99–Q107 *Carbon targets on the Government Estate:*

The carbon emissions targets that all departments are signed up to are:

FOR THE OFFICE ESTATE

Carbon Emissions from Offices:

- Reverse the current upward trend in carbon emissions by April 2007.
- Reduce carbon emissions by 12.5% by 2010–2011, and by 30% by 2020, relative to 1999–2000 levels.

Carbon Neutral:

- Central Government’s office estate to be carbon neutral by 2012.

VEHICLES

Carbon Emissions from Road Vehicles:

- Reduce carbon emissions from road vehicles used for Government administrative operations by 15% by 2010–2011, relative to 2005–2006 levels.

FOR THE ENTIRE ESTATE

Energy Efficiency:

- Departments to increase their energy efficiency per m² by 15% by 2010, and by 30% by 2020, relative to 1999–2000 levels.

Whilst some targets apply to the office estate, others apply to the entire government estate, which led to some confusion at the enquiry. For clarity the correct scope of each of the targets is set out above.

Although the 2020 30% target relates to “carbon emissions from offices” some departments were not able to extract emission data on office activities from the entire estate and thus reported against the whole estate. Others purposefully chose to include non-office estate data in their returns to provide a more accurate picture of their performance (this is recognised in the SDC report).

For example, MoD has reported emissions for its non-operational (military operational) estate (which includes much more than just offices) for both of the reasons outlined above. The SDC were aware of the scope of reporting. MoD are now able to separate out a defined “office estate” but this would make their emissions reporting very misleading given the size of the rest of the estate and they would need to rebaseline. Others, such as Defra, are applying carbon management programmes across their entire estate but continue to report to SDC on the basis of the actual scope of the targets.

The previous energy efficiency targets were:

- Government departments to reduce absolute carbon, from fuel and electricity used in buildings on their estate by 12.5% by 2010–11, relative to 1999–2000.
- Reduce road transport vehicle CO₂ emissions by at least 10% by 31 March 2006 (against a baseline year of 2002–03), to be achieved through any combination of three options: Reducing total business vehicle mileage; improving the average fuel efficiency of vehicles and; or reducing total fuel consumed.
- Government departments to increase the energy efficiency of the buildings on their estate, measured in terms of kWh of 1) fuel and 2) electricity use per square metre of building floor area, or estate area, by 15% by 2010–2011 relative to 1999–2000.

The change in scope from the estate to the office estate came as a result of a consensus that offices (especially in relation to the smaller departments) were seen as areas where departments could make the biggest changes in terms of reducing their environmental impacts.

The energy efficiency target still applies to all buildings on the Government Estate maintaining the need for departments to apply carbon reduction strategies across the broader estate.

When the targets were reviewed, evidence collected and analysed by the cross Government Board suggested that there were too many to diffuse, unrelated “process type” operational targets in the original Framework for effective monitoring, which worked against the delivery of improvements.

The most important of the recommendations was that the new approach should set fewer outcome-oriented objectives, to give departments the flexibility to determine the most cost effective way of implementing them, which accounted for the huge diversity of the government estate.

The SOGE targets apply to all activities performed by every Government Department and their Executive Agencies. NDPBs and other Government bodies are strongly encouraged by their parent department to support and where feasible, adopt these targets. It is for individual departments to encourage their NDPBs and other bodies to adopt these targets or their equivalent.

May 2008

Memorandum from the Office of Government Commerce, Department for Environment, Food, and Rural Affairs and Ministry of Defence

Q74 (Joan Walley): *A breakdown of the new figure, cited in the Government memorandum, of a 4% reduction in CO₂ emissions from Government buildings for 2006–07, deriving from the rebaselining carried out since January, and not including the “QinetiQ effect”.*

Government acknowledges that a key finding of the 6th Sustainable Development in Government (SDiG) report was that Government has not made enough progress to lay the foundations of effective performance management: timely, accurate, real-time performance data that enables performance to be benchmarked and measured against robust baselines and trajectories of required performance.

The SDC also reported that rebaselining is still often necessary to reflect machinery of Government changes, which can and do have a material impact on individual departments’ ability to deliver agreed targets, for example the inclusion of the Magistrates’ Courts into the reporting responsibilities of the Ministry of Justice. Many departments are yet to put in place information and management systems that can respond to these changes.

The government therefore launched a major exercise in January 2008 to assure the data provided by government to the SDC, understand the causes of the concerns highlighted by SDC, and to better understand the drivers of performance. This exercise will provide a more accurate picture of performance and the drivers of good performance, which will enable performance to be managed more successfully in years to come.

The interim results will be the subject of validation by SDC and are highlighted in Annex B of the government response to the SDiG report. The results show that:

- the quality of that data supplied by departments to the SDC in the past has been variable and on too many occasions incomplete, inconsistent or inaccurate;
- confidence in the accuracy of current data returns is relatively high in relation to energy targets— but much work needs to be done in all other areas; and
- on the targets for carbon emissions, many changes are required to baselines for individual government departments—to reflect transfers in and out of government (the sale of QinetiQ the transfer in of the magistrates and probation estates) and increases in reporting (the success of the drive to include Executive Agencies and NDPBs in government returns in greater numbers).

Graphs depicting the impact of this exercise on the true performance of government against the Carbon Emissions from Offices targets are attached at Annex A. These graphs show both the overall position of government, and some key departments where rebaselining is necessary against the original baseline reported and against the proposed new baseline.

There was some confusion during the hearing on the carbon emissions reduction of 4% quoted in the Government Memorandum, and concern expressed by the Committee that this overstated performance due to inclusion of QinetiQ in the baseline figures. Government accepts that QinetiQ should be removed from the baseline and that, if this were done, this would lead to a materially lower performance improvement. The rebaselining of Government performance shown in Annex A does reflect the removal of QinetiQ but also adjusts for other changes associated with the courts estate, Cabinet Office, Home Office and DWP. The effect of these changes was to fully offset the negative effect of the QinetiQ removal and resulted in the carbon reduction performance remaining unchanged at 4%.

A high-level breakdown of the key changes in the composition of the baseline, as a result of the rebaselining exercise, is as follows (it should be noted, other smaller adjustments were also made):

Ministry of Defence	removal of QinetiQ	- 22kt/C
Ministry of Justice	addition of Magistrates Courts	+ 11 kt/C
Cabinet Office	reflecting true reporting scope	+ 1 kt/C
Home Office	addition of Probation Service	+ 10kt/C
DWP	addition of HSE	+ 1.5 kt/C
	Net change =	+ 1.5 kt/C

Please note that the figures quoted above are still subject to confirmation and validation by SDC.

Q84 (Dr Turner): *Whether the green electricity tariff contract negotiated by OGC/OGCbuying.solutions took any account of the additionality (ie the extent to which the contract increases the supply of renewable electricity) of different prospective green tariff deals, or whether it focused purely on cost.*

The OGC's Collaborative Procurement Directorate works with government departments and other public bodies to influence £72 billion of common spend. Initially, work is focussed on the categories of energy, fleet, travel, office solutions, ICT and professional services.

The government believes that by adopting a "category management" approach to the purchasing of common goods and services across the public sector, significant gains can be achieved both in terms of value for money and in terms of environmental sustainability.

The re-let of the OGCbuying.solutions (OGCb.s) electricity framework provides an example of this. Working with OGCb.s and Defra, the category management team aligned the deal with the government's SOGE targets, to enable departments to meet the requirement to source 10% of their energy from renewable sources by March 2008 without incurring additional costs. The renewable energy purchased under the agreement is exempt from the climate change levy, and therefore carries a Levy Exempt Certificate (LEC).

The objective was to make a framework arrangement available that would enable departments to meet the requirements of the SOGE targets, and remove any cost barrier they may have experienced. The contract does include an option for departments to retire⁴ the Renewable Obligation Certificate, which would drive additionality. However, this does have a cost implication, and it is for departments to determine whether this option best meets their needs when considering routes to reduce carbon emissions.

Q89 (Mr Stuart): *Defra's views on the issues raised by the Environment Agency about Partnerships for Renewables*

It is important to stress that the transactions which the Environment Agency and other public sector bodies (PSBs) are being invited to sign up to with Partnerships for Renewables (PFR) are lease options over PSB land. They are land transactions and therefore not subject to the public procurement rules.

If the Environment Agency (EA) being a State body leases EA land to PFR at an undervalue a State aid issue may arise. If the European Commission found it was a State aid then it could order Defra to recover the values of the undervalue from PFR. Assessing the "commercial value" of land with all planning issue problems etc. is an art rather than a science and the EA has a duty to make the best price in any event.

The choice of a suitable method to demonstrate Value for Money (VfM) by a PSB depends on various factors such as: the relative costs and speed of the chosen process, any prior knowledge of the market, the chances of a tender being successful, the liquidity of the market in which it is operating and the potential of creating a precedent of treating a land deal associated with PFR differently to other land transactions under consideration. Suitable methods include the use of independent market studies, comparisons with previous unsolicited offers, investigations by the District Valuer, and informal or formal tenders/enquiries of known market participants.

The European Commission has published a number of guidelines and notices on different forms of financial support and the conditions under which they can be deemed to be State aid under Article 87(1) EC. Guidelines include those relating to State aid in the form of the disposition of land. These make it clear that the market price of a disposition of land does not have to be established by a tender exercise as there are other methods involving independent valuation recognised by the Commission (and by the professionals) of establishing a market price for land which if adhered to would accordingly not be a State aid.

Defra would be happy to discuss this process further with the EA.

⁴ "Retiring" is the process whereby you reduce the number of certificates in the market thus the supplier would need to purchase additional certificates or generate more green electricity.

Q128 (Joan Walley): *Acas Code of Practice on Time Off for Trade Union Duties and Activities*

The Acas Code of Practice has been in place for about 30 years, and it has been amended occasionally during that period. Among other things, it provides practical guidance on questions relating to the time off for the lay representatives of trade unions. The Code's guidance is taken into account by the employment tribunal in determining any question where it appears to the tribunal to be relevant.

Environmental representatives are a relatively new type of lay union official. The law does not provide any explicit time off rights to them. The current Acas Code of Practice does not therefore refer to environmental representatives directly.

The Department for Business, Enterprise and Regulatory Reform (BERR) carried out a review of the facilities and facility time of workplace representatives during 2007. That review ended in November last year, when BERR issued a response document to a public consultation about the position of workplace representatives. Among other things, the review found that the existing regulatory framework regarding workplace representatives, including their rights to time off, was working satisfactorily and should be not be amended. In line with this overall position, the review also concluded that it was premature to provide explicit time off rights to environmental representatives.

The review recommended that the Acas Code of Practice should be revised and updated. It suggested in particular that Acas might consider how the Code of Practice should deal with such issues as cover, workloads and the use of ICT equipment. Pat McFadden, Minister of State for Employment Relations, accordingly wrote to the Chair of Acas in December inviting Acas to consider revising the Code of Practice. Acas responded by agreeing to undertake a revision.

Acas is independent and it cannot be directed by Government to amend its Codes of Practice in particular ways. It is therefore the task of the Acas Council, in whose membership are prominent figures from business and trade unions, to decide how this particular Code of Practice should be revised. Acas is required by statute to consult on a draft of a revised Code of Practice. BERR understands that Acas intends to undertake a public consultation later this year. It follows that it is a matter for Acas to decide whether explicit advice or guidance about union environmental representatives should be added to the Code of Practice.

ADDITIONAL CLARIFICATION

What exactly is covered by the 2010–11 and 2020 carbon reduction targets, and by the 2012 carbon neutrality target? In particular, are PFI prisons included in Government figures and covered by the targets?

The carbon emissions targets that all departments are signed up to are:

FOR THE OFFICE ESTATE

Carbon Emissions from Offices:

- Reverse the current upward trend in carbon emissions by April 2007.
- Reduce carbon emissions by 12.5% by 2010–11, and by 30% by 2020, relative to 1999–2000 levels.

Carbon Neutral:

- Central Government's office estate to be carbon neutral by 2012.

These targets apply only to the central government office estate. However, some departments were not able to extract emission data on office activities from the entire estate and thus reported against the whole estate. Others purposefully chose to include non-office estate data in their returns to provide a more accurate picture of their performance (this is recognised in the SDC report).

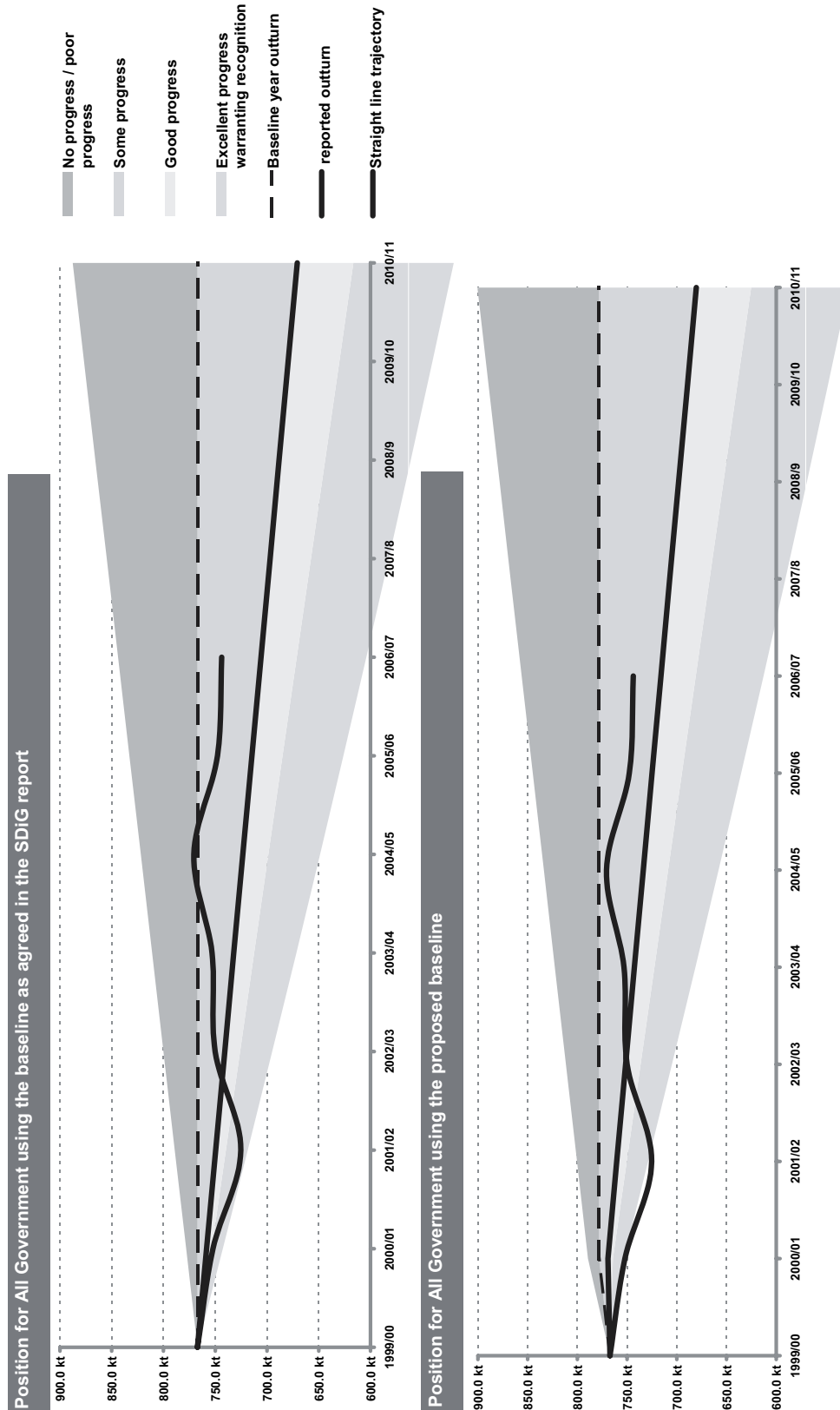
For example, MoD has reported emissions for its non-operational (military operational) estate (which includes much more than just offices) for both of the reasons outlined above. The SDC were aware of the scope of reporting. MoD are now able to separate out a defined "office estate" but this would make their emissions reporting very misleading given the size of the rest of the estate and they would need to rebase. Others, such as Defra, are applying carbon management programmes across their entire estate but continue to report to SDC on the basis of the actual scope of the targets.

