

2007-08 HM Treasury sustainable development action plan: progress report

November 2008



HM TREASURY



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development action plan:
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Introduction

1.1 The Treasury published its second Sustainable Development Action Plan (SDAP) in August 2007, in line with guidance from the Sustainable Development Commission. This plan identified a range of challenging policy commitments and actions the Department intended to undertake over twelve months (August 07-August 08) in order to contribute to the Government's sustainable development strategy as set out in *Securing the Future*. Officials are currently working to update last year's action plan to reflect the Treasury's new departmental strategic objectives and post-CSR07 circumstances. We hope to publish a renewed SDAP by November 2008.

1.2 This document reports on the Treasury's progress with the actions the Department set out in last year's SDAP. Progress has also been reviewed on a brief, internal, six-monthly basis by the Treasury's Energy, Environment and Agriculture team, which also has lead responsibility for coordinating the new Treasury action plan. With regard to operations, last year's action plan and performance against environmental targets was also monitored by the Treasury's Group Operations Committee, a sub-committee of the Treasury Board. In addition, detailed information on progress and performance has been published in the Treasury's Annual Report 2007-08.

1.3 This progress report covers HM Treasury and its associated agencies, namely the Office of Government Commerce (OGC), OGC buying.solutions and the Debt Management Office. Two of the Chancellor's departments included in Treasury SDAP 2007, National Savings and Investment and the Royal Mint, will now be publishing their own Sustainable Development Action Plans and will report independently on progress.

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Progress against actions

Ref	Action	Target Date	Responsibility	Progress (RAG+ analysis)	Comments in support of RAG+ analysis	Evidence used to measures progress or success	Evidence available?	Impact (1-4) with rationale
Core Treasury policy								
1	Set out how Departments are responding to long-term opportunities and challenges	CSR07 Autumn 2007	General Expenditure Policy	Complete	Publication of the 2007 Pre-Budget Report and Comprehensive Spending Review, <i>Meeting the aspirations of the British people</i> , in October 2008.	2007 PBR and CSR (including Departments' settlement letters) were published in October 2007 and are publicly available.	Yes	3 CSR07 set out Government's priorities and spending plans for the years 2008-09, 2009-10, 2010-11, firmly set in the context of Government's overall approach to social, economic and environmental objectives.

2	Establish a new performance management structure	CSR07 Autumn 2007	Performance & Efficiency, now Prime Minister's Delivery Unit and Value for Money teams	Complete	As part of the CSR07, the Government announced 30 cross-departmental Public Service Agreements (PSAs) which set out its top priorities. Departments also developed and published a set of departmental strategic objectives (DSOs). The Treasury is a delivery partner for seven PSAs.	CSR07 and PBR are available on HM Treasury website.	Yes	3 The new set of 30 PSAs is much more outcome – rather than target- focused than the PSAs launched in SR04, thereby increasing efficiency and transparency of the performance management structure.
3	Work with Defra and others to develop an improved structure for sustainable development performance management	CSR07 Autumn 2007	Environment, Food & Rural Affairs (now Energy, Environment & Agriculture) ¹	Complete	As expressed clearly through the overarching goals governing the new PSAs, sustainable development is delivered by Government as a whole. Progress is being monitored via a sub-set of indicators drawn from PSAs and DSOs across Departments. Defra acts as a champion for sustainable development within Government; the Sustainable Development Commission continues to act as an independent advisor, advocate and 'watchdog'.	PBR, CSR07 and Defra's settlement letter are publicly available.	Yes	4 This new structure for sustainable development performance management improves accountability and transparency.

¹The name of the Environment, Food & Rural Affairs team was officially changed to the Energy, Environment & Agriculture team. The old name has been replaced by the new throughout this report.

