



House of Commons
Environmental Audit
Committee

**Greening Government:
Government Response
to the Committee's
Sixth Report of Session
2008–09**

**Seventh Special Report of Session
2008–09**

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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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The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at: www.parliament.uk/eacom/

A list of Reports of the Committee from the current Parliament is at the back of this volume.

Committee staff

The current staff of the Committee are: Gordon Clarke (Clerk); Simon Fiander (Second Clerk); Tim Bryant (Committee Specialist); Edward White (Committee Specialist); Susan Monaghan (Senior Committee Assistant); Susan Ramsay (Committee Assistant); and Steven Everett (Sandwich Student)

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Seventh Special Report

The Environmental Audit Committee published its report on *Greening Government* on Wednesday 5 August 2009 as HC 503. The Government's Response to the Committee's Report was received on Monday 5 October 2009 in the form of a memorandum to the Committee. It is reproduced as an Appendix to this Special Report.

Appendix—Government response

Introduction

The Government welcomes this report. Becoming a leader in the delivery of sustainable procurement and operations is one of the government's key commitments. There has been real progress towards achieving that goal in the last year but we need to do more. The 2008 Sustainable Development in Government (SDiG) report showed performance improvements across government's targets for Sustainable Operations on the Government Estate (SOGE). The Government's *Delivery Plan*, last updated in July 2009, sets out departmental plans to ensure that the Government will meet the 2010–11 targets.

Carbon emissions reduction is a priority for government in 2009–10. Central support is being given to departments both in the form of funding for energy efficiency measures (£54.5m announced in the Budget) and through the Chief Sustainability Officer's leadership of a cross-Whitehall taskforce on energy efficiency in public buildings. The Government agrees with the EAC that sustainable procurement should also be a priority area of focus for 2009–10, and a coherent set of planned actions are set out in the July 2009 *Delivery Plan Update*.

As departments make increasingly good progress towards achieving the current target set, Government recognises that to maintain a position of leadership on sustainable development beyond 2010–11, a new more challenging target framework must be developed. Proposals for a new target set are currently out for cross-government consultation and the outcome will be announced by the end of this calendar year.

Continued strong leadership from Ministers and senior officials will be a prerequisite of further success. The Economic Secretary to the Treasury (EST) actively manages the performance of the Chief Sustainability Officer and the Centre of Expertise in Sustainable Procurement (CESP) in the Office of Government Commerce (OGC), while sustainability remains one of the four corporate priorities of the civil service and forms one of the planks of the Cabinet Secretary's performance management of Permanent Secretaries. Collaborative effort across Government is also crucial to success, and Government will continue to build on the strong working relationships already in place between policy departments (the Department for Environment, Food and Rural Affairs and the Department of Energy and Climate Change), delivery departments (the OGC) and Government's independent watchdog the Sustainable Development Commission (SDC).

Government Response to Conclusions and Recommendations

1. The quality of data reported by Government departments for the Sustainable Development in Government Assessment has improved substantially in recent years. Further improvement requires a formal process of audit and verification. We recommend that the Government undertake an assessment of the cost and feasibility of implementing a system of external verification of the data submitted by departments. (Paragraph 6)

Government agrees that establishing good quality data collection and reporting systems is a key step in understanding and addressing the environmental impact of its operations. Departments have taken action in the past year to improve in this area; contributing to both the better understanding of Government's performance, and to understanding the steps that can be taken to improve it.

To build on this, the CESP is currently working to produce general definitions of data quality for key areas of SOGE reporting. This will enable both the CESP and departments to work to a consistent standard across Government, as well as forming a shared view of data quality and areas where further improvements may be required. The CESP will examine, in a project planned for autumn and winter 2009, the value that external verification of the SDiG data could add to the new processes, under which CESP rather than SDC will collect and verify departmental performance data, which are being piloted this year.

In addition, Government is taking further steps to improve the quality of data from departments. For example, an initiative to purchase and install gas and electricity automatic meter reading (AMR) meters across the Government estate is currently being developed by DECC and the Office of Government Commerce. These meters would provide more accurate billing and improved data collection, enabling departments to target reductions in energy consumption. In addition, AMR installation will help to improve departments' performance in the first year of the Carbon Reduction Commitment (CRC) league table, and will make CRC reporting easier and clearer in subsequent years.