Where an office is refurbished, built, or managed under a PFI arrangement, it remains a government office for the purposes of this target. Departments in these circumstances work with their PFI or outsource provider to ensure that the relevant data is captured and reported. Examples of this can be seen on the HM Treasury estate (where the HMT main building was refurbished and managed under a PFI arrangement) and the Land Securities Trillium agreement with DWP.

Prisons do not fall within the scope of this target, as they cannot be defined as offices. However, in the interests of presenting an accurate picture of performance, HMPS have reported on emissions from publicly run prisons. Those prisons run by private companies do not fall within the scope.

18 May 2008

Annex A



Memorandum submitted by the Sustainable Development Commission

Q34 Martin Horwood: The Department for Transport in 2005–06 recycled 85% of its waste, in 2006–07 it was only 57% and you give them “excellent progress”. You refer on the next page to the fact that it may be something to do with better data management but it is not fully explained. If the target is only 45% or something like that then clearly they are well above it in both years and in your world that may count as excellent progress. There is something very strange going on there that is not really explained.

Firstly, it should be noted that this question highlighted an error in the SDiG 2007 report. 2005–06 data was transposed from last year’s report where DH was listed as “DoH”. Therefore, last year it was listed after DfT alphabetically. However, this change was not noted when Table 4.3 (pg 89, SDiG 07) was compiled, and the data for 2005–06 copied over. So the 2005–06 recycling rates for DH and DfT appear in the wrong order, and should be reversed, ie DH recycled 85.4% and DfT recycled 70.1%. This means that DfT’s recycling rate actually went from 70.1% in 2005–06 to 57.1% in 2006–07; a much smaller drop, but a significant drop nonetheless.

The reason for this negative change in performance is due primarily to improved information and data quality. DfT has provided the following explanation and this has been reproduced verbatim and included as an Annex:

The answer lies in the 2005–06 figures where we were reported in SDiG as having total arisings of 3,326 tonnes and a recycled amount of 2,331 tonnes which gives the 70% figure.

As you know, Gavin and I [DfT practitioners] spent a lot of time between March and June last year trying to make sense of the figures submitted by DfT over the period 2002–03 to 2006–07. On the waste figures we submitted a re-baselining case and in this we acknowledged that there appeared to be three major omissions from the 2005–06 reported data—

- (a) DfT(C) HQ was excluded and we discovered a figure of 277 tonnes for waste arisings and 128.27 tonnes for recycling that was reported too late for inclusion in the SDiG return
- (b) DVLA’s territorial estate was excluded and we discovered a figure of 307 tonnes for waste arisings but no figures for any recycling. Again this was reported late.
- (c) VOSA’s estate was not reported at all, although 244 tonnes was included in 2004–05 as part of the baseline. No recycling figures were ever submitted.

Those three major errors in the 2005–06 return amount to 828 tonnes and would raise the total that should have been reported for waste arisings to 4,154 tonnes. Recycling would however have only increased to 2,459 tonnes. There were a number of other smaller discrepancies in the 2005–06 reported data (some of which we did not discover until they were submitted on the 2006–07 return!!) and our best estimate of what should have been reported in 2005–06 is:

Waste Arisings—4,335 tonnes (reported in our re-baselining case)

Recycled Amount—2,469 tonnes

Therefore the Recycled percentage for 2005–06 should have been 56.96%—so actually we show about a 0.2% improvement!!

Often in the SDiG process significant changes in data are due to an increased scope of reporting, or better ways of recording and reporting. This can result in bigger numbers and hence what appears to be worsened performance. This appears to be the case for DfT’s recycling rates. Data quality continues to be a major problem in this process; something the SDC has commented strongly on each year for which we have done an SDiG assessment. The SDC hopes that this issue will now be seriously addressed as a part of the agenda for the newly formed Centre for Expertise for Sustainable Procurement (CESP).

It should be noted that 2005–06 is not the baseline year for recycling as no baseline is required. The target is simply to meet a benchmark standard. Table 4.3 was produced solely for analysis purposes. Therefore, despite the reported year-on-year drop in performance, DfT is still well beyond the target of a recycling rate of 40% by 2010 and therefore warrants the “blue” or “excellent progress” rating awarded. This also applies to DH which still shows an improvement in recycling rate from 2005–06 to 2006–07 despite the error. At a recycling rate of 91.5%, DH also still warrants the “blue” or “excellent progress” rating awarded. This error has no impact on the the overall governmental assessment or the star ratings.

The new figure, cited in the Government memo to EAC, of a 4% reduction in CO₂ emissions from Government buildings for 2006–07, deriving from the rebaselining carried out since January, and not including the “QinetiQ effect”. The Committee was particularly interested in getting a breakdown of this figure, to show clearly how it has been arrived at.

The original figure of 4% referred to the reduction in carbon emissions from offices from 1990–00 across government if QinetiQ is included in MoD’s baseline. If QinetiQ is removed from the baseline (as it should be) the reduction drops to 0.7%.

The 4% that Government alluded to is something they call the “True Picture of Government” from the Government Response to the SDiG report. As a part of the Government Response, the OGC made a series of assumptions regarding the adjustment of baseline figures, including rebaselining out QinetiQ. They assert that if all the major baseline adjustments were to be made there would be a cancelling effect and a net zero result, ie the position across government as a whole would not change. For example, while removing QinetiQ

would worsen government's performance, changes in MOJ, CO, HO and DWP should improve government's performance. And the changes would cancel one another out. Therefore the 4% figure we report would remain virtually unchanged in this "True Picture of Government".

For details of these calculations, refer to the Government Supplementary Memo.⁵

However, while the SDC agrees in principle with the reasoning presented in the Government response, we do not accept the numbers as these have not been subject to the correct process for rebaselining or to our scrutiny. We are currently undertaking a full rebaselining process with departments, and this process will determine actual baseline figures. Over 45 rebaselining cases have been submitted to the SDC, covering 18 departments and all of the "big 5". Decisions on rebaselining cases are due on the 16th June 2008, and are made by a Rebaselining Panel which consists of the SDC, the OGC/CESP and Defra.

What exactly is covered by the 2012 and 2020 carbon reduction targets, and by the 2012 carbon neutrality target?

FOR THE OFFICE ESTATE

Carbon Emissions from Offices:

- Reverse the current upward trend in carbon emissions by April 2007.
- Reduce carbon emissions by 12.5% by 2010–2011, and by 30% by 2020, relative to 1999–2000 levels.

Carbon Neutral:

- Central Government's office estate to be carbon neutral by 2012.

So both targets (actually all three as carbon emissions is a double target) apply only to the office estate, despite what Government said in response to questions 99–105 in the session.

The implication here is that even if government does achieve its 2010–11 target to reduce carbon emissions from offices by 12.5%, in 2012 it will still have to offset up to 87.5% of 1999–00 office carbon emissions to meet its carbon neutrality target. So if their target is met (which at the moment they are not on track to do) they will have to offset 2,110,452 tonnes of CO₂ (2,411,945 x 87.5%). At the price (£9.91 per tonne of CO₂) currently used for offsetting air travel by the Government Carbon Offsetting Fund (GCOF), this would amount to £20,914,578. This is obviously a poor use of taxpayers' money and the goal should be for the greatest reduction of carbon emissions before any offsetting is considered.

Furthermore, this would mean that only the central government office estate is carbon neutral. Government itself still could not claim that it was entirely carbon neutral.

In particular, are PFI prisons included in Government figures and covered by the targets? (Nigel Smith's evidence seemed to suggest basically that everything that was outsourced or under PFI, but remained a core Government activity on Government property, was still covered.)

The Government's Supplementary Memo regarding this point has been reproduced below:

Prisons do not fall within the scope of this target, as they cannot be defined as offices. However, in the interests of presenting an accurate picture of performance, HMPS have reported on emissions from publicly run prisons. Those prisons run by private companies do not fall within the scope.

The SDC agrees that for SDiG 2006–07 PFI prisons were not included in Government figures, but publicly run prisons were.

This issue further confirms the need for a constructive dialogue and formal review regarding the scope of "government operations". In particular, government needs to be very clear what organisations and operations government targets should cover, and whether or not those operations run on behalf of government (eg private prisons) should be assessed. If the later is confirmed, clear guidance must be provided for departments to quantify the impact of outsourced operations.

Other points to the EAC to consider:

1. Clarification about available supplier information. Government cannot generally report on its full operational impacts where these occur off their estate. So for example, printing functions which have recently been outsourced are now off the radar, as is Defra's main estate helpline.

⁵ See Ev

2. It would help the SDC carry out its remit more effectively if greater legislative power regarding its scrutiny function was mandated. This includes the direct examination of evidence provided, the review of management information systems (for both policy and operations), and ability to request evidence that is reasonable under our general Terms of Reference (eg reasonable evidence that falls outside explicit targets).

6 June 2008

Written evidence

Memorandum by the Association for the Conservation of Energy

INTRODUCTION

The Association for the Conservation of Energy is a lobbying, campaigning and policy research organisation, and has worked in the field of energy efficiency since 1981. Our lobbying and campaigning work represents the interests of our membership: major manufacturers and distributors of energy saving equipment in the United Kingdom. Our policy research is funded independently, and is focused on four key themes: policies and programmes to encourage increased energy efficiency; the environmental benefits of increased energy efficiency; the social impacts of energy use and of investment in energy efficiency measures; and organisational roles in the process of implementing energy efficiency policy.

In light of the Association's remit, we shall be confining ourselves to responding to questions 3 and 10 of the Committee's Inquiry.

SUMMARY

- The Government is not on track to meet its own carbon reduction and energy efficiency targets.
- Current targets are merely set as aims or goals and should be made mandatory.
- The Government should back Anne Snelgrove MP's Public Sector Buildings (Energy Performance) Bill which makes mandatory the Government's commitment to procure buildings in the top quartile of energy performance.
- Government has failed to introduce new requirements for the procurement of energy efficient public sector buildings pursuant to Article 5 of the Energy Services Directive.
- All targets should be extended to cover Executive Non-Departmental Public Bodies, in addition to Government Departments and Executive Agencies.

CARBON EMISSIONS AND ENERGY CONSUMPTION TARGETS

3. *Why has progress in reducing carbon emissions from the Government Estate been so poor? What should be done to accelerate progress?*

1. In the Sustainable Development Commission (SDC) Fifth Annual Report of 2006, *Sustainable Development in Government*, one of the key findings stated that Government was not on track to meet its target to reduce carbon emissions from energy use by 2010. A year later the Government is no closer to meeting this target: in fact the 2007 SDC Annual Report highlights that carbon emissions from Government offices (excluding Ministry of Defence) have increased by 22%. If the Government were on track to meet its target to reduce carbon emissions by 12.5% by 2010, Departments should have reduced emissions by 1% per annum—which would have meant a 6% reduction by 2005–06. However, the actual reduction achieved across the central government estate was only 0.5%.

2. According to the latest National Audit Office report, *Energy consumption and carbon emissions in government departments*, 16 out of 21 departments are not on track to meet their carbon reduction targets and there is no downward trend in emissions. Last year 14 out of 21 departments were less energy efficient than they were in 2000; this year that has risen to 15 departments.

3. ACE believes that the reason for this lack of progress is that currently all targets are merely set as aims or goals and it is not mandatory for targets to be met. To this end the Association for the Conservation of Energy is supporting Anne Snelgrove MP's Public Sector Buildings (Energy Performance) Bill. This Bill gives legal force to the Government commitment to require all buildings on the Central Government Estate to be procured in the top quartile of energy performance. This commitment was first made in Defra's Energy Efficiency Action Plan in April 2004 and subsequently restated in the Common Minimum Standards for the Procurement of Built Environments in the Public Sector, published by the Office of Government Commerce in September 2005. The most recent restatement of the commitment was in the 2007 Energy White Paper. By supporting the Public Sector Buildings (Energy Performance) Bill, the Government will put itself back on track to meet its targets. This will also create a demand for low carbon buildings across the rest of the commercial sector.

4. The Government should seize the opportunities provided by Article 5 of the Energy End-Use Efficiency and Energy Services Directive to introduce requirements to procure energy efficient public sector buildings. Article 5 of the Directive requires the public sector in member states to fulfil an exemplary role in driving forward energy savings. In particular member states must ensure that energy efficiency improvement measures are taken by the public sector, focussing on cost-effective measures which generate the largest energy savings in the shortest span of time. To do this member states must introduce at least two energy efficient public procurement measures from a list of six eligible measures.