4	Take account of sustainability issues in Procurement Policy and Standards Framework	Spring 2008	Office of Government Commerce	On target	OGC has launched the Policy and Standards Framework, an online portal that sets out the legal and policy boundaries surrounding public procurement; provides clarity and consistency on standards and best practice; and includes a step-by-step guide to buying. This summer OGC also launched the Social and Environmental pamphlets giving practical guidance drawn from real life examples of how procurement can address social and environmental issues.	Information about the Procurement Policy and Standards Framework can be found on OGC's website.	Yes	3 While the online portal will be further developed over the course of the year, to include product specific 'How to Buy' guides, Budget 2008 also announced the establishment of a Centre of Expertise in Sustainable Procurement (CESP) within OGC. The CESP will initially focus on the environmental aspects of sustainability, and its work will be overseen by the newly created role of Chief Sustainability Officer.
5	Operate environmental tax policy in line with principled approach	PBR and Budgets	Environment & Transport Tax	On target	Budget 2008 set out new policies to reduce emissions across all major sectors of the economy and ensure that the UK continues to lead the climate change agenda internationally.	CSR07 and Budget 2008, both publicly available	Yes	3 Where appropriate and effective, tax measures have been introduced and reformed over the last 10 years – Climate Change Levy, Aggregates Levy, Landfill Tax Escalator, Graduated Vehicle Excise Duty, and Fuel Duty Differentials

6	Record environmental impact of Budget and Pre-Budget Report measures	PBR and Budgets	Environment & Transport Tax	On target	Table 6.2 in Budget 2008 identifies the environmental impacts of Budget measures.	Budget 2008 – publicly available	Yes	3 Range of carbon savings identified. For example, the Climate Change Levy is estimated to deliver annual emissions savings of over 12.8 million tonnes of carbon dioxide by 2010. CO2 emissions savings from the increase in aviation taxation are estimated to be approximately 0.75 million tonnes in 2011-2012.
7	Propagate findings of Stern Review internationally	Ongoing	European Economic Reform; Global Economics	On target	The Government published <i>Moving to a global low carbon economy: implementing the Stern Review</i> alongside the 2007 PBR and CSR. This set out how the UK is implementing the Stern Review both at home and with its international partners.	Report on implementing the Stern Review is publicly available	Yes	3 <i>Moving to a global low carbon economy</i> set out the UK's vision for a future international framework, including a demand for deeper absolute emission reduction commitments by all developed countries, extension of the carbon market and increase cooperation on technology research, development, diffusion, deployment and transfer.

8	Pursue the use of Stern as the basis for domestic action	Ongoing especially Climate Change Bill, PBR, Budget	Energy, Environment & Agriculture Environment & Transport Tax; Competition & Economic Regulation	On target	<p>The Government published <i>Moving to a global/low carbon economy: implementing the Stern Review</i> alongside the 2007 PBR and CSR. This set out how the UK is implementing the Stern Review both at home and with its international partners.</p> <p>The Climate Change Bill, which completed consideration at Committee stage in the House of Commons on 8 July 2008, will introduce a long-term, legally binding framework to tackle the dangers of climate change – the first legislation of this kind in the world.</p>	Report on implementing the Stern Review is publicly available	Yes	<p>4</p> <p>The Government has adopted the framework for climate change policy recommended by the Stern Review (for example in budget 2008), based around three principles (i) carbon pricing through trading, tax or regulation; (ii) encouraging innovation in low-carbon technologies, and (iii) removing barriers to action, including policies to encourage long-term behavioural change.</p>
9	Host an international conference on the development of a global carbon market	By end of 2007	Energy, Environment & Agriculture; European Economic Reform; Global Economics	Complete	<p>On 14 November 2007 the Exchequer Secretary to the Treasury hosted the International Carbon Markets Conference. This event saw companies and finance ministry officials from around the world come together to listen to public and private sector speakers including Lord Stern. The event also saw the Treasury launch of the UK Carbon Markets Expert Group, which firmly places carbon finance in the UK government's economic policy hierarchy.</p>	Press notice following the conference is publicly available.	Yes	<p>4</p> <p>The event was deemed a great success and focused the public and private sectors on creating an efficient global carbon market for combating climate change.</p>