2. The Sustainable Development Commission has awarded Government four stars (out of a possible five) in its rating of pan-government performance against the Sustainable Operations on the Government Estate targets; this represents an improvement of one star compared to the 2006–07 reporting period. We welcome the progress that Government has made against its SOGE targets in a number of key areas, including waste, water consumption and emissions from road travel. Performance against a number of important targets has, however, been poor. The Government must ensure that in the 2008–09 reporting year it is on track to meet all of its SOGE targets. Where the Government is meeting its targets, it must not be complacent; if progress against a given target is slowing, it must offer an explanation. (Paragraph 9)

The Government agrees with this recommendation. *The Delivery Plan for Sustainable Procurement and Operations on the Government Estate* and the updates on progress towards this plan that are published every six months set out progress towards the Government's targets and provide explanations of performance against targets where this is slowing. Through the information provided in departmental reporting, we believe that

we are on track to meet the key Sustainable Operations on the Government Estate (SOGE) targets such as those relating to carbon emissions reductions.

The Committee noted that progress against the renewables target decreased from 2006–07 to 2007–08. Given the doubts about the ability of green tariffs to deliver additional carbon emission reductions, government departments changed focus from purchasing renewable tariffs to investing in energy saving technology. Despite this reduction, the 2007–08 SOGE target was still exceeded, with 22% of electricity purchased coming from renewable sources.

Performance data for the 2008–09 reporting year will be published with the Government's *Delivery Plan Update* in December alongside revised forward plans and trajectories. These six-monthly updates provide information on progress against the targets and highlight key issues affecting delivery. For example, the update published in July 2009 highlighted that Department for Work and Pensions' progress against the target for reducing carbon emissions from offices target is likely to be affected by the recession due to the department's pivotal role in the employment market. This includes extended opening hours and potentially increasing staff numbers to support people back into employment.

The updates also set out the actions that central Government plans to take to ensure the targets are met in 2010–11, and report on activities that have taken place across Government over the previous period as well as key priorities for the next period.

3. It is completely unacceptable that central Government departments are failing to comply with mandatory requirements. A marked improvement in the Government's performance against its targets for the use of mandated mechanisms in the 2008–09 reporting year is needed. (Paragraph 11)

The mandated mechanisms are process measures which should help departments achieve the sustainability outcomes measured by the SOGE targets. Government agrees that all bodies covered by the current SOGE targets must comply with the mandated mechanisms. This should help to achieve actual sustainability outcomes as measured by the main targets (i.e. reductions in carbon emissions, waste arisings, etc).

Data on performance against the mandates for the 2008–09 reporting year will be published in the December 2009 *Delivery Plan Update*. The CESP is working with departments to identify and address any barriers to complying with the mandates. For example, we are currently running a project to clarify and raise performance on the BREEAM mandate for new buildings and major refurbishments. The current consultation on proposals to review the SOGE framework involves considering the role that all the mandates play in supporting delivery and this will be fed into the resulting revision of the framework. Our answer to question 11 provides further detail on the review of the SOGE framework.

4. The Government is in a position to exert a powerful influence on its own suppliers and on the wider economy. Recognition of this potential must result in a serious commitment to sustainable procurement and decisive, radical action to ensure that the Government meets and, where possible, exceeds its own targets on procurement. The creation of the Centre for Expertise in Sustainable Procurement is a step in the right direction; we hope to see solid evidence of its effectiveness in the data reported during 2008–09. In particular, we expect to see a significant increase in the number of departments including clauses for Quick Wins or extended mandatory product standards in all relevant contracts. (Paragraph 13)

The Government agrees that it should use its purchasing power to influence the market to develop more sustainable products and services, and is committed to improving progress against its sustainable procurement targets. The Government has published, over the last 12 months, policy guidance on a wide range of aspects of sustainability and procurement:

- Buy and Make a Difference
- Buy Green and Make a Difference
- Considering Energy Efficiency in Procurement
- Making Equality Count
- Promoting Skills through Public Procurement
- Supported Factories and Businesses
- Top Quartile Guidance

Priority actions for Government in 2009–10 (as set out in the July 2009 *Delivery Plan Update*) involve:

- working with suppliers on a voluntary basis to improve the sustainability of their operations and stimulating the market to develop more sustainable solutions;
- procuring more sustainable goods and services by delivering on existing commitments such as meeting mandatory product standards ('Quick Wins').

We are working across Government to develop a shared vision for sustainable procurement, which will feed into the sustainable procurement targets review (December 2009).

Talking with suppliers about the sustainability of their operations and more sustainable solutions has been a particular area of progress for Government in the last six months. Twelve central Government departments have participated in a collaborative sign-up to the Carbon Disclosure Project (with over 300 suppliers approached). The BIS-led Forward Commitment Procurement competition is encouraging central and local Government to work with suppliers to identify new ways of addressing future public service delivery.