5. Instead of seizing these opportunities, in its recent consultation Defra proposed that the UK Government fulfil its obligations under Article 5 merely by implementing requirements to purchase energy efficient *equipment* and *vehicles*. It has opted not to introduce new requirements for the procurement of energy efficient public sector *buildings*. We believe this is a huge missed opportunity to improve on the poor energy performance of public sector buildings. By introducing such requirements in addition to those for equipment and vehicles and by supporting the Public Sector Buildings (Energy Performance) Bill, the Government will demonstrate unequivocally that it is serious about leading the way in the fight against climate change. By setting its own house in order, it can encourage others to do so from a position of strength.

10. *SOGE targets currently cover core Departments and Executive agencies. Is this adequate, or should they be extended to cover all Executive NDPBs especially given the growing volume of Government business covered by arm's-length bodies?*

6. ACE believes that all public sector sustainability targets should be extended to cover all Executive Non-Departmental Public Bodies. This would mirror the scope of the Common Minimum Standards for the Procurement of Built Environments in the Public Sector, which quite clearly covers Non Departmental Public Bodies as well as Government Departments and Executive Agencies.

21 April 2008

Memorandum submitted by the Combined Heat and Power Association

INTRODUCTION

Overview of the Combined Heat and Power Association

1. The CHPA is a long-established not-for-profit trade association, that acts as a focus for the combined heat and power (CHP) and community heating industry in the UK, providing support across our membership and working to establish and maintain the strong and stable market conditions necessary to grow the application of these technologies. The CHPA has well over 60 members and represents a significant proportion of the total CHP capacity within the UK. Our membership comprises of CHP developers (small and community scale, large scale industrial and utility companies), end users, suppliers, public sector bodies and professional services providers.

Background to this Response

2. The Association welcome the Environmental Audit Committee's (EAC) inquiry. The Association believes that Local and National Government are unique stakeholders in the challenge to transform the UK into a low carbon economy. As noted in the (EAC) press notice announcing this inquiry, the operations of Government have a sizeable environmental impact and Government are accountable for meeting a range of sustainability targets under its Framework for Sustainable Development on the Government Estate.

3. The CHPA is concerned that recent reports from both the Sustainable Development Commission¹ (SDC) and the review by the NAO² Office have provided a stark illustration of the extent to which some Departments are failing to meet their Framework for Sustainable Development targets. Government appears to be facing a huge challenge if it is to achieve its statutory duty that is laid out in target E4, which requires departments to source at least 15 per cent of electricity from good quality CHP by 2010. This itself is a lesser target than those set under a new framework for Sustainable Operations on the Government Estate (SOGE), which includes a target for the Government Estate to be carbon neutral by 2012.

RESPONSE TO QUESTIONS RAISED

How should the Government treat the purchase by Departments of electricity from "green tariff" contracts?

4. The Association has no objection to green tariffs *per se*, provided that they are offering a genuinely additional impact in respect of carbon abatement objectives.

5. However the utilisation of green tariffs is a convenient or expedient approach that fails to either:

- secure for Government the long-term benefits of investing directly in alternative, low-carbon energy sources; or

¹ Sustainable Development in Government 2007.

² Energy consumption and carbon emissions in government departments November, National Audit Office 2007.

- exploit the commercial position of the public estate as a secure, long-term customer that is able to provide the necessary contractual security to support a more ambitious programme of capital investment, such as CHP or community heating.

6. Furthermore, through the requirement to adopt a “whole life costing” approach in respect of capital investments, the Government is in a position to manage to the capital constraints that might typically apply to comparable commercial organisations. However, procurement managers will need to be given clear guidance on the use of this approach.

7. Notwithstanding the requirement to adopt a whole life costing approach, the Government also has available to it the facility to enter into a commercial energy services contract that can secure the benefits of capital investment in lower-carbon technologies whilst sustaining only revenue charges.

8. Under these conditions, the Government is in a strong position to move beyond the limited response and relatively unambitious response of procuring a green tariff.

What should be done to accelerate progress from Departments in using combined heat and power, and sourcing electricity from onsite renewables?

9. Presently the target for the Government to utilise CHP, as specified under the Framework for Sustainable Development target E4, is framed in terms of electricity supply. The SDC’s report “Sustainable Development in Government 2007” notes, somewhat disappointingly, that overall the Government has reported that 5.8% of electricity is sourced from CHP power. This provision allows for government to source the electricity necessary to meet its targets from remotely generated CHP, but requires no physical or local relationship between the generating plant and the Government consumer.

10. As noted above, this situation fails to leverage the powerful position of the Government estate as a host for CHP or as a cornerstone for the development of community heating schemes, as is the case where departmental buildings are in close proximity to one another or to other complementary energy loads:

- Commercial CHP opportunities arise where there is a stable, long-term heat or cooling load. This load provides the basis for a long-term heat or cooling contract that in turn provides the necessary commercial conditions to support investment in a CHP plant. In the case of a district heating system it provides a stable “anchor” load, as part of a portfolio of contracts that will provide the revenues for that system.
- In contrast to a conventional energy supply arrangement for thermal services, adopting CHP or community heating/cooling for the physical provision of energy services will ensure that the Government estate is making a direct contribution to reducing carbon emissions and minimising energy consumption on its own estate as well as creating the opportunity for adjacent buildings to do so by connection to the system.
- The requirement to adopt a whole-life costing approach should, under normal circumstances, bring Government departments to consider CHP options, as they will in most cases offer cost benefits in addition to environmental benefits over the longer term.
- In any case, capital barriers can be addressed through partnership with commercial energy services providers, which have the capability to absorb capital costs and present the Government customer with an annual revenue charge.
- In many cases, the Government Estate is well placed to enter into such energy contracts, recognising that much of the Estate is subject either to an extended lease periods or to a PFI contract with a similar tenor (duration).

11. Irrespective of the supply option, Government departments will require the provision of electricity and thermal services (heating or cooling). Furthermore, the level of this demand for a given building or complex is unlikely to change dramatically once the fabric of the building has been established. Hence entering into a long-term contract for heat supply from CHP represents a relatively low-risk proposition for the Government estate.

Why has progress in reducing carbon emissions from the Government Estate been so poor?

12. At the simplest level, the relatively weak provisions of the existing targets have provided Government departments with a relatively simple alternative compliance option. Although it may be dangerous to generalise a number of further factors may contribute to the pattern of limited progress, including inertia, ignorance of alternative options, perceptions of increased risk, constraints on public borrowing and a lack of incentive for individuals to change procurement patterns.

13. The evidence of positive progress in some aspects of the Government estate suggests that there should be no fundamental barriers to a more widespread adoption of CHP and CH in the Government estate.

What should be done to accelerate progress?

14. Targets for CHP should be expressed in terms of heat or cooling supply from CHP and should be considerably more aggressive than the existing 15% percentage level in place for CHP electricity.

15. Programmes should be instigated to share best practice and to provide effective decision support to those responsible for decisions affecting energy supply and environmental compliance.

Should targets for energy use be framed in terms of absolute reductions in consumption, as opposed to improvements in energy efficiency?

16. Expressing targets as a fraction of energy supply to be derived from CHP sources would deliver an implicit minimum energy saving.

17. More generally, recognising efforts to reduce the overall scale of Government and the efforts to improve the physical energy performance of both new and existing buildings, a target expressed in terms of absolute reduction is probably more appropriate.

18. Given the poor progress to date, the Government needs to drive knowledge of the opportunities for CHP on MOD sites. Where these sites are sold off to other parties the MOD should seek to highlight the benefits of developing DH networks on new developments

19. With the imminent implementation of the CRC, all national Government buildings should be included within the scheme and the benefits of CHP promoted in any supporting guidance.

22 April 2008

Memorandum submitted by the Environment Agency

SUMMARY

The Environment Agency welcomes this inquiry. We are committed to reducing the environmental footprint of our own operations and have adopted ambitious targets that we are making good progress towards meeting. We were represented on both the Sustainable Operations Board and Sustainable Procurement Task Force during its development phase.

Government must be a leader in embedding sustainability within its own operations; however, progress has been disappointing. Too often this is justified by claims of inadequate funding and the need for more guidelines.

Government procurement accounts for almost half of GDP, allowing significant opportunities to reduce the sustainability impacts of their suppliers. This leverage should be exploited and Government suppliers be encouraged to offer more sustainable solutions to their private customers.

The high scores of some Departments reported in the SDC's Sustainable Development in Government assessment, and our own performance, show that progress against the Sustainable Operations on the Government Estate (SOGE) targets is achievable.

We believe that:

- Performance against these targets should be made an urgent priority within Departments and other Government bodies.
- The SOGE targets should be brought forward.
- The SOGE framework should be applied to all parts of Government, including NDPBs such as ourselves.
- Offsets and green electricity tariffs, and therefore achieving carbon neutral status, should not distract from the higher priority of significantly reducing emissions from the Government estate.

Our answers to specific questions posed by the inquiry follow.

Q1. How successfully is the Government providing centralised leadership, guidance, and funding for Departments and Agencies? How well are Departments making use of expertise and funding provided by central bodies, as well as each other? Should anything be done to improve coordination?

1.1 Procurement

The Sustainable Procurement Centre of Excellence has struggled to gain profile and has not provided clear leadership. It currently falls between Government Departments, and would benefit from a single point of leadership. We suggest that this would best be delivered within the Office of Government Commerce (OGC) under their Government procurement policy remit. More recently it is encouraging to note the greater engagement of the OGC at an executive level in the Centre of Excellence.

1.2 To facilitate sharing of best practice we have made a number of our sustainable procurement guidance documents publicly available, including, for example, our sustainable commodity guidance and our timber policy. We would encourage other parts of Government to do the same.

1.3 Sustainable operations

We believe that there is ample guidance available for improving the sustainability of operations, and that leadership should now focus on delivering results. The lead Departments should demonstrate leadership by delivering the agreed targets early, and, where possible, surpassing these targets. The profile of these issues would be raised by including a sustainability target in individual and organisational performance frameworks, with a link to bonuses for individuals.

1.4 Other support

The Carbon Trust have established an enterprise company called Partnerships for Renewables (PfR), which has the mandate to work with the public sector to finance and project manage wind power projects on public sector land.

1.5 The Environment Agency, as an early partner of PfR, has experienced two barriers to working with PfR that we expect will be common to all Departments: we received legal advice that we need to do more to demonstrate value for money and to ensure that we are not seen to be providing state aid. To address this, we are using a competitive procurement process.

1.6 The PfR initiative is useful, in that it provides a straightforward tool for developing wind power on public sector land. However, it would accelerate the process and make it more attractive to other Departments if either Defra or the OGC clarified the value for money and state aid issues on behalf of all Government Departments and Agencies.

Q2. How well are Sustainable Operations on the Government Estate (SOGE) data and targets embedded into core management information systems and priorities within Departments and Agencies? How could this be improved?

2.1 The Environment Agency has developed a strategy to drive improvements in our own sustainability performance based on targets that go well beyond the SOGE targets. For example we aim to achieve the targets for CO₂ reductions, water use reductions and recycling rates by March 2012 rather than 2020. This is challenging but achievable.

2.2 Both the strategy targets and data collection are fully embedded within our performance management processes and scorecards. Performance is formally reviewed by Directors, the Board, and Regional Directors on a quarterly basis. Remedial action is identified when problems are identified and progress is lacking.

Q3. Why has progress in reducing carbon emissions from the Government Estate been so poor? What should be done to accelerate progress?

3.1 During 2007–08 the EA reduced carbon emissions by 3% from 2006–07 levels. We plan to achieve a 15% reduction by 2010–11. This reduction has been achieved through more efficient use of existing infrastructure. Meeting the 30% target will require significant modification and more flexible use of our building stock, continued work to reduce mileage and vehicle emissions, and reducing the energy we use to pump water for flood defence and water resource purposes. To help deliver this we have:

- Established a national team to conduct a comprehensive review of our property portfolio with the remit to reduce the space we occupy and improve the environmental performance of the property we retain.
- Launched a new lease car policy with an even greater focus on reducing vehicle emissions. As a result the average emissions from our lease fleet have fallen from 149 g/km in March 2006 to 143 g/km in March 2008, with the average for new cars brought onto the fleet during 2007–08 being 138 g/km. This approach has been replicated for our badged fleet.
- Conducted a review of the efficiency of our pumps. We are now prioritising the actions recommended in this review based on potential carbon reductions and cost.
- Ensured that our new head office in central Bristol meets the highest standards. Due to be complete in 2010, the office will meet BREEAM Outstanding standard, with natural ventilation, ground source heat pumps, and solar photovoltaics. The cost of the building will be below the average business rate for the area.

3.2 We believe that similar actions could be taken by other parts of the Government estate and that the barriers to doing so are often exaggerated.

3.3 *What should be done to accelerate progress?*

The current deadline of 2020 to deliver the 30% reduction in CO₂ emissions is comparatively unambitious and does not create sufficient urgency to act. It has resulted in Departments implementing only modest changes at best and putting off the bolder, step changes that are required to meet the 30% reduction. This means that Government is slipping well behind leading private sector organisations. It may be necessary to link performance targets with pay and performance systems.

3.4 The Environment Agency's aim is to reduce emissions by 30% by 2012. We believe that all Departments and Agencies should be able to achieve a similar target.

Q4. *Should targets for energy use be framed in terms of absolute reductions in consumption, as opposed to improvements in energy efficiency?*

4.1 The target needs to be designed to deliver the desired environmental outcome, which in this case is to reduce carbon emissions. The current target to improve energy efficiency per m² is unhelpful to organisations looking to reduce their overall buildings portfolio.

4.2 For example, our current desk occupancy is less than 50%, which compares to that of other large organisations such as BT, which has an occupancy of 40%. We plan to reduce our energy needs by reducing the space and hence the number of buildings we occupy. The buildings we keep will need to work harder, with more people working in the same space. This is likely to result in an increase in energy use per m² but deliver the greatest absolute reduction in energy used in our buildings.

4.3 We therefore recommend that targets for energy use are in terms of absolute reductions, and that this is linked with reductions in greenhouse gas emissions.

Q5. *How should the Government treat the purchase by Departments of electricity from "green tariff" contracts?*

5.1 Green tariffs could be a useful tool in helping the renewables industry grow, and for this reason Government Departments should be encouraged to purchase their electricity via such tariffs. We do not, however, believe that they should be treated differently from conventional tariffs in SOGE targets for two reasons:

5.2 There is little evidence to suggest that current green tariffs deliver additional growth in renewable energy supply. A report by the NCC³ found that most green tariffs do not deliver the environmental benefits they claim to, and that many suppliers are not doing more than their requirement under the Renewables Obligation.