10	King Review of low carbon road transport	PBR 2007	King Review team (independent)	Complete	<p>Part 1 of the King Review, published on 9 October 2007, set out the potential for reducing CO2 emissions from road transport. It identified the roles that more efficient vehicles, cleaner fuels and smarter consumer choices need to play in reducing emissions. The second part of the review, published on 12 March 2008, picked up on these challenges and made a series of recommendations aimed at ensuring that government, industry, the research community and consumers all contribute to realising this potential for reducing CO2 emissions.</p>	Both parts of the King Review are publicly available.	Yes	<p>3</p> <p>The report highlighted the importance of setting a long-term direction for policy that has CO2 at its heart, ensuring that new technologies and fuels are developed sustainably. The Government (Department for Transport) is currently preparing a response to the report.</p>
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11	Review on 'supporting housing growth'	CSR07	Housing & Urban, now Housing, Regeneration & Third Sector	Complete	<p>Review concluded as part of the CSR07 conclusions. The review helped bring Government Departments together to better understand the infrastructure needs associated with housing growth, including environmental and green infrastructure needs. Via PSA20, other Government Departments are now engaged in a process of the three-month infrastructure reviews to better align their capital spending programmes with housing growth outcomes. Defra, NE and EA are engaged with CLG on a bilateral review on environmental and green infrastructure.</p>	<p>CSR07 publicly available. Also highlighted in Housing Green Paper, July 2007. Infrastructure reviews being project managed by CLG.</p>	Yes	<p>2</p> <p>Review helped in disseminating messages across Government about local and regional infrastructure delivery needs in relation to housing growth ambitions.</p>
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12	Launch CEMEP report on how government and business can stimulate employment and productivity in sectors with a significant contribution to environmental outcomes and resource productivity. ²	Autumn 2007	Energy, Environment & Agriculture; Business Innovation & Skills	Complete	This report from the Commission on Environmental Markets and Economic Performance (CEMEP) was published on 19 November 2007 and set out the analysis that underpins the Commission's consideration of environmental markets, the approach it recommends to developing policy, and how business should respond to its recommended framework. The report also sets out the actions that the Commissioners believe should be taken by Government, business and others to drive investment and innovation in environmental markets in the UK.	The CEMEP's report and the Government's response are publicly available.	Yes	4 On 1 May 2008 the Government published <i>Building a low carbon economy: unlocking innovation and skills</i> in response to the CEMEP report. This sets out how Government will make the UK one of the best locations in the world to develop and introduce low-carbon and resource-efficient products, processes, services and business models.
13	Commitments under Transforming Government and Procurement and UK Government sustainable procurement action plan	Ongoing (milestones include pan-government pilots for buying energy and fleet etc)	Corporate Finance; Private Finance; Office of Government Commerce; OGC buying solutions	On target	The Collaborative Procurement Programme, managed by OGC, seeks to provide solutions which represent best practice in procurement in terms of value for money and sustainability. The recent delivery plan published by OGC set out how the CESP will work with this programme to support the delivery of sustainable procurement and supplier engagement.	The Delivery Plan is available on the OGC website.	Yes	4 Budget 2008 also announced the establishment of a Centre of Expertise in Sustainable Procurement (CESP) within OGC, and the newly created role of Chief Sustainability Officer.

²The original drafting of this action as set out in the summary of last year's SDAP was slightly misleading as it suggested the launch of the Commission on Environmental Markets and Economic Performance (CEMEP) – which had already been established in November 2006 – was the actual action point. The main text of SDAP07 clarifies that the action related to publication of the Commission's report on the future potential of environmental markets. We have amended the text in our progress report accordingly.


Operations – Waste and Recycling

14	Additional and clearer signage and guidance for staff will form the second phase of the waste management strategy to reduce contamination	September 2007	Exchequer Partnership	Complete	Signage has been installed and guidance provided.	Detailed information by waste stream is contained in HMT Annual Report 2007-08, published in July 2008 and available online.	Yes	2 Large recycling rates increases over the past year, driven by staff.
15	All printers will be set to double-sided as default	August 2007	Information Services	Complete	All printers now have double-sided default print settings. This has led to reductions in paper waste.	Detailed information by waste stream is contained in HMT Annual Report 2007-08, published in July 2008 and available online.	Yes	2 Paper is a significant part of overall waste within Treasury, so this measure has had a significant impact on the overall reduction of waste.
16	Encourage greater use of washable cups and provide recyclable napkins in restaurants and café	September 2007	Exchequer Partnership	Complete	Staff can now receive a discount if they bring their own cups and mugs to the café.	Detailed information by waste stream is contained in HMT Annual Report 2007-08, published in July 2008 and available online.	Yes	1