5.3 It would detract from the core aim of reducing carbon emissions from the Government estate. Green tariffs can be brought at relatively low premiums relative to conventional tariffs. If green tariffs were given an incentive under the SOGE framework through, for example, considering it to be low carbon or carbon neutral, they would become much more attractive than actual carbon efficiency and reduction measures within the Government estate itself.

Q6. *What should be done to accelerate progress from Departments in using combined heat and power, and sourcing electricity from onsite renewables?*

6.1 Capital funding for CHP and onsite renewables should be provided through either a Government-wide dedicated funding stream or through individual Department level funds. The existing tools (carbon trading, energy pricing, energy labelling and building regulations) are inadequate to drive the transformational change required to deliver the SOGE targets.

6.2 In the absence of a central fund, the Environment Agency has created its own. We have made the decision not to invest, in any significant way, in carbon offsets as we feel that this will distract us from reducing our own carbon footprint. Instead of offsetting we are putting funds into an internal "carbon reduction fund".

6.3 The Fund's original budget was based on the cost to offset our own carbon emissions. This was an innovative way of offsetting that also allows us to reduce our own carbon footprint.

6.4 This fund is being used to finance carbon reduction projects, including the installation of a biomass boiler, two medium sized wind turbines, a small hydro turbine, solar hot water heating at five sites and sun tubes/pipes at two sites. During 2006–07 and 2007–08 this fund was £237,000. During 2008–09 £400,000 will be allocated.

6.5 One difficulty with this approach is spending the money within an annualised budget cycle. A number of these projects require planning permission and it is often hard to predict how long this will take.

³ NCC (2006) Reality or rhetoric: green tariffs for domestic consumers.

Q7. How should Departments and Agencies make better progress on reducing CO₂ emissions from their use of road vehicles?

7.1 At the Environment Agency we have adopted a “travel hierarchy” as follows:

- We will only travel when essential.
- When we do travel the first option will be public transport.
- We accept that to fulfil our duties we do need to drive “essential miles”. To minimise the impact of these miles we select the lowest CO₂ vehicles available from manufacturers. This forms a key part of our procurement strategy and we continually review the market to ensure we are getting the lowest CO₂ vehicles.
- We trial and embrace new low CO₂ fuel technologies and vehicles. Currently we are trialling sustainable biodiesel⁴ in over 70 vehicles, 4 electric vehicles and are looking to trial 50 hybrid units.

7.2 We are named by the Department of Transport (DfT) as one of 5 companies in England and Wales chosen to work with CENEX and the DfT to trial a new low CO₂ van.

Q8. What controls should the Government place on its use of carbon credits to meet its target of carbon neutrality?

8.1 We propose that:

- The contribution that carbon offsets can make towards Government’s and Department’s emission reduction targets is capped at a set percentage.
- All carbon offsets purchased by Government should comply with Defra’s Code of Good Practice, which is currently in development.
- The carbon reduction target of 30% is achieved prior to significant investment into offsets. The date for achieving the 30% reduction should be brought forward to 2015 for the whole of the Government Estate.

8.2 Government hope to deliver around 1 million tonnes of CO₂ savings by 2020 through its sustainable procurement action plan, and have committed to making the entire office estate carbon neutral by 2012. This would entail offsetting approximately 1.3 million tonnes of CO₂ per year, ie over half of the total emissions.

8.3 We are concerned that this would not be a desirable outcome. It is likely that the funds required to offset this quantity of emissions could be better spent on reducing emissions within the Government estates. It also sends a strong, and we feel misguided signal to the wider economy that offsetting comes before actual direct carbon reductions in an emission reduction strategy.

8.4 We believe that high quality carbon offsets that deliver genuinely additional carbon savings can play an important role in an organisation’s carbon reduction strategy. However it lies at the bottom of hierarchy of actions to reduce CO₂ emissions. Only if an organisation has already taken action to reduce its direct and indirect emissions should it offset the remaining CO₂.

Q9. How does the new set of targets under the SOGE framework, established in 2006, compare with the previous set, established in 2002 and 2004? What are the advantages of the new set? Has anything important been lost? Should any new targets be added? Are the targets at the right level of ambition?

9.1 The current set of targets are more outcome focussed than previously, a move that we have supported. The targets cover the key areas and we do not believe that additional targets would be appropriate as they may dilute the focus of the SOGE initiative.

9.2 *Are the targets at the right level of ambition?*

The deadlines for achieving a number of the SOGE targets should be brought forward. For example:

- The target to reduce carbon emissions by 30% should be achieved by March 2015. The current deadline of 2020 demonstrates a lack of ambition and is poor in comparison to a number of leading private companies, such as M&S, the Co-op and BT.
- The energy target for Government offices should be to reduce absolute use of energy bought from the national grid by 30% by 2015.
- The targets for recycling should be brought forward. All Departments should achieve 75% recycling by March 2012. One regional office of the Environment Agency already achieves a 79% recycling performance and on average we achieve 59%.

⁴ The biodiesel is made from 100% recycled waste vegetable oil from the UK market.

Q10. SOGE targets currently cover core Departments and Executive Agencies. Is this adequate, or should they be extended to cover all Executive NDPBs (Non-Departmental Public Bodies)—especially given the growing volume of Government business covered by arm’s-length bodies?

10.1 We strongly support the proposal that the SOGE targets should be extended to include all Executive NDPBs, including ourselves. Sustainability should be at the heart of all Government and public sector business.

Q11. How well is the Government accounting for the changing shape of the Government Estate? How should it manage the changes to responsibilities and data caused when functions are transferred to new Departments or the private sector?

11.1 When functions are transferred to the private sector, sustainability should be embedded into the procurement process itself and the final contract with the supplier. Where the sustainability impacts are potentially significant, the performance of the private sector contractor should be closely managed through key performance indicators (KPI’s) which should also determine the fee to be paid to the contractor. As a minimum, all contractors should be expected to deliver the same targets as have been set for Government.

11.2 Carbon should be considered by Government Departments and bodies as another budget, equivalent to financial budgets. This has the advantage of being easily understood by managers, who are familiar with managing budgets. When functions are transferred, financial budgets are usually transferred with that function. There is no reason why carbon budgets should not be treated in the same way.

Q12. Why are some Departments not including “Quick Wins” clauses in their contracts, when this has been mandatory since 2003? Why do so few catering contracts have a sustainability clause? What more should be done to embed sustainability into Government procurement?

12.1 Quick wins

This is a question for those Departments who have failed to meet this requirement and should be investigated by the Sustainable Procurement Centre of Excellence.

12.2 Catering contracts

Incorporating sustainability clauses into catering contracts is feasible, and the Environment Agency’s catering contract contains both sustainable clauses and sustainability KPI’s. These are reviewed quarterly at contract management meetings.

Q13. How well is the Government approaching the environmental management of premises and operations which are outsourced or run under the Private Finance Initiative? Could this be improved, and if so, how?

13.1 PFI/PPP projects have the potential to deliver more robust and consistent improvements in environmental performance. This can be achieved through whole life costing and recognition of the long term nature of asset management and investment, the separation of roles between the supplier and the customer, and the more transparent and commercial apportionment of risk and reward.

Q14. What is the key to the progress shown by Departments and Agencies in reducing waste and increasing recycling? Are there any wider lessons which could improve performance in other areas?

14.1 The management of waste follows a well established and understood hierarchy that makes it clear which actions should be taken first. It would be extremely useful to have equivalent clarity in other areas, such as transport and CO₂ emission reductions, which the Environment Agency has tried to do through developing a hierarchy approach for transport and carbon. Our CO₂ hierarchy, for example, means we will focus first on efficiency, followed by on-site renewables, and offsetting is considered only as a final option.

14.2 In addition to having a well established approach to waste management, reducing waste and increasing recycling is relatively inexpensive. Cost will therefore not be perceived as a barrier to progress as it might be for reducing CO₂ reductions.

Q15. *Is protecting biodiversity on their landholdings a high enough priority in relevant Departments and Agencies? Does more need to be done to protect biodiversity on landholdings that are not classed as Sites of Special Scientific Interest?*

15.1 We believe that all parts of Government, including ourselves, should have a specific duty to maximise opportunities for biodiversity on it where this is compatible with the lands' function. Good management of SSSIs is well resourced and understood, with all relevant landholders aware of their duty to deliver good condition by 2015. There is, however, no requirement to consider biodiversity outside SSSIs and this means that opportunities are missed.

April 2008

Memorandum submitted by the Environmental Industries Commission

ENVIRONMENTAL INDUSTRIES COMMISSION (EIC)

EIC was launched in 1995 to give the UK's environmental technology and services industry a strong and effective voice with Government.

With over 330 Member companies, EIC has grown to be the largest trade association in Europe for the environmental technology and services (ETS) industry. It enjoys the support of leading politicians from all three major parties, as well as industrialists, trade union leaders, environmentalists and academics.

EIC's Sustainable Development and Management Working Group includes over 100 Member companies.

EIC is pleased to provide the following response.

Before I address the specific questions the Committee has invited comments on, I would like to take this opportunity to set out EIC's concerns on the following issues:

PUBLIC SECTOR BUILDING PROJECTS

EIC believe that one key area where the Government is failing in its efforts to improve its sustainability is in public sector building projects.

Since 2002 it has been a requirement under the Government's "Common Minimum Standards"—which set mandatory standards for construction procurement in the public sector—for a BREEAM (or equivalent) assessment to be carried out on all public sector building projects. Furthermore, it is a requirement for all new projects to achieve an "excellent" rating and all refurbishment projects to achieve at least "very good" rating.

However the recent Sustainable Development Commission report "Sustainable Development in Government 2007" showed that, in 2006–07, only 46 of 351 Government new build or refurbishment projects were assessed against BREEAM. This is against a requirement for *all* public sector projects to carry out a BREEAM (or equivalent) assessment.

Of the projects that did carry out an assessment only 28 met the Common Minimum Standards. Overall, for all 2006–07 projects, only 8 per cent achieved the required standards.

EIC Members' experience of supplying to public sector construction projects is that they commonly procure the cheapest, most polluting option, even where whole-life costs are higher than with more efficient alternatives.

This remains the situation and is in line the Sustainable Development Commission report.

The commitment in the Government's response to the Sustainable Development Commission report to ensure "stronger enforcement of the Government's policy on BREEAM "Excellent" certification of new buildings and "Very Good" certification on major refurbishments, such that no new builds or major refurbishments will happen unless they meet the BREEAM (or equivalent) standards" is welcome.

However, unless this positive rhetoric is backed up with genuine action, the Government risks further undermining its stated aim to make the UK one of the EU leaders in sustainable procurement by 2009. For example the current Buildings Schools for the Future programme only requires a BREEAM "very good" rating—in contradiction of the Government's standards.

Major public building projects such as schools and hospitals will be in operation for many years and the failure to ensure they are energy efficient and sustainable is a huge wasted opportunity.

PUBLIC SECTOR LEADERSHIP

EIC believe that the public sector must lead by example.

The recent report from the Committee on Environmental Markets and Economic Performance stated that “many private sector companies, for example the large retailers, are already engaged in the process of positioning better environmental performance as a product feature, believing that this gives them a competitive advantage with the consumer. However, environmental performance is still only a business-critical matter for a relatively limited number of companies.

This means there is a huge opportunity for the public sector to amplify the role of low carbon and other sustainability characteristics in products in their purchasing requirements, creating a credible market need for these features so that business will invest in them to gain competitive advantage.”

EIC believes, therefore, that the Government has a critical role to play in demonstrating its environmental and sustainability leadership and creating a market for environmental goods and services.

However, the Sustainable Procurement Task Force recently identified the lack of consistent leadership on sustainable procurement. EIC believes, therefore, that the Government must ensure that there is a clear commitment to sustainability from the very top of Government and down through Permanent Secretaries, local authority members and Chief Executives in all public bodies.

The Government could show a significant degree of leadership by simply meeting its own targets—for example meeting the Common Minimum Standards. Policies such as requiring all new homes to be zero carbon by 2016 can be significantly undermined by a Government that fails to achieve its own targets.

How successfully is the Government providing centralised leadership, guidance, and funding for Departments and Agencies? How well are Departments making use of expertise and funding provided by central bodies, as well as each other? Should anything be done to improve co-ordination?

EIC Members believe that more could be done to centralise leadership with regards to guidance and funding for Departments and Agencies. Due to the array of policies and working practices that are often expected to be followed by procurement staff and others within Government Departments, it is common for the message of one policy to be confused, contradicted or over shadowed by another. This results in policies being less than fully implemented, or can lead to the partial implementation of policy which then gets superseded by another. Due to the complex nature of sustainable procurement, it is important that this does not occur and that the often long term objectives laid down are completed.

It is important that Government sets clear objectives for the implementation of policies and objectives and that this is consistently conducted across departments. With regards to sustainable procurement, the flexible framework assists in this process. However the degree to which this is applied across Departments varies significantly and greater accountability and central drive is required.

How well are Sustainable Operations on the Government Estate (SOGE) data and targets embedded into core management information systems and priorities within Departments and Agencies? How could this be improved?

There is a mixed level to which SOGE data and targets are embedded into core management information systems and priorities. However, SOGE targets are often addressed separately from the central management information systems. It is not uncommon for SOGE information to be gathered on an ad hoc basis at the time of reporting. This can lead to a rushed approach and a lack of detail in the submissions. By planning the returns in advance, Departments would be able to complete more comprehensive reports and therefore more value could be gained. The lack of planning and information associated with SOGE returns could be attributed to the following:

- Resources allocated to the collection of information.
- Importance associated with completion of the returns.
- Access to information required for the returns.

This may be improved by more regular collection of the information required for input to the SOGE returns. This could be coupled with a simpler returns mechanism to enable core data to be reported automatically throughout the year, reducing the annual rush that constitutes the SOGE returns.

Although departments may have experienced environmental staff at “head office” level, those made responsible for implementing environmental management systems and initiatives typically are junior grades, often with little experience of environmental and sustainability issues. In many cases, they lack adequate resources and support from senior and operational management staff. Many consider that their efforts are not integrated into mainstream departmental management processes. Turnover of environmental management staff is high as, once they start to gain experience; they can find better-remunerated posts in the private sector (often in outsourced functions serving government). As we understand the situation, many of these people are paid the standard administrative grade salary, despite being expected to work in a specialist technical area.

What should be done to accelerate progress from Departments in using combined heat and power, and sourcing electricity from onsite renewables?

In relation to the means that could be used to encourage the use of combined heat and power, and sourcing electricity from onsite renewables the following recommendations have been raised:

- Enforcement of existing requirements for BREEAM assessments on *all* new builds and major refurbishments would increase the likelihood of combined heat and power, and sourcing of electricity from on site renewables. Alternatively, increased focus on the percentage of energy obtained or used in such processes could increase their implementation and use.
- Enforcement of existing requirements for all new building projects to achieve an “excellent” rating and all refurbishment projects to achieve at least “very good” rating.
- Introduction of minimum requirements for leased buildings, ensuring that energy sources are considered. Is a green energy tariff available? Does the landlord have sustainability plans? Is combined heat and power or on site renewables available.

SOGE targets currently cover core Departments and Executive Agencies. Is this adequate, or should they be extended to cover all Executive NDPBs (Non-Departmental Public Bodies)—especially given the growing volume of Government business covered by arm’s-length bodies?

It is the experience of the EIC, that arm’s-length bodies and NDPB’s are under represented when considering policy objectives. Arms length bodies are often key to the delivery of Departmental targets and objectives however it may not be the case that they are governed by the same policies and objectives, or even have visibility of these items. Therefore if such targets and objectives are set, arms length bodies should be intrinsically included in their delivery. This would increase buy in to Departmental initiatives and ensure that a greater proportion of ALBs are included on training courses and their opinions voiced throughout the process of implementing policy. Currently, arms length bodies may be “opted in” by their umbrella Department resulting in inconsistency across the Estate.

Why are some Departments not including “Quick Wins” clauses in their contracts, when this has been mandatory since 2003? Why do so few catering contracts have a sustainability clause? What more should be done to embed sustainability into Government procurement?

A key reason for Departments not including “Quick Wins” in contract clauses is a degree of confusion over their use. Problems that have been encountered when this question is addressed with Departments are as follows:

- The quick wins are not up to date.
- Awareness of quick wins amongst procurement officers is not high enough—EIC believe that there is a need for greater information sharing between Government organisations so that the products and services that comply are well known. A centralised data set of quick win purchases could be developed and easily circulated to all relevant organisations.

In order for sustainable procurement to be more completely embedded into Government Procurement, it is important that existing tools, included the Flexible Framework are prioritised. This tool provides an easy to follow solution to integrating sustainable procurement into the Government Estate. The framework should be integrated at Director level within Departments and individuals should be made accountable for its delivery. However, it is currently the case that the framework is not being applied consistently across the Estate and therefore cannot be used as a reliable tool.

11 April 2008

Memorandum submitted by Natural England

1. INTRODUCTION

1.1. Natural England is a new organisation established under the Natural Environment and Rural Communities Act 2006. It is a non-departmental public body. It has been formed by bringing together English Nature, parts of the Rural Development Service and the Countryside Agency.

1.2. Natural England’s purpose, as outlined in the Act, is to ensure that the natural environment is conserved, enhanced and managed for the benefit of present and future generations, thereby contributing to sustainable development.

1.3. Natural England recognises that climate change poses the most serious long-term threat to the natural environment. There is an urgent need to reduce global greenhouse gas pollution if we are to avoid potentially catastrophic impacts on the natural environment. A particular challenge is the need to move to a low carbon economy, which will require a significantly more efficient use of energy and a substantial investment in clean energy technologies.

2. NATURAL ENGLAND'S SPECIFIC COMMENTS

Question 15: *Biodiversity*

2.1. All government departments and agencies are bound by section 40 of the Natural Environment and Rural Communities Act 2006 which states that "Every public authority must, in exercising its functions, have regard, so far as is consistent with the proper exercise of those functions, to the purpose of conserving biodiversity". It adds that "conserving biodiversity includes ... restoring or enhancing a population or habitat".

2.2. Detailed guidance setting out what complying with this duty involves has been published by Defra. The guidance covers designated sites (including Local Nature Reserves and local wildlife sites); protected and priority species on public land; countryside, freshwater, coastal and marine habitats; farms and tenanted land; management of green infrastructure; highways, rights of way and transport infrastructure; and school grounds. In all of these areas, the guidance states that public authorities should take opportunities to protect and where possible enhance national and local Biodiversity Action Plan priority habitats and species. It also advises public authorities to consider adopting their own biodiversity action plans as a way of integrating biodiversity across their business, and cites as good practice the MoD's recently published Biodiversity Strategic Statement which sets strategic objectives for biodiversity with associated targets and performance indicators.

2.3. Natural England expects government departments and agencies to lead by example and adhere to this guidance.

2.4. It is essential that government departments and agencies know what biodiversity is on their land holdings by carrying out proper biodiversity surveys, and monitoring the effect of any activities (positive or negative) on their sites. Any data gathered in this way should be made publicly available through local record centres and the National Biodiversity Network.

2.5. Government departments and agencies should also be encouraged to be more proactive in encouraging take up of the health and wellbeing benefits of biodiversity and green infrastructure on their estates, though enabling improved access to nature and greenspace.

Questions 1–2: *Co-ordinated approach to meeting targets within and across Departments*

2.6. Natural England welcomes the leadership Government has shown to date to improve the environmental performance of its operations. To continue to progress there now needs to be better joining up of targets, objectives and priorities across departments. In particular, it would be helpful to have greater guidance around balancing financial targets with carbon emission targets.

2.7. Natural England has set itself a challenging target to reduce its carbon emissions from business travel and estates by 50% by the end of 2010. This exceeds the target set out in SOGE and allows us to concentrate our efforts on the most significant environmental aspects of our estate. We have shared our experiences of developing a carbon management system to deliver this target across government departments.

2.8. Giving departments some flexibility to agree targets with individual agencies may help maximise the effectiveness of activities across the estate.

Questions 3–8: *Carbon emissions and energy consumption targets*

2.9. Natural England supports the principle of using carbon credits to meet carbon reduction targets, although their use should be limited to ensure that the majority of emissions reductions come from delivering actual reductions from its estate, for example through energy efficiency measures.

2.10. There can be conflicts in rationalising the use of the existing Government Estate, with the higher carbon footprint of older estate buildings. Clarity and consistency of objectives and targets across governments departments to its agencies and NDPBs is therefore essential.

2.11. Where management of the estate is not in the occupiers' control, private managers may require further incentives and targets as contracts are revised to support their contribution towards delivering Government's targets. Better sharing of good practice examples of carbon reduction measures across the public sector would be helpful.

Questions 12–13: *Sustainable procurement*

2.12. Natural England has already implemented several “quick wins” in its procurement procedures, for example around its recycling policy and use of low energy light bulbs, and we are now exploring addressing more complex sustainable procurement issues. Government could helpfully demonstrate its leadership in this area by using its relationship with the Sustainable Development Commission to develop examples of procurement good practice in the public sector, in these more complex areas.

8 April 2008

Memorandum submitted by Public and Commercial Services Union (PCS)

INTRODUCTION AND SUMMARY

1. The Public and Commercial Services Union (PCS) is the largest civil service trade union representing over 315,000 members working in most government departments, non-departmental public bodies, agencies and privatised areas. We are therefore in a unique position to submit evidence as part of this inquiry as our members have first hand experience of the government’s policy and practice on making workplaces more sustainable.

2. PCS welcomes the opportunity to respond to this inquiry as our members are increasingly becoming more active around environmental issues. Also as an employer we are committed to greening our own estate and developing both our bargaining and campaigning agenda. We would also be happy to supplement this written submission with oral evidence or further written evidence.

3. This submission responds to the committee’s specific questions on:

- whether targets are embedded into every day operations;
- why progress on reducing carbon emissions has been poor;
- whether targets should extend to NDPBs and arms length bodies;
- accounting and managing change of the government estate when functions are privatised;
- why departments are not including quick wins in their contracts;
- the approach of the government to environmental management in PFI contracts; and
- lessons that have been learnt to reduce waste and increase recycling

4. The operation of the UK government has a significant environmental impact and it is right that it is closely and independently monitored. Furthermore, we, like the Sustainable Development Commission (SDC), believe that government should lead by example and set the most rigorous standards which all organisations should seek to match.

5. We share the concerns about the performance of central government operations cited in the SDC report, especially the finding that, at a time when the government is passing legislation to reduce UK CO₂ emissions, two-thirds of government departments are not on track to meet their own targets to reduce CO₂ emissions by 12.5 per cent by 2010–11.

6. Union involvement and workforce engagement is paramount if government departments are seriously to get to grips with SD. This includes for example, union representation on environmental teams/committees and in the sustainable development action planning (SDAP) process.

7. We asked PCS members and representatives who are active around or who work on sustainable development (SD) issues for their comments on some of the questions raised by the committee. These are summarised below.

How well are sustainable operations on the government estate (SOGE) data and targets embedded into core management information systems and priorities within departments and agencies? How could this be improved?

8. The feedback we have suggests that SOGE is not embedded or resourced and is often not integrated across all business activities. The Department of Communities and Local Government (DCLG) lead on this and collect data from all departments, as well as from their own estate. However, they have a very small team who are expected to carry out this function alongside a range of other sustainability related functions. In fact until recently, we believe these were not employed by DCLG but by Mitie, to whom the cleaning contract has been outsourced.

9. In one of the government office’s the feedback we got suggests that SOGE is seen as a job for the environment team rather than the office services team where it would properly sit if it was embedded in the government office’s core business. An obvious measure therefore, as recommended by the SDC, is to build achievement of SOGE targets into senior managers’ personal objectives.

10. PCS believes directives instructing all government departments to put an environmental management system (EMS) into place and seek ISO 14001 accreditation would also help.

11. Feedback from our members in Her Majesty's Revenue and Customs (HMRC) demonstrates that although the department has a sustainable development policy this does not translate to an environmental management system (EMS) which needs to be in place in all workplaces for the policy to be effective. We are aware that there are pockets of EMS activity around the country in HMRC, however this is patchy.

12. This echoes research carried out by Labour Research Department (Unions, the Workplace and the Environment, 2007) which found that of PCS representatives responding only 11 per cent said their employer had an EMS in their workplace; 53 per cent did not know if their employer had an EMS. Even where an EMS had been put in place 32 per cent of our reps said there was no union involvement in implementing it.

13. Furthermore we are concerned that although there have been achievements in some departments, such as developing environmental policies and implementing EMS in practice there is not the will to actually carry out environmental measures on a practical day-to-day basis.

14. Targets had only been achieved because of downsizing and sustainable development was not taken seriously enough at senior levels. This is one of the consequences of a target driven, "tick-box" approach which fails to measure real behavioral change. For instance senior managers tell staff that they must "take SD into account" without explaining what that actually means in practice and what they should be doing in the context of their roles, probably reflecting a lack of understanding on the part of the senior managers. Where staff do take the initiative and try to "take SD into account", they soon find that there is little ideas forthcoming of what SD means or clear guidance available.

15. This experience is not of course limited to government departments and agencies. A study carried out by the Carbon Trust in 2007 found that UK employees are an "untapped resource" when it comes to tackling climate change. Over two-thirds are keen to help their organisation cut carbon emissions and want more direction to show them how. Yet less than a fifth of employees are happy that their employer is doing enough to cut emissions, showing considerable potential to tap into this willing resource.

Why has progress in reducing carbon emissions from the government estate been so poor? What should be done to accelerate progress?

16. We believe that across the government estate there is little sense across organisations that each team or directorate has responsibility for CO₂ emissions, with it being viewed as the sole preserve of environment teams. There has been no clear steer about using sustainable transport or IT to reduce the need for travel and no clear directive instructing senior managers to reduce heating/cooling costs and emissions.

17. In some cases existing supply and building contracts prevent this but even when these come up for renewal securing green energy supplies is rarely insisted on, usually because of a lack of awareness on the part of contract negotiators but also because of the continued insistence (coming from Treasury) that green energy supplies, insulation and other initiatives must be cost-neutral as well as a lack of understanding about whole-life costing approaches.

18. While this situation could be improved with more helpful messages from Treasury (and elsewhere in government), clear direction to senior managers to ensure that reductions are achieved, training/awareness raising among key staff, and a greater push to innovate in energy supply and transport use in particular would also be helpful.

19. PCS firmly believe that a lack of knowledge and training is clearly an important factor in poor departmental performance around SD issues. The LRD research found that only eight per cent of PCS reps who responded to the survey said their employer provided any environmental training.

20. There is clearly also a need for much greater communication and dissemination of good practice. At the first green forum we held for our members and representatives last year many said that they were not aware of the Sustainable Development Action Planning (SDAP) process and were certainly not involved in it. At the event one of our members commented:

"There is little or no evidence of action within our organisation. It is never mentioned or communicated."

21. Other comments we received were:

- there is a lack of commitment at board, workplace and staff level to effectively tackle SD issues;
- there is a general lack of awareness at all levels on SD issues;
- the current structures in government department allow business streams to perform/operate in isolation around SD issues rather than work together;
- there is a lack of knowledge when dealing with contractors and holding them to account around SD issues; and
- there is a lack of union involvement around SD issues and it was felt that management in every government department needs to work with PCS to engender workplace change on this subject.

22. Supporting this latter point, the TUC has identified the vital role that workforce/union engagement plays in organisations' SD. In 2006–7 the TUC ran six demonstration "Greenworkplaces" projects across all industrial sectors. These aimed to build capacity and create behavioural change within organisations through negotiating green workplace agreements and identifying, training and supporting "green" representatives.

23. The projects focused on activities around energy saving and included open days/green awareness raising events, surveys, training, negotiating agreements and setting up joint environmental committees. The project evaluation report⁵ noted the following key outcomes:

- High levels of involvement. There was an unusually high level of engagement among union members. The numbers participating were considerably higher than those who had taken part in management led initiatives and also higher than those who had been involved in union initiatives in other areas, showing the strong level of interest in sustainable development issues.
- Energy saving. Actual or potential energy/carbon savings were identified in all the demonstration projects.
- Wider benefits. There were wider benefits in terms of raised awareness and increased demand for courses, speakers at conferences, and union conference policies, particularly on statutory bargaining rights for union reps on the environment.

SOGE targets currently cover core departments and executive agencies. Is this adequate, or should they be extended to cover all executive NDPBs, especially given the growing volume of government business covered by arm's-length bodies?

24. PCS strongly believes that all aspects of government should be covered by SOGE targets, including NDPBs. We also believe that local authorities and all public bodies should be covered if the government really expects the public to follow the lead it sets on SD issues.

25. Additionally, we concede that examples of best practice are more likely to emerge in smaller (NDPB) workplaces rather than the "mega-departments" as behaviour change is likely to take less time to filter through a smaller organisation.

How well is the government accounting for the changing shape of the government estate? How should it manage the changes to responsibilities and data caused when functions are transferred to new departments or the private sector?