Operations – Water

17	Continuous signage in lavatories to remind staff to keep tap use to a minimum and use dual flush.	September 2007	Exchequer Partnership	Complete	Signage has been installed	Detailed information by waste stream is contained in HMT Annual Report 2007-08, published in July 2008 and available online	Yes	2 Water usage has continued to fall
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Operations – Travel							
18	Obtain data for rail and car travel	June 2007	Sustainable development lead	Complete	Full data for all types of travel now in place, including aviation.	Detailed data published in the Treasury's 2007-08 Annual Report, published in July 2008 and available online.	Yes 1 The Treasury continues to work to develop systems to capture activity and data on travel in more detail, and plans to report in future annual reports.
19	Renew guidance and launch staff campaign to manage unnecessary travel down	October 2007	Sustainable development lead	On target	Staff are actively encouraged to consider the need for travel, and to consider using video conferencing facilities.	Detailed information published in the Treasury's 2007-08 Annual Report, published in July 2008 and available online.	Yes 2 Travel has fallen significantly over the past year.
Operations – Energy							
20	Automatic pop-up icon on PCs to remind staff to turn off their monitors overnight	August 2007	Information Services	Complete	A low energy screen saver has been installed to remind all staff to shut down and turn off equipment at night.	Regular monitoring of energy consumption.	Yes 2 Energy consumption continues to fall.
21	Reduction of time-setting for automatic turn-off of lights	September 2007	Exchequer Partnership	Complete	Reduced from 30 to 20 minutes. Lighting is one of the main drivers of electricity consumption.	Information on electricity usage published in Treasury's 2007-08 Annual Report, published July 2008 and available online.	Yes 2 Electricity consumption in 1 Horse Guards Road continues to fall steadily. The performance in 1 Horse Guards Road is even more impressive as building occupancy has increased in year due to the collocation of OGC with core Treasury staff.

22	Invite the Carbon Trust back to consider what further action we can take to improve efficiency	October 2007	Building Contract Management Unit	Complete	The Carbon Trust carried out an analysis and made a number of recommendations for the Horse Guards Road building which should reduce energy usage significantly.	Regular monitoring of energy consumption		2 Actions suggested by the Carbon Trust should eventually lead to a reduction of more than 10 per cent of existing emissions.	
23	Investigate available options to reduce heat energy consumption and present to BCMU	August 2007	Exchequer Partnership	Complete	Temperature range of heating reduced by 1 degree in Horse Guards Road has led to significant reductions in consumption.	Regular monitoring of energy consumption.	Yes	2 Consumption fell considerably over the winter compared to the previous year.	
24	Take part in Defra-led CO2 campaign, and Lights Out London event campaign to raise awareness of environmental issues within the Department	July 2007	Sustainable development lead	Complete	Successfully took part in CO2 campaign.	Published staff survey	Yes	2 Staff awareness of sustainable development in their work has risen significantly year on year.	
25	Re-launch working group to share best practice between Chancellor's Departments and executive agencies	June 2007	Sustainable development lead	On target	Established working links have led to joint campaign across HM Treasury Group and HMRC where co-located.	Yes	No	2 There is now considerable expertise within Departments and executive agencies.	
									
26	Promote awareness of car and taxi sharing schemes and bicycle grants, and increase recycling using centralised collection points	January 2008	Rosebery Court Green Forum	Complete	Further improvements to waste systems being introduced in the current year. Working with the contractor, reception co-ordinate the sharing of taxis and cars for visitors. Promoting awareness of bicycle grants is ongoing.	Detailed information published in the Treasury's 2007-08 Annual Report, published in July 2008 and available online.	Yes	2 Recycling rates continue to rise in Rosebery Court.	

National Savings and Insurance

27	Assess feasibility of using online press cuttings to replace print outs	January 2008	Facilities management	No longer applicable	National Savings and Insurance will publish their own Sustainable Development Action plan this year, and will report independently on progress with last year's actions.		
28	Introduce water jugs and glasses for meetings to reduce disposables	January 2008	Facilities management	No longer applicable	National Savings and Insurance will publish their own Sustainable Development Action plan this year, and will report independently on progress with last year's actions.		
29	Improve data collection for all modes of travel to establish baseline	January 2008	Facilities management	No longer applicable	National Savings and Insurance will publish their own Sustainable Development Action plan this year, and will report independently on progress with last year's actions.		
30	Revise contract templates to include sustainable clauses relevant to each contract type	January 2008	Facilities management	No longer applicable	National Savings and Insurance will publish their own Sustainable Development Action plan this year, and will report independently on progress with last year's actions.		