26. PCS feel that contracted out functions are likely to be more difficult to manage than in-house functions. At the moment the situation regarding responsibility is confused because privatised contracts may or may not include estate management. There are two possible scenarios:

- the "business" may have been privatised but estate management may have been privatised separately by the department; or the estate may have been sub-contracted by the winning bidder to a facilities management (FM) specialist.

27. Although the department maintains overall responsibility its control is nominal. Progress to improve the sustainability of the government estate in the private sector is hampered by multiple employers with different attitudes, not to mention multiple contractual arrangements.

28. We suggest that when bidding for public sector work, private sector organisations should be expected to make a commitment to reaching departmental targets and agreeing the method of calculating them. More incentives need to be built into contracts.

29. Another factor affecting performance is office closures. To accommodate this, energy efficiency targets need to be "per head" rather than "per square metre" if they are to be meaningful.

30. We would again recommend involvement from the unions and engagement by the workforce during this time if the government is serious about addressing SD. As before we would see this including union representation on environmental teams/committees and in the sustainable development action planning (SDAP) process.

Why are some departments not including "quick wins" clauses in their contracts, when this has been mandatory since 2003? Why do so few catering contracts have a sustainability clause? What more should be done to embed sustainability into government procurement?

31. PCS believes the failure of government departments to include "quick wins" clauses in their contracts including minimum environmental standards covering a range of commonly-purchased goods such as IT equipment, white goods paper and construction materials is due to a:

- lack of knowledge and training;

⁵ TUC Greenworkplaces project report, 2007.

- lack of union involvement;
- lack of accountability; and
- lack of leadership.

How well is the government approaching the environmental management of premises and operations which are outsourced or run under the Private Finance Initiative? Could this be improved, and if so, how?

32. The majority of central government outsourcing contracts have been in place for several years and were often introduced at a time when SD issues were not so high on the agenda. Also those with responsibility for procurement and services had no direct responsibility for SD issues and so paid little attention to them. Contractors will only take responsibility for issues specified in their contracts.

33. The key to improving environmental performance lies in improving the procurement process and contract monitoring. This means inserting environmental measures into contracts at the bidding stage and supporting this by having rigorous mechanisms in place for subsequent and regular monitoring.

34. We believe bringing some functions back in-house where they become easier to manage would be a solution.

What is the key to the progress shown by departments and agencies in reducing waste and increasing recycling? Are there any wider lessons which could improve performance in other areas?

35. PCS welcomes the fact that the government has almost reached its recycling targets for 2010 (40 per cent). We believe likely reasons are:

- a greater understanding of recycling as a concept. It has been around longer than other SD concepts such as “CO₂ emissions” and “carbon footprint” and staff are used to recycling, both at work and at home. They can more easily visualise and understand the benefits;
- staff are usually willing to play their part but need to be given clear things that they can do in the context of the job they perform with explanations of why they are important and with clear incentives; and
- government is under legislative pressure from the European Union. There will similarly be increasing pressure to meet targets on CO₂ emissions once the Climate Change Bill becomes law, and in particular, the Carbon Reduction Commitment (CRC) scheme is implemented.

36. However, reducing CO₂ emissions is a relatively recent idea and is harder to grasp as something that people can be involved in at workplace level. As one of our members commented at the green forum:

“Although there has been a great deal of publicity around the need to reduce emissions, there has been relatively little effort made to address ignorance about the science of climate change or to counter propaganda from, the fossil fuel industries, with the result that, in civil service offices as elsewhere, there is still a high proportion of people who do not understand the issues, are not convinced by them or are confused by the apparently mixed signals received via the media.”

37. Training and awareness raising is an important factor. Many of our reps, in particular union learning reps, have been involved in organising courses or other awareness raising events on environmental issues, something which their employers appear to be failing to do.

CONCLUSIONS

38. We broadly support the recommendations in the SDC’s 2007 sustainable development in government report, particularly the warning that:

- “Unless government takes serious action to cut its own carbon dioxide emissions, it will lack credibility in its challenge to society to do the same. The reputational risk for government is huge.”

39. We also strongly agree with the SDC’s comment that:

- “We know from first hand experience with government departments just how passionate and motivated many people are in embracing sustainable development in their own organisations.”

40. Our experience is that many of our members and reps are clearly motivated and committed around SD issues and want to do what they can to take these issues forward whether in their jobs, their union roles or in their lives outside work.

41. The green forum we held at the end of last year was testimony to this with over 100 of our members attending, and many expressing serious concerns about the failures of their own employers on SD issues.

42. In addition to the points made by the SDC we would add the following recommendations:

- Union involvement and workforce engagement is paramount if government departments are seriously to get to grips with SD. This includes for example, union representation on environmental teams/committees and in the sustainable development action planning (SDAP) process.

- The need for training and awareness raising around SD at all levels.
- Departments need to work in closer cooperation with each other to share experience and good practice. This especially applies to those departments that have a lead role such as the Department for Environment Food and Rural Affairs and the Office of Government Commerce.
- The ACAS code of practice, time off for trade union duties, should be amended to include environmental duties and entitlement to union environmental training. The TUC has put forward arguments for this over many years, most recently in its response to a DTI facilities consultation in March 2007 and in the 2006–07 parliamentary session an early day motion (EDM 1125) was tabled on this subject. This would go a long way to assist the engagement with staff and adaptation to change that is desperately needed on SD across the government estate.

April 2008

Memorandum submitted by The REaD Group plc

EXECUTIVE SUMMARY

- Direct mailing is an established way for government departments to communicate with and inform citizens. The carbon footprint of direct and mass mailings can be significant, placing a premium on sending mailings to the right individual at the correct address. However, at the moment the use of “data suppression” techniques to manage institutional mailing databases is limited across government departments, leading to misdirected and misaddressed mail.
- Data suppression is the practice of removing out-of-date or incorrect information from the large databases which constitute the majority of direct marketing mailing lists. Many of the information databases held by organisations have been developed over long periods of time and can quickly get out-of-date. As a result, databases often contain the names and details of individuals who no longer live at the listed address or who have died. The result is that a huge proportion of mail sent out will be addressed incorrectly, producing large amounts of unnecessary waste, blocking the postal system and causing considerable annoyance to individuals dealing with superfluous mailings.
- By using up-to-date and accurate information for mailings through the use of the latest data suppression techniques, as opposed to out-of-date lists which include people who no longer live at the address or who are deceased, departments will improve their environmental performance by reducing waste production as well as their efficiency. We urge the Environment Audit Committee to examine ways in which better database management could be used to minimise waste in this important area.

EVIDENCE

1. The REaD Group plc welcomes this opportunity to submit evidence to the House of Commons Environment Audit Committee inquiry into making government more sustainable. Founded in 1991, The REaD Group plc has pioneered a new, more efficient approach to direct marketing in the development of data suppression which improves the effectiveness of direct marketing practices.

2. In response to question 14 (“What is the key to the progress shown by Departments and Agencies in reducing waste and increasing recycling? Are there any wider lessons which could improve performance in other areas?”) we raise the issue of the producer responsibility reducing waste resulting from misdirected direct marketing to households and businesses by government departments. Although a small part of the overall environmental footprint of government departments, given the potentially large volumes of mail involved we argue that a “quick win” for government departments and their procurement processes is the adoption of better data management techniques for their existing mailing databases.

3. The REaD Group plc provides an extensive range of business-to-consumer and business-to-business data suppression products. It is instrumental in helping direct marketers clean-up their mailing lists by removing inaccurate or unwanted names and addresses. This has benefits in improving the efficiency of direct mailing, reducing waste and the potential for identity fraud. Today, more than half of all direct mail sent out in the UK is cleaned by one or more of The REaD Group’s suppression products.

4. From our extensive experience in the private sector, we believe that better management of information and databases by public bodies could significantly reduce the amount of paper waste created by government communications and direct marketing. Although it is difficult to capture the precise volumes of direct mail sent out by the government, our initial inquiries suggest that they are very substantial. There are also benefits in terms of improving efficiency and value for money.

5. The REaD Group plc's evidence highlights the role that "data suppression" techniques could play in meeting this important objective. We believe that better data asset management forms part of modern public sector producer responsibility in helping organisations reduce their initial waste arisings, as well as making them more efficient.

6. Volumes of direct mail have grown dramatically over the last two decades. As the Waste Strategy 2007 notes, in 2005 3.4 billion items of addressed direct mail and 13 billion items of unaddressed direct mail were sent out to UK households and businesses. Since 2003 volumes of unaddressed mail appear to be increasing at a rate of 1–2% a year in the UK. Today direct mail is estimated to account for approximately 550,000 tonnes of the household waste stream, which is around 4.4% of the UK's annual consumption of paper and board. In 2003 only about 13% of direct mail was recycled. Public sector usage is likely to follow this trend.

7. Inaccurate and out-of-date databases do not only cause environmental waste. Misdirected direct mail can also be sent to deceased individuals, sometimes over 10 years after their death, causing emotional distress to bereaved families. It can lead to instances of Impersonation of the Deceased (IOD) fraud. For example, if a criminal obtains a credit card application sent to an individual who has died this means the deceased's identity can be stolen. *The Bereavement Register* was established by The REaD Group to eliminate instances of direct marketing being sent to deceased individuals. In this way, we have helped not only to stop these wasteful mailings but also tackle identity fraud and stop the emotional distress being caused to the family members of the deceased.

8. To give a flavour of the potential "quick wins" for waste minimisation, we illustrate evidence gleaned from a parliamentary question on the volumes of mail involved in the Department of Work and Pensions over a five year period.

<i>Volume</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
Pension Credit	3,053,168	9,601,349	16,826,461	14,595,985	11,694,195
Income support	40,579,060	36,211,335	25,970,123	21,882,796	21,575,397
Jobseeker's allowance	36,731,443	33,285,018	26,238,083	19,584,809	19,806,068
Incapacity benefit	15,082,958	12,306,938	11,357,700	9,214,905	9,860,895
State pension	26,305,633	25,399,385	24,973,194	19,251,923	26,755,872

Source: Written Question from Frank Cook MP to James Paskitt MP 2 May 2007 [132016].

This information illustrates around 90 million items of post were sent by DWP in 2006.

9. The Department states that it received over 18.5 million "notifications" of change of address. This approach is not the same as regular suppression of incorrect data. The percentage of a database that matches is called a match rate. Whilst we would expect the DWP to have lower than average match rates on account of notifications by individuals, from our experience with the direct marketing industry and public bodies with similar functions such as the Television Licensing Agency, the average "match rate" for a database for individuals who have moved address is 3.8%, with deaths ranging between 0.5% and 1.5% per annum. Using the total mailing from the DWP in 2006, we estimate the potential inaccuracies for this cohort to range from 3,400,000 to 4,750,000. Taking our conservative estimate of 3.4 million records, the impact on waste production we estimate to be up to 255 tonnes of mail (approximately 88.6 tonnes of carbon per year) which could be saved in paper production alone from this one department.

10. Although from March 2008 dates of death will be notified to the Department on a daily basis, which should ensure the level of notifications sent to deceased individuals by the Department is minimized, the issue of accurately and systematically capturing those changing address is still outstanding.

11. The REaD Group plc welcomes the Sustainable Development in Government Annual Report 2007. However we note that some government departments have a way to travel in terms of waste data collection and management. We also agree with the recommendation that the SPOB should "*consider introducing more ambitious future waste minimisation and recycling targets to ensure departments continue to challenge themselves and create opportunities for improvement.*" One element we would like to see a more robust assessment on is the producer responsibility of "non-production" in government departments to bear down on unnecessary waste arisings.

RECOMMENDATIONS

12. Data cleaning and suppression of databases should be seen as good practice across the public sector, but at the moment these simple techniques are not used to great effect despite the clear benefits of improving the efficiency and customer service of public bodies involved in direct communication, consultation or correspondence with private individuals. Lacking some of the commercial drivers that private sector organisations have can inhibit public sector bodies from realising some of the more immediate gains, which also can be felt in terms of waste prevention.

- the Environmental Audit Committee consider the "quick win" of encouraging better database management and data suppression in government departments;

- the new Government Strategic Marketing Advisory Board (GSMAB), formally launched in February 2008, should investigate how central government can use data suppression techniques to increase public sector productivity and reduce waste.

21 April 2008

Memorandum submitted by the Royal Society for the Protection of Birds

SUMMARY

The RSPB believes that natural resource protection, and in particular the conservation of biodiversity, is not getting the same level of attention as other aspects of sustainable development. The Sustainable Operations on the Government Estate (SOGE) framework does not provide adequate monitoring of progress on biodiversity work on the Government estate or sufficient encouragement for such work.

We recommend that:

- the SOGE target for biodiversity on the Government Estate should be revised to “achieve favourable or unfavourable recovering condition of 100% of SSSIs by 2015”;
- the following new targets should be adopted as part of a revised SOGE framework. “to produce and publish audits of the importance of the Government department estate for the new UK priority species and habitats by the end of 2010” and “Government departments to produce and publish management plans for all sites supporting significant UK Biodiversity Action Plan priority species populations or habitats by the end of 2011”;
- Defra/Natural England should identify and agree the five most important biodiversity actions for Government departments that do not have significant SSSIs/landholdings; and
- the contribution of work on the Government estate to the status and trends of priority species and habitats, and in particular the contribution to habitat expansion targets, should be clearly identified as part of the triennial UK Biodiversity Action Plan reporting.

INTRODUCTION

1.1 The RSPB welcomes this Committee inquiry into sustainable development on the Government estate. We believe that the Government has a key role to play in managing its operations with climate change and energy; sustainable consumption and production; and natural resource protection in mind.

1.2 We note that the inquiry will draw on *Sustainable Development in Government Annual Report 2007*, published by the Sustainable Development Commission and *Energy consumption and carbon emissions in government departments*, published by the National Audit Office in November 2007. These reports provide much coverage of the important climate change and energy issues, but very little on natural resources, and in particular on biodiversity.

1.3 We are increasingly concerned that despite the fundamental place of natural resource conservation in sustainable development this issue is increasingly relegated to an after-thought. Unfortunately, even this inquiry includes biodiversity under “other issues” as the last consideration. Furthermore, question 15 refers to “protecting biodiversity” rather than “conserving biodiversity”, which embraces restoration and enhancement as well as protection!

1.4 This submission therefore focuses on biodiversity and, in particular, whether it is currently being adequately monitored on the Government estate (question 9).

BACKGROUND

2.1 The UK Government has committed, at a European level, to halt the loss of biodiversity by 2010. There are now less than a thousand days to the end of 2010 and we need concerted action for biodiversity up to and beyond this date.

2.2 Since its inception in 1994, the UK Biodiversity Action Plan (BAP) has been based on identifying species and habitats for conservation action, setting clear measurable targets for these priorities, allocating responsibility for implementation and regularly reviewing and reporting on progress. Work on the UK BAP has been based on a partnership approach between Government, its agencies and the Non Government Organisations.

2.3 The revised UK approach to conserving biodiversity (*Conserving Biodiversity—The UK Approach*. Defra, October 2007) sets out six priorities:

- Protecting the best wildlife sites
- Targeting action on priority species and habitats

- Embedding proper consideration of biodiversity in policy and decision making
- Engaging people, and encouraging behaviour change
- Developing and interpreting the evidence base
- Influencing the development of Multilateral Environmental Agreements.

Whilst the last of these falls within Defra's remit, other Government departments and their agencies can play a key role in the other five.

2.4 The UK approach recognises the need to improve the condition of existing wildlife habitat and (re)create larger areas of habitat. This will help adapt to climate change and to provide valuable ecosystem services. Government has an important role to play in this area. It should be turning these aspirations into action and providing examples of how large scale habitat restoration can be undertaken. However, to date progress on habitat restoration targets has been very slow.⁶

2.5 Some Government departments (eg Ministry of Defence and Forestry Commission) have significant and important landholdings with existing biodiversity interest and considerable potential for delivering against the UKBAP habitat targets that were revised in 2006 For habitats such as lowland heathland, Government holds the key to delivering these targets.

Is progress on biodiversity adequately monitored on the Government estate

3.1 The original targets for biodiversity were set out in 2003 in part H of the Framework for Sustainable Development on the Government Estate. They included targets under five categories:

- H1 Identify significant impacts for biodiversity as part of environmental management systems.
- H2 Conduct biodiversity audits and assess impacts of activities at important sites.
- H3 Develop management plans for significant sites and identify opportunities on other areas.
- H4 Achieve favourable or unfavourable recovering condition status on owned Sites of Special Scientific Interest (SSSIs).
- H5 Including clauses in (various) new contracts to avoid impacts on, and to take measures to enhance, biodiversity.

3.2 Completion of some of these targets (H2, H3 and H4) was not anticipated until beyond 2006 and some were clearly ongoing targets (H1 and H5).

3.3 We are well aware of the high biodiversity importance of parts of the Government estate, notably Ministry of Defence land. We are also aware that some Government departments and Executive Agencies, notably the Prisons Service, have made considerable efforts to meet these targets.

3.4 However, in 2006, before these targets had been completed, the Government published a revised set of targets under a new framework for Sustainable Operations on the Government Estate (SOGE). All the biodiversity targets were removed except H4 on SSSI condition.

3.5 The SSSI target (to achieve favourable or uncovering favourable condition status on 95% of SSSIs by 2010) was at that time a Public Service Agreement (PSA) target. So it was already something that Government was committed to across the board and not just on the Government estate.

3.6 This change could be interpreted that, rather than being exemplars of good practice for biodiversity conservation, Government departments were now only required to do the bare minimum.

3.7 Improving the condition of our most important wildlife sites is clearly an important aspect of biodiversity conservation. We believe that government departments should be leading the way on this. In addition, we are aware that resolving management issues on some privately owned sites will mean that if the overall 95% target is to be met we will need to achieve 100% of government owned sites to be in favourable or favourable recovering condition.

3.8 We therefore believe that the SSSI target should be revised and strengthened for the Government Estate.

We recommend that the SSSI target for the Government Estate should be revised to “achieve favourable or unfavourable recovering condition of 100% of SSSIs by 2015”.

3.9 We believe that any benefit in ease of assessment achieved by reducing the former targets is outweighed by several other factors. This one measure is not an adequate indicator of performance for either individual departments or Government overall. Improving the condition of SSSIs should not be seen as the total extent of our biodiversity aspirations. In addition, only 6 out of 21 government departments are sole owners of SSSIs, so there is in effect no biodiversity target for 70% of government departments.

⁶ The UK Biodiversity Action Plan: Highlights from the 2005 reporting round, page 8. Defra, May 2006.

3.10 We welcome the Sustainable Development Commission's recommendation (5.1) in the *Sustainable Development in Government Annual Report 2007* that Government should require departments to conserve and enhance the biodiversity on their entire estates and not just on SSSIs. However, we are disappointed that this was their only recommendation on biodiversity and it was not identified as one of the key recommendations in the report's executive summary.

3.11 We believe that biodiversity will only be taken seriously by all Government departments if they have specific targets and appropriate guidance.

3.12 The first requirement will be for Government departments to carry out an appropriate audit of the biodiversity value of their estate. This should be based on the revised list of priority UK species and habitats published in 2007. This significant review of the UK priority list means that the partial audits carried out under the previous targets will need to be refreshed. We recommend that the statutory nature conservation agencies (eg Natural England) should provide advice on how such audits should be carried out and that the results of these audits should be published.

We recommend that a new target "to produce audits of the importance of the Government department estate for the new UK priority species and habitats by the end of 2010" is adopted.

3.13 The statutory nature conservation agencies should agree the sites that are important for biodiversity conservation on the government estate with appropriate Departments and assist in the production of management plans for these. Where "Lead Partners" have been identified for UK BAP priority species or habitats they should be able to provide advice and guidance, where they have not this task will fall to the statutory nature conservation agencies.

3.14 It is important to note that Government Departments have a duty to have regard to biodiversity under section 40 of the Natural Environment and Rural Communities Act 2006. In addition, biodiversity conservation is not confined under this act to preservation of existing species and habitats but includes restoring or enhancing populations or habitats. For example, the Forestry Commission has an important role to play not just in managing important areas of ancient and semi-natural woodland but in identifying and removing plantations from areas of former lowland heathland.

We recommend that a new target for "Government departments to produce and publish management plans for all sites supporting significant UK Biodiversity Action Plan priority species populations or habitats by the end of 2011."

3.15 There will be some Government departments that do not have significant landholdings that are of current value for biodiversity.

We recommend that Defra/Natural England should work to identify and agree the five most important biodiversity actions for these departments, this could cover buildings management, procurement practices or other issues. We believe that delivering against these actions should be part of future assessment of Government performance.

3.16 Providing adequate reporting on the status of species and habitat is an important component of biodiversity conservation. It provides important feedback on what is successful, where progress is being made and where resources and effort should be targeted. Reporting on UK BAP priority species and habitats is currently undertaken on a three year cycle.

We recommend that as part of the three yearly reporting on the UK Biodiversity Action Plan the contribution of work on the Government estate to the status and trends of priority species and habitats, and in particular the contribution to habitat expansion targets, should be clearly identified.

21 April 2007

Memorandum submitted by UK Business Council for Sustainable Energy

INTRODUCTION

The views expressed in this paper cannot be taken to represent the views of all parts of all the companies in the UKBCSE. However, they do reflect a general consensus.

The UK Business Council for Sustainable Energy brings together leading companies⁷ in the energy sector to develop an effective dialogue with Government that can help strengthen the UK's strategic agenda for sustainable energy.

Encouraging reductions in carbon emissions from the Government Estate both in terms of both heat and electricity will be critical to the Government leading by example in the transition to a low carbon economy.

Leading businesses have already taken the initiative on sustainability by introducing measures to reduce energy use and carbon emissions which in turn potentially leads to behavioural changes in consumers.

⁷ Members of the Council include Centrica, EDF Energy, E.ON UK, National Grid, RWE npower, Scottish and Southern Energy, Scottish Power, and United Utilities.

Government also has a vitally important leadership role in this area. This can not only deliver value for money for taxpayers, but also help build new markets for sustainable energy solutions and boost the credibility of carbon reduction measures.

OVERVIEW

The Council welcomes the opportunity to provide evidence to the Environmental Audit Committee study “Making Government Operations More Sustainable: A Progress Check.”

The operations of Government have a significant environmental impact and action by central government, local authorities and public sector to reduce carbon emissions will play an important role in leading the market and fulfilling the Government’s objectives of creating sustainable communities and a sustainable low carbon economy.

The Council welcomes the targets that are already in place for renewable energy, energy efficiency and waste. However, to the best of the Council’s knowledge, the only statutory target for the Government estate is that for the use of Combined Heat and Power (CHP) electricity in the Government estate.

Recent reports from both the Sustainable Development Commission⁸ and the review by the NAO⁹ show that there is much more that can be done in terms of reducing energy use and carbon emissions from the Government Estate and there has been mixed progress in these areas across departments. With nearly three quarters of carbon emissions coming from energy use in buildings, improving the energy efficiency of the government estate is one of the most effective way of cutting carbon emissions in the short term.

Progress has been made on sourcing renewable electricity for the Government estate, but a long-term strategy is needed to continue this and there is a need to increase efforts to reduce the amount of energy used, even if sourced from renewables.

Government can also play an important role in sustainable procurement and demonstrate leadership in the fight against climate change by driving investment into sustainable technologies and infrastructure to deliver a low carbon future.

What is the government estate?

This may seem self-evident, but the Council understands that it was only when Defra came to draft the secondary legislation under the Sustainable Energy Act for the use of electricity from CHP in the Government Estate that it was realised that there appeared to be no pre-existing legal definition of what constitutes the Government Estate.

As a result it came to be defined for the first time in this secondary legislation.

The definition is however very narrow, and only includes the main department of state—it does not, for example, include any of the NHS estate or local authorities, despite the opportunities that exist in these areas.

ENERGY EFFICIENCY

The Government has long promoted both the environmental and economic benefits of energy efficiency in homes and businesses.

In terms of its own estate, whilst the Government has set itself energy efficiency targets, performance against these targets has been mixed.

The Government could go much further in demonstrating practical energy efficiency improvements, which will send very clear signals to the broader community about the potential to take actions in turn to create new business opportunities for both energy companies and energy service companies (ESCOs).

While setting targets is an important first step in driving energy efficiency improvements, there are a number of possible options where Government can proactively improve its performance in this area, including establishing a consistent reporting process across Departments.

Importantly, energy efficiency improvements often deliver direct financial benefits, and it is important that Departments that realise energy savings are able to share in the financial rewards to incentivise good practice in this area.

Government can also play a role in driving up the performance of commercial buildings by setting high performance levels for new leases, as well as specifying high efficiency equipment as part of its procurement processes.

⁸ Sustainable Development in Government 2007.

⁹ Energy consumption and carbon emissions in government departments November, National Audit Office 2007.

HEAT

At present the Government's targets for sourcing energy from renewable sources and CHP for the Government estate only focus on purchased electricity.

However, as the Government outlines in BERR's recent Heat Call for Evidence, almost half of the energy used in the UK is for heating and generating this energy accounts for nearly half of the UK's carbon emissions. There is therefore a much greater potential for savings to be made both in terms of energy used and carbon emissions created by heating and cooling government buildings.

Given that the Government is now looking into the development of policy for sustainable heat, a step forward would be made if the Government were to include heat in its statutory CHP target for the Government estate.

Currently, Government departments have a statutory duty to source at least 15% of electricity from good quality Combined Heat and Power (CHP) by 2010. Currently only 2% of electricity is produced from this source.

Whilst there are differences across Government, and the target is not applicable to departments that source 100% of their electricity from renewable sources, this remains an area of real potential for reducing carbon emissions from the Government estate.

In addition most of the CHP electricity used by Government is not generated on the government estate. More investment is therefore required to increase the deployment of CHP on the Government estate itself where this is appropriate.

At present, the target only requires departments to purchase electricity from CHP. However, if heat targets were to also be included, the significant potential efficiency of CHP as a means to deliver both heat and electricity could be realised.

DISTRICT HEATING

Through the Council's work on zero carbon homes, it has become clear that renewed potential exists for mixed-use neighbourhood provision of heating.

A number of cities and communities across the UK have already deployed such approaches, in most cases financed by private investors. Government has the opportunity to take the lead by linking its own premises to existing schemes and using public procurement to help kick start new schemes.

Government and agencies at all levels should have the capacity for the coordination needed to develop a networked heat supply and need to have a role in coordinating strategic and spatial sustainable energy planning at a national and local level.

Central government also has a role to play by setting an appropriate target for heat supplied by CHP from district heating for the public estate, including in: central government buildings, schools and educational establishments, universities, local government buildings, leisure facilities, NHS trusts and hospitals and prisons.

Public sector organisations can also provide the anchor loads to facilitate the development of district heating networks by sourcing a proportion of their heat supply from local low and zero carbon sources such as CHP, waste heat and renewables. Other developers can then link up to these heat networks once in place.

Cities such as Sheffield, Nottingham, Southampton, Aberdeen and the newly emerging schemes in London show what can be done where this is a clear local drive to take a scheme forward.

SUSTAINABLE PROCUREMENT

There is significant potential for Government to leverage its purchasing power to encourage the transition to a low carbon economy and deliver sustainable outcomes across all goods, services and buildings.

With a procurement budget of £150 billion, the public sector has the power to lead markets and drive investment so that the private sector can help it deliver sustainable purchasing policies.

All Government contracts should have sustainability principles at the heart of them, whether for energy, food, renting buildings or delivering services. Government leadership in this respect can create more sustainable behaviour by both businesses and consumers.

The Greater London Authority has shown an example of this in its commitment to cut carbon emissions from public buildings by 25 per cent and it plans to extend the procurement process to let every public sector organisation in London benefit from the same arrangements.

Following a deal developed by the Clinton Climate Initiative for the C40 group of cities at the New York Large Cities Climate Summit in May 2007, London is the first city in the world to have completed the municipal tender process and has appointed companies to deliver it. The Mayor also plans to work with the Clinton Climate Initiative to sign up private sector businesses to green their buildings.

This innovative programme sees energy service companies guarantee a set level of energy savings—and therefore also financial saving—over a period of years, creating a guaranteed future income stream to fund investment in improvements such as insulation, energy efficient building management technology, and low carbon heating and cooling equipment. This will help to address the fact that much of London’s and other major cities public building stock is poorly insulated and uses older, energy inefficient technology to heat and cool them.

Unlike traditional public building improvement programmes, under the C40 scheme a whole group of buildings are offered up for retrofitting at the same time, allowing energy services companies to achieve economies of scale and invest in more expensive, long-term infrastructure, such as decentralised energy supply, out of the savings from cheaper, quicker measures. As part of the Clinton Climate Initiative, London is also working with the C40 cities to help progress the wider introduction of new technologies whilst reducing the cost of current low energy and carbon technology by buying in bulk through joint procurement.