OGC buying solutions						
31	Work towards the BS8555 standard for its EMS, leading ultimately to ISO14001 certification	There are five stages before gaining certification (stage 2 by end of 2007; stage 5 by March 2009)	Sustainable development lead	Recoverable	Buying Solutions has achieved level one of BS8555 EMS standard, and is working towards level two for March 2009. The original more ambitious timescale was revised, to reflect a major organisational restructure, which is now complete.	Yes 2
Debt Management Office						
32	Relamping floors with new energy efficient light bulbs	October 2008	Sustainable development lead	Recoverable	Light bulbs have been sourced and are being installed.	Yes 2
Royal Mint						
33	To include SOGE targets within its 140001 EMS objectives and targets	Ongoing	Head of Safety, Health & Environment Department	No longer applicable	Royal Mint will publish their own Sustainable Development Action plan this year, and will report independently on progress with last year's actions.	
Government Actuary Department						
34	To work closely with HMT, OGDs and in partnership with Mitie Managed Services (FM provider) to embed SOGE targets, improve data, and work towards a comprehensive plan	Ongoing	Sustainable development	On target		Yes 2

2.1 Five out of the initial 34 actions the Treasury and its associated agencies had set themselves in 2007 are no longer applicable – National Savings and Insurance and the Royal Mint will publish their own SDAP this year, and will report independently on progress with last year's actions. All other 29 actions have been completed (62 per cent) or are on track (31 per cent), with the exception of actions 31 and 32. We rated operations and procurement-related actions with lower impact ratings (1-2) as they have only impacted on the Department's everyday working practices; most of our policy actions have been given a high impact rating (3-4) to reflect the wide-ranging effect Treasury policy had on Government's sustainable development agenda and indeed global environmental policy-making (action 9), in particular in response to climate change.

2.2 The past twelve months have been challenging times for HM Treasury and its wider family but delivery of last October's CSR07 and introduction of public service agreements firmly set the context of Government's overall approach to social, economic and environmental objectives. Key successes also included delivery of Budget 2008, which set out an array of new environmental policies, building on Lord Stern's recommended framework for climate change policy; as well as publication of the King Review of low carbon transport and the launch of the CEMEP's report on building a low carbon economy. The operations and procurement actions implemented by the Department mean that the HMT Group has already achieved government targets within the SOGE framework for reducing carbon emissions, greater energy efficiency, reducing water consumption, emissions from road travel and increasing recycling rates.

2.3 While SDAP 2007 placed a great focus on sustainable policy development, a key lesson that has been learned is to include more specific actions related to staff awareness of sustainable development principles, the Department's internal working culture, cross-departmental collaboration and wider stakeholder engagement. SDAP 2008 has been drafted to include more 'Treasury people'-related actions and will also place greater focus on cross-Whitehall collaboration.

Embedding sustainability – Treasury policies

Self-assessment

Fully integrated

SD is fully embedded in all policy processes and decision making. External stakeholders and delivery partners are engaged fully in SD. Policies align fully with *Securing the Future*.

2.4 As the above table shows, the Treasury has completed a great majority of the actions it vowed to undertake in last year's SDAP. As the UK's finance and economics ministry and the Government's lead Department on the allocation of public resources, HM Treasury naturally takes a thorough, cross-departmental and long-term, sustainable approach to policy development and implementation. The five guiding principles on sustainable development (as set out in *Securing the Future*) are at the heart of the Department's strategic objectives and everyday working practices; however, the Department's main focus is on the achievement of a sustainable economy. Last year's Comprehensive Spending Review (CSR07) represented a fundamental review of government expenditure and the Treasury undertook careful analysis of the key opportunities and challenges facing the UK over the next decade and beyond.

2.5 The new, streamlined performance measurement structure of 30 cross-departmental PSAs will make progress measurement much more transparent, ensures a greater focus on outcomes, rather than targets; and fosters a more collaborative approach across Whitehall. The new framework also requires Departments to develop a set of departmental strategic objectives (DSOs), and the Treasury's two DSOs the Department has set itself are closely linked to the SD principles:

1. Maintaining sound public finances

The Treasury plans expenditure in accordance with the fiscal rules and long-term goals set out in the *Code for Fiscal Stability*, which ensures that today's spending impacts fairly within and between generations. The Department always seeks to improve financial management and efficiency throughout the public sector, so that government expenditure results in the maximum welfare for citizens.

2. Ensuring high and sustainable levels of economic growth, well-being and prosperity for all

The Treasury is committed to promoting the efficiency and fairness of the tax system, general expenditure and benefits to ensure the wellbeing for all citizens.

2.6 Delivery against these two DSOs will enable the Department to fulfil its commitments as a delivery partner for seven of the Government's 30 PSAs. These are: raising the productivity of the UK economy; delivering the conditions for business success in the UK; improving the economic performance of all English regions and reducing the gap in economic growth rates between regions; maximising employment opportunity for all; halving the number of children in poverty by 2010-11, on the way to eradicating child poverty by 2020; leading the global effort to avoid dangerous climate change; and reducing poverty in poorer countries through quicker progress towards the Millennium Development Goals.

2.7 Economic, social and environmental policy goals are being increasingly integrated within the Treasury and across Government. By continuing to propagate the findings of the Stern Review internationally and pursuing its use as the basis for domestic action, the Treasury is making a vital contribution to Britain's leading role in setting the international climate change policy agenda. By commissioning vital research, like the King Review into energy-efficient technologies, we continue to expand our forward-looking evidence-base and demonstrate effective collaboration with stakeholders.

Embedding sustainability – Treasury people

Self-assessment

On course

There is a programme of SD engagement for all staff, and there is evidence that many staff are applying their SD skills and knowledge to their everyday work.

2.8 Treasury Ministers and senior management are very engaged in sustainability issues and keen to encourage and deepen the Department's understanding in terms of the range of policy mechanisms it can use to support a sustainable development approach. Results of the 2007 internal staff survey show that 75 per cent have a high awareness of the environmental impacts of their work, compared to 58 per cent in 2006 and 48 per cent in 2005.

2.9 Treasury policy development is centred around Spending Reviews, Pre-Budget Report and Budget cycles. While this supports an overarching, thorough approach to evaluating policy impacts, benefits and costs across Government, it also means staff are working in a very time-pressured environment and need to carefully manage a wide range of different stakeholders and their expectations. HM Treasury's capability review highlighted that although the Treasury has the advantage of a strong, internal culture (of competence, focus and drive) this is also sometimes hindering the Department's ability to appropriately engage with stakeholders and adopt a more collaborative approach.

2.10 Following the capability review in December 2007, the Treasury Board have launched *Fulfilling our Potential: Achieving the Treasury's Vision for 2011*, which built on the Treasury's core values of challenge, appreciation, collaboration and openness, and identified five key priority areas for action:

- Workforce, skills and culture;
- external relations and stakeholders;
- our role at the centre of Government;
- leadership, strategy and corporate governance; and
- business process and systems.

2.11 Values central to the ethos of sustainable development are reflected in all aspects of this ambitious programme for change. Work is currently underway to develop a new approach to talent management which is transparent and enables a diverse range of Treasury staff to participate in development programmes and secondments. The Treasury offers an extensive internal programme of courses, as well as links with external providers such as the National School of Government, to ensure that there are courses available to meet the needs of staff. Secondments and interchange opportunities also offer the potential to gain broader experience and learn from external best practice. We encourage mentoring, on-the-job coaching, shadowing and short-term placements. The principles of sustainable development are embedded in the Treasury's induction for new staff and reflected in the Treasury's departmental strategic objectives.

2.12 We have also recently launched the Treasury Environment Network (TEN) which brings together the various different parts of the Treasury with an interest in environment policy, both domestic and international, and aims to further the development of policy and collaboration in this area. One of the ways in which we are seeking to achieve this is by holding regular seminars at which we are inviting speakers, from within the Treasury, across Government, and in

academia, the NGO sector and business, to give short presentations on topics of relevance to environment policy, followed by discussions. One of the first events the new network organised was a capability building seminar with the Sustainable Development Commission, which had been designed to critique and analyse staff's different approaches to sustainable development and develop a shared understanding across the network and ultimately across the whole Department. The event was well-received and we are currently in the process of compiling a rolling seminar programme for TEN.

2.13 The Treasury is very supportive of staff voluntary work; a highly active volunteers' group aims to raise awareness of volunteering opportunities by arranging presentations from external organisations; through its intranet page containing a database of volunteers, case studies, guidance and information; and by providing information to facilitate volunteering activities for Team Away Days. During 2007-08 the Treasury's annual staff survey showed that 30 per cent of Treasury staff currently volunteer, across all grades and spanning all forms of volunteering including magistrate, school governors, charity trustees, mentoring refugees, community and advice centres and conservation work.