The UKBCSE is now working with Shell on a similar initiative across the core cities in England.

Adopting this approach to public procurement at all levels of Government would bring about significant progress in achieving targets for energy efficiency, reducing carbon emissions and increasing the use of renewable electricity and heat.

17 April 2008

Memorandum submitted by WWF

We read with disappointment the conclusions of the Sustainable Development Commission (SDC) report “Sustainable Development in Government 2007. Government departments are, in the vast majority, failing to make adequate progress towards sustainability objectives. In many cases Government operations are becoming less sustainable. If the Government expects UK citizens and business to act in a sustainable manner then it *must* lead by example.

Our main concerns comprise: the scope, ambition and accuracy of the sustainability targets and assessments; and the lack of coordination and coherence between various departments’ activities relating to sustainable development and their relationship to the policies of Government.

With respect to the areas suggested by the EAC, WWF’s concerns include, but are not confined to, the following:

1. *How successfully is the Government providing centralised leadership, guidance, and funding for Departments and Agencies? How well are Departments making use of expertise and funding provided by central bodies, as well as each other? Should anything be done to improve co-ordination?*

Sharing best practice on performance:

It is evident from the low level of achievement across Government that an appropriate level of guidance and funding is not currently being offered. Notably there appears to be a lack of centralized responsibility for ensuring consistency and coherence across departmental activities. In particular individual departments appear to be adopting various measures and initiatives to achieve their targets, but successful efforts are not obviously being replicated across all departments. It is not clear how the Government is maximising its purchasing power to deliver greater efficiency and performance. Failure to capture and use this learning demonstrates a lack of central oversight and action to help individual departments improve their performance. This failure has been recognized by Government in their response to the SDC assessment with the recommendation that a Chief Sustainability Officer be created to push through the SOGE targets. However, it is important that this role is sufficiently resourced in order that personnel can provide meaningful oversight and assistance to departments.

Policy Coherence:

WWF is most concerned that UK Government departments are not coherent in their policies on climate change. Whilst there are pockets of progressive activity within most departments, this is not enough to deliver joined-up progress. For some departments, this means that they are encouraging businesses and individuals to make an effort when the department’s own housekeeping is not in order. For other departments, it means they are not only failing to manage their office and travel impacts, but they are actively involved in projects that are contributing to greenhouse gas emissions rather than tackling climate change. For example, the Export Credits Guarantee Department (ECGD) is mainly involved in supporting carbon intensive sectors such as aviation, defence and oil & gas; DFID is increasing its contribution to the World Bank without requiring any reduction in carbon intensity of spending by these international financial institutions. In these cases, the on the ground impacts of real projects supported by departments dwarf the impact of recycling and energy efficient light bulbs.

WWF is aware that there is an Office for Climate Change (www.occ.gov.uk) which is supposed to coordinate across the UK Government. However this office appears to have limited capacity or influence. For example, when WWF raised the issue of ECGD incoherence with UK Government policy on climate change, they merely responded that this was an issue for BERR.

2. *How well are Sustainable Operations on the Government Estate (SOGE) data and targets embedded into core management information systems and priorities within Departments and Agencies? How could this be improved?*

ECGD has been late in producing its SDAP and its extremely narrow scope suggest a reticence to embed sustainable development objectives in the operations of ECGD. Analysing the activities of other departments it is clear that great variability exists in the extent to which sustainable development is actively considered and promoted. Particularly concerning is ECGD's failure to consider the climate impacts of the projects they support. The contribution to global emissions of these projects has the potential to far outweigh any reductions in emissions made by all Government departments combined. It therefore seems negligent to ignore this aspect of ECGD's operations. The UK Government is lagging behind the private sector, which has much more advanced reporting on environmental and social issues. With increased reporting of carbon emissions required of business, the UK Government needs to improve disclosure and transparency in this area.

CARBON EMISSIONS AND ENERGY CONSUMPTION TARGETS

4. *Should targets for energy use be framed in terms of absolute reductions in consumption, as opposed to improvements in energy efficiency?*

Given the need, and the UK Government's stated aim, to reduce overall UK emissions, targets should be framed in terms of absolute reductions in consumption. The means to achieve these absolute reductions such as improved energy efficiency can also have targets attached to them but achievement of these intermediate targets should not be deemed equivalent to absolute reductions in assessments of performance. It is also important that the targets are measured on a per capita basis. In the case of ECGD, emissions measurements are calculated in total tonnes *not* per capita. Reductions in energy use have largely come as a result of the reduction in personnel and consequently office space. The results therefore do not reflect real improvement. This fact is largely not reflected in the assessment by SDC. Waste should also be assessed on a per capita basis where appropriate. The fact that ECGD's total waste increased while its personnel decreased is a compound negative that is not captured using current measurements.

An overall carbon budget for the UK Government which reduces over time would allow a long-term measure that would be relevant whatever restructuring of departments may occur over time. Within this departments should also be monitored individually to ensure they are contributing to the required cuts.

5. *How should the Government treat the purchase by Departments of electricity from "green tariff" contracts?*

Use of "green tariff" contracts should not be a substitute for introducing other measures to reduce carbon emissions. Currently "green tariff" contracts do not necessarily represent any additionality, in terms of provision of electricity to the grid from renewable energy sources. Therefore it cannot be credibly assured that use of these contracts would in fact reduce a department's carbon emissions. Government departments should only purchase electricity from green tariff contracts if tariffs are independently assessed, audited and certified by an independent third party such as the Energy Saving Trust. Moreover, any certification/ accreditation scheme must be based solely on renewable energy sources and measures to demonstrate a credible level of additionality.

6. *What should be done to accelerate progress from Departments in using combined heat and power, and sourcing electricity from onsite renewables?*

Some departments have successfully exceeded targets for CHP and renewables. With central assistance, other departments should seek to replicate the policies or actions taken by these departments. A problem cited in the case of ECGD is that as a tenant they have limited influence over many areas of resource use such as CHP. This is the case with a number of other Government departments and sites for example the FSA. A central body should seek to investigate that the tenancy situation is not being used as an excuse for inaction. For example, in SDC's assessment ECGD cite the tenancy issue, and its limited ability to influence the landlord, as a factor in the type of electricity it is able to purchase. However, ECGD also claim a success

in influencing the landlord on water saving measures. The two responses seem somewhat incongruent. Tenancy arrangements should be re-considered in light of the need to prioritise sustainable development objectives. Ensuring the sustainability of the buildings occupied by the Government should be part of the procurement process.

Government departments should also consider combining their purchasing power and securing low carbon options, either as direct supply, or more likely as credits that they can trade. It is telling that the ECGD has a £50million annual fund for renewable energy, which has not been touched for the last five years. It is not surprising therefore that the ECGD cannot even source renewable energy for its own activities.

8. *What controls should the Government place on its use of carbon credits to meet its target of carbon neutrality?*

The Government must ensure that the emissions credits secured are additional reductions in emissions, rather than ones that would have happened anyway. The permanence of offsets is also importance, which is why WWF does not endorse forestry based schemes. The Gold Standard is a certification system which ensures these issues are dealt with, which has been developed by a multi-stakeholder process. More information is available at <http://www.cdmgoldstandard.org/>

SOGE TARGETS AND DATA

9. *How does the new set of targets under the SOGE framework, established in 2006, compare with the previous set, established in 2002 and 2004? What are the advantages of the new set? Has anything important been lost? Should any new targets be added? Are the targets at the right level of ambition?*

Although WWF welcomes the increased presence of specific targets, a number of deficiencies in the current targets exist. Firstly the targets are not particularly ambitious. For example many departments have already exceeded the recycling percentage target indicating that this was set too low. Although targets should be realistic, the Government should be seeking to maximise improvements by setting ambitious targets. The process of setting these targets and of departments implementing measures to achieve them is still relatively new. However, in revisiting the targets it would be useful to look at departments who have exceeded the target. How did they do this? Are their measures replicable across other departments? Where results should be replicable, targets should be adjusted to reflect this and the necessary advice and funding to role out actions across other departments in order to operationalise appropriate measures should then be provided.

With replicability in mind, it would also be valuable to analyse departments and their targets individually on the basis of the recent SDC assessment. Certain targets will be much more arduous to achieve for some departments than others. For example, certain departments will produce a high percentage of paper waste. This is usually straightforward to recycle making the recycling target easier to achieve. A suggestion for reflecting this differentiation across departments is to have a minimum target applicable to all departments plus additional targets for certain areas where individual departments should be able to achieve above the minimum target.

As the SDC recommendations suggest, “departments should look beyond the targets toward larger sustainable outcomes.” The scope of the targets and measurements also fails to account fully for the operations of departments. As mentioned previously the core of ECGD’s operations is supporting projects abroad. These often have considerable sustainable development impacts, particularly in terms of greenhouse gas emissions. WWF would argue that there is more potential for ECGD to prevent harm or make a positive contribution through this activity than through its various housekeeping measures. So whilst a comprehensive set of core measures are important, it may be other measures that will make the biggest difference, and each department should be encourage to explain what they are doing to bring their core business in line with sustainable development principles.

It is unacceptable that the Government and the SDC disregard the fact that ECGD’s contribution to emissions and other aspects of sustainable development goes beyond its internal operations. The review by SDC does not appear to demonstrate an awareness of what particular departments actually do. As the SDC assessment mentions it is necessary to assess the “*true footprint*” of Government operations. Targets, actions and assessments should seek to cover all aspects of Government activity if the process of improving the sustainability of Government operations is to be meaningful.

While the list of targets must remain manageable, certain targets such as air travel, in addition to road travel, should be included. Not only is air travel a particularly undesirable activity in terms of emissions, for some departments such as ECGD the nature of their work makes air travel a significant contributor to their carbon footprint and its impact should be recognised with targets to reduce this activity.

10. *SOGE targets currently cover core Departments and Executive Agencies. Is this adequate, or should they be extended to cover all Executive NDPBs (Non-Departmental Public Bodies)—especially given the growing volume of Government business covered by arm’s-length bodies?*

As the Government is currently in the process of enacting legislation to considerably reduce UK emissions, at the very least it should require bodies over which it has any leverage to meet appropriate targets. Thus we would recommend that the SOGE targets cover the greatest possible number of NDPBs

11. *How well is the Government accounting for the changing shape of the Government Estate? How should it manage the changes to responsibilities and data caused when functions are transferred to new Departments or the private sector?*

In SDC’s assessment the major positive of reduction in carbon emissions is a result of a privatisation of a significant part of the MOD estate (QinetiQ). It is misleading to record this as a success even if the claim is later qualified. Similarly ECGD achieved “success” in reducing carbon emissions from offices because the department has shrunk considerably. Assessments and baselines should be calibrated to reflect the change in size and activities etc of the Government estate so that real progress is recognized rather than achievement of targets by default.

Of more concern is the failure to maximise opportunities to use the Government’s estate to deliver the rapid increase in renewables needed in the UK. In particular, applications for new wind capacity are being held up, whilst the Ministry of Defence owns a significant number of the most eligible sites in the UK, and actively objects to a large number of applications close to its facilities.

The Government should make sure that where private sector partnerships are chosen as the method of delivery of infrastructure, maintenance or services, sustainable development criteria and performance targets are built into the contractual agreements.

12. *Why are some Departments not including “Quick Wins” clauses in their contracts, when this has been mandatory since 2003? Why do so few catering contracts have a sustainability clause? What more should be done to embed sustainability into Government procurement?*

Considering that the Quick Wins are in theory mandatory the fact they have not yet been widely adopted suggests that either a) the Quick Wins policy was ill-conceived making it difficult to achieve or, more likely, given that some departments have managed to incorporate Quick Wins b) the means of enforcing, through risk and reward, has been inadequate.

Relevant to this, and a critical point overall, is the lack of accountability that is apparent in the process of improving the sustainability of Government operations. It is not clear who, exactly, is accountable for the failure of departments to meet these targets. Accountability has to be meaningful. Although, as one of the supporting mechanism targets states, Permanent Under Secretaries should have sustainability targets incorporated into their performance objectives it is not clear what penalties are involved for failure to meet these objectives. An effective risk and/or reward structure must be implemented if achievement of these targets is to be adequately incentivised.

13. *Other areas of concern*

Inconsistent scoring

Currently the SDC assessment makes little distinction between the relative importance of different targets which renders the overall conclusions misleading. The indicators of success or progress are not comparable in importance despite being given an equal points rating. For example a hard indicator such as an actual emissions cut is given equal weight to a soft indicator such as the Secretary of State having sustainability written into his/her performance agreement. This makes the simple star rating system used by SDC quite deceptive. Furthermore the assessment ratings do not adequately represent the true situation. The lowest grade available is “Poor or no progress”. This is given when in fact there is *negative* progress. Hence the results do not represent that in many areas Government operations have not just failed to progress in their sustainability but have gone backwards.

Review and sanctions

A central body, perhaps the SDC or the proffered Chief Sustainability Officer should seek to examine in more detail and challenge the reasons given for failure to meet targets in the SDC assessment. Clear timeframes for resolving unsatisfactory performance need to be agreed. At present there is no incentive for improved performance. The Government should consider what penalties should be applied for departments which do not meet targets.

Role of Stakeholders

ECGD used stakeholder consultation for a six month delay in releasing its SDAP. Having compared the final ECGD SDAP that was released in May 2007 with the draft that was released at the end of 2006, WWF is hard pressed to notice any difference that resulted from the stakeholder consultation referred to by ECGD. The only specific reference that is made to stakeholder input is at paragraph 29:

“During the preparation of this document ECGD received comments from some external stakeholders concerning climate change. The UK Government’s formal position on climate change is stated in “Climate Change, The UK Programme 2006” presented to Parliament by the Secretary of State for the Environment, Food and Rural Affairs in March 2006 (7); this does not refer to ECGD.

7 Available at: www.defra.gov.uk/environment/climatechange/uk/ukccp/pdf/ukccp06-all.pdf”

This minimal nod to stakeholder input hardly seems worthy of a six month delay. WWF would certainly question whether it meets the criteria of effective stakeholder engagement that the SDC is assessing ECGD against. WWF would encourage the SDC to consider verifying this issue with stakeholders in future reviews, before it gives credit to departments for engaging stakeholders. It is unacceptable to WWF that ECGD feels the UK’s position on climate change does not apply to them just because this single document does not mention ECGD by name. The complete failure to consider other issues such as biodiversity or transparency in relation to its operations appears a major oversight. WWF suggest that the EAC also consider whether this is an adequate response on the part of ECGD with regards to its responsibilities on climate change.

10 April 2008