Embedding Sustainability – Treasury Operations

Self-assessment

On course

There are systems, structures and mechanisms in place to improve the sustainability of all areas of operations and, although not fully embedded, there is a continuous programme of improvements in place.

2.14 The Treasury Group are committed to sustainable development and continuously strive to reduce the impact of the Group's operations on the environment. The Group Director of Finance Procurement and Operations is responsible for improving the sustainable operations of the Treasury Group. There are direct reporting chains between the Director and those teams that oversee estates, transport and procurement.

2.15 Since the Treasury's move to 1 Horse Guards Road in 2003, our operations have increasingly become more efficient, as reflected in the steady reduction of our carbon footprint, falling energy, gas and water consumption, increasing recycling levels and much greater awareness of sustainable operations amongst staff. The Treasury Group have made good progress against all Government targets for sustainable operations on the government estate. We continue to work closely with contractors and estates managers to identify and tackle issues that affect performance.

2.16 Full details on governance and the impact of Treasury's operations can be found in the 2007-08 Annual Report on pages 96-100. The Department is committed to full transparency and will be looking to further strengthen these in future years.

Embedding sustainability – Treasury governance, monitoring and reporting

Self-assessment
On course
Some effective mechanisms for governance, monitoring and reporting are in place, but these need to be improved or developed further, to maximise their effectiveness, and to gain senior-level ownership of the SDAP

2.17 Sustainable development performance measuring and reporting is integrated in the Treasury’s progress monitoring against its departmental strategic objectives and will be assessed through the delivery of a number of outcomes as set out in *HM Treasury Departmental Strategic Objectives – 2008-2011*.

2.18 In addition, the Treasury’s Energy, Environment and Agriculture team, which also has lead responsibility for coordinating the new Treasury SDAP and was one of the lead teams in setting up the Treasury Environment Network, will be reviewing progress on a brief, internal, six-monthly basis. With regard to operations, progress will also be monitored by the Treasury’s Group Operations Committee, a sub-committee of the Treasury Board, which reports to the Group Director of Finance Procurement and Operations. There are direct reporting chains between the Director and those teams that oversee estates, transport and procurement.

2.19 The Treasury is committed to full transparency of performance, and reporting in line with the ‘Accounting for Sustainability’ framework. Comprehensive information on governance and operational performance was included for the first time in the Treasury’s 2007-08 Annual Report, and we intend to develop this material in future years. During the year, regular monitoring is carried out at operational level to identify trends and possible actions to improve performance.

Sustainable procurement

2.20 Treasury Group (HM Treasury, Debt Management Office and Office of Government Commerce) have combined their procurement functions with HM Treasury Group Shared Services. The role of Group Procurement is to ensure that the goods, works and services that the Treasury Group needs to deliver the Department's Strategic Objectives are procured in accordance with the Government procurement policy and regulatory framework, seeking to secure value for money with due regard to propriety and regularity.

2.21 Procurement is an area of key importance to delivering sustainable development; it is about recognising and minimising the adverse impacts that the purchase of goods and services can have on the environment, the economy and society. While we recognise the Flexible Framework as a useful procurement tool, we considered it was not suitable for a Department with our spend profile. Our total procurement spend is about £136m. £40m is for coins, through the Royal Mint. A large proportion is covered by one PFI deal for our main London building. Spend on Professional Services (including consultancy) is also significant, over £31m in 2007-08.

2.22 Group Procurement consists of 10 specialist procurement posts, and over the last year have moved towards a category management model which will allow better integration of sustainability into procurement by allowing category managers oversight of the whole procurement process. All members of the branch have a professional procurement qualification, or are undertaking a course of training for such a qualification.

2.23 We have taken a range of actions to ensure sound and sustainable procurement mechanisms.

2.24 A new procurement strategy was agreed in October 2007 and firmly places procurement policy within the context of best value for money. The new approach we have adopted is consistent with *Transforming Government Procurement*. It seeks to maximise our use of pan-Government frameworks, cross-departmental, collaborative deals and standard specifications. Sustainability is now considered as a standard evaluation criterion in all procurement exercises. For example, working with our PFI provider, this will be fully integrated into the forthcoming market testing of services in our main building.

2.25 We are keen to ensure that the systems and processes associated with procurement are also more sustainable. We have introduced an on-line travel booking portal that reduces the need for paper transactions. We encourage the use of fast-ticket machines that allow passengers to collect rail tickets at the station rather than have them delivered to the desk by courier. We have also used an online e-auction to complete the bidding process, reducing the need for an exchange of hard copy documents and for travelling for face-to-face meetings.

2.26 We regard engagement with our suppliers on sustainability as essential, and contract and category managers have been working with them to ensure that our contracts and suppliers support our sustainability objectives and help us meet our targets. For example we expect consultants working on site to conform to our sustainability behaviours e.g. turning screens off when not in use, double-sided printing. Our estate contract for 1 Horse Guards Road, includes a requirement for the PFI provider to maintain ISO 14001 status. They are keen to work closely with us as the monitoring and targets that are part of ISO 14001 certification are aligned with, and in some cases are more ambitious than, SOGE goals.

2.27 Staff engagement is important as there are limits to central procurement ability to direct all of the spend, so we look to get buy-in from staff who order for their teams to sustainability. For example travel training sessions for the new system included a section on whether there is a need to travel, and before booking travel users are encouraged to challenge whether that journey is necessary to help reduce the number of journeys made.

2.28 We have been working to strengthen reporting and wherever possible, we use suppliers that monitor and report on carbon emissions e.g. our travel agents and taxi contracts.

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2.30 OGC buying.solutions adopts a rigorous category management approach to its collaborative procurement activities. Under this approach, sustainability is considered throughout – from the outset when assessing customers' business requirements, to adopting good practices such as supply chain analysis and whole life costing. This extends to OGC buying.solutions' internal procurement as the agency itself utilises its collaborative arrangements to access sustainable products and services. In addition, the agency uses electronic eSourcing tools to manage its procurement, which cuts down on the unnecessary use of resources and reduces carbon emissions.

Taking stock – Helps and hinders

2.31 A large majority of actions listed in the Treasury's 2007 SDAP have been completed or are on track. Last year's Comprehensive Spending Review 2007 and the launch of Government's streamlined performance measurement structure of 30 cross-departmental PSAs have provided the Treasury with vital opportunities to introduce a range of effective policy measures and take a thorough, long-term and sustainable approach to policy making. As the Government's lead Department in the development of environmental taxation, we will continue to operate environmental tax policy in line with a principled, sustainable approach that ensures successful outcomes of balanced, careful decision-making.

2.32 While the Treasury's policy development – centred around Spending Reviews and Budget cycles – supports a thorough approach to evaluating impacts, benefits and costs across Government, it also means staff are working in a very time-pressured environment. The Treasury's Capability Review stressed the need to engage and communicate more effectively with Treasury stakeholders and recommended to develop a more collaborative approach with other Departments. While last year's SDAP did not include explicit actions to enhance staff engagement in sustainable development or further develop cross-departmental collaboration and wider stakeholder engagement, SDAP 2008 will place a greater focus on Treasury staff and the Department's working culture.

The Way Forward

2.33 The Treasury's SDAP 2008 is in an advanced drafting stage and will hopefully be published on the Department's public website shortly. The SDAP will set out a range of new actions the Department and its wider 'family' plan to undertake over the next twelve months. The difficult times in the global economy – combining the twin shocks of the credit crunch and the surge in energy and food prices – provide a challenging context in which the Treasury operates. While the Department's work will naturally focus on the achievement of a sustainable economy, social and environmental policy goals will continue to be firmly integrated within the Treasury and across government. Laying the ground work for the introduction of five-year carbon budgets and the first auction of allowances this November will be key milestones. In addition to the Treasury's lead role on environmental taxation, the Department will work closely alongside other Whitehall Departments to support the development and delivery of climate change and energy policy. Internationally, the Treasury will aim to strengthen vital links with member countries when the UK holds the G20 chair in 2009, and promote a shared understanding of the challenges and opportunities of climate change. In collaboration with other finance ministries across the globe, the Treasury will further explore how market mechanisms can be effectively used to tackle climate change. Internally, the recently launched Treasury Environment Network will be further developed to establish it as a comprehensive information source and networking forum to strengthen the development of policy and collaboration.

Sign Off

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