Increasing the inclusion of 'Quick Wins' across central Government contracts continues to be a priority. In 2009–10, CESP is taking forward a range of initiatives to increase awareness and understanding of product standards, which includes working with Defra to

implement a more streamlined process for engaging with experts on cost-benefit analyses and market capacity appraisals. CESP is also reviewing the factors influencing ‘Quick Wins’ take up and the barriers to compliance, with a view to providing targeted departmental support. We are currently consulting on proposals to revise the Sustainable Operations on the Government Estate (SOGE) targets. The proposals being consulted on highlight the importance of Sustainable Procurement and include incorporating the use of ‘Quick Wins’ in the sustainability targets. If as proposed the SOGE scope is extended to include a wider range of Government organisations this may further increase the uptake of ‘Quick Wins’ across Government. In addition to improving ‘Quick Wins’ take-up, Government is using the collaborative procurement of common goods and services to contribute to the delivery of SOGE targets and sustainable procurement commitments. Increasing percentages of central Government spend (80% in the categories of fleet and energy) are being channelled through pan-government collaborative procurements, and OGC is working to embed sustainability across these categories of spend.

5. We are unconvinced by the claim that the Government is on track to exceed its 2010–11 target for the reduction of carbon emissions from offices. It is not sufficient for it to base its projections on unverified figures; delivery plans are meaningless if they are not supported by evidence. We recommend that, in the next iteration of its Delivery Plan, the Government set out in detail the means by which it intends to meet this target and define what it means by “carbon management”. (Paragraph 18)

Government agrees that transparency and consistency are important when reporting both current performance and forecast delivery against key targets. This includes the reporting on carbon emissions from the office estate, where Government is forecasting faster progress in the coming years to meet and possibly exceed the 2010–11 target of a 12.5% reduction against the baseline. The forecasted delivery is based on the trajectory data that is submitted to the Office of Government Commerce (OGC) by central government departments.

The publication of delivery trajectories in the first *Delivery Plan* (published in August 2008) was the first time Government had identified at a Government and individual department level: 1) the projects planned in order to meet the SOGE targets, and 2) the contribution each project would make. These plans are approved by the Permanent Secretary in each department. Departments are able to draw on various resources to inform their planning. These include: the list of actions to increase energy efficiency in the OGC ‘Considering Energy Efficiency in Procurement’ guidance, which provides information on typical energy savings, costs and payback periods; similar information on energy saving technologies on the Salix Finance website; and expert advice from bodies such as the Carbon Trust.

The pan-government trajectories for each of the five target areas are developed through the consolidation of baseline and performance data for each department, ‘carbon management’ in this context refers to the actions being taken by an organisation within a strategic framework for managing its carbon emissions as part of its ongoing business practice. In many cases, this will involve working with the Carbon Trust through their Carbon Management Programme to systematically prioritise and implement projects with the greatest business and carbon impact. For the next iteration of the trajectories, to be

published in December, CESP will work with departments to establish common definitions of terms such as these, to ensure greater consistency in departmental forecasts.

6. We welcome the Government's commitment to revise and update its Delivery Plan on a quarterly basis, and expect future versions of the plan to be based on robust and verified data. Every department must produce a credible, evidence-based plan of how it will make progress against all of the SOGE targets. The plans must make clear how this activity is resourced. (Paragraph 20)

Government is committed to updating the *Delivery Plan* twice a year. The next update (to be published in December) will include performance data for the period 2008–09 and updated delivery trajectories for each department, setting out the plans they have in place to build on their performance to date and ensure they meet the 2010–11 targets.

In addition, as part of its commitment to improving the quality and timeliness of sustainable operations performance data, the OGC has modified its ePIMS database to enable departments to report quarterly on SOGE data on both an individual property basis and/or on an organisational level. This will enable departments and the OGC to understand the cause and effects of initiatives implemented and also identify the 'big win' initiatives. This closer monitoring of performance data will enable departments to have greater confidence in the projections data they provide for the six-monthly *Delivery Plan Update* trajectory graphs.

7. It is not sufficient for cost/benefit analyses to draw on current energy costs in calculating the savings that might result from investment in measures to reduce carbon emissions. The Government must assess precisely the future cost of not making significant investment to reduce carbon emissions now. Without such an assessment, it is impossible for Government departments to compare accurately the costs of options available to them. If the Government itself is unable to accurately forecast the cost of compliance with its own policies, it is difficult to understand how those in the wider public sector and in the private sector can be expected to do so. (Paragraph 24)

The energy market is extremely volatile and prices can vary significantly on a daily basis with dramatic rises and falls over a 12 month period. Moves of plus or minus 20% in a single month are possible. Government economic analysts do not rely on current energy prices to assess the costs and benefits of investments in measures to reduce carbon emissions, but instead use projected energy prices which increase over time. Energy cost savings in a particular year are valued at the projected energy price for that year. Analysts consider a wide range of scenarios for future energy prices, which are derived from the DECC fossil fuel price scenarios. Energy savings also deliver other benefits, such as reduced greenhouse gas emissions and improved air quality. Cost-benefit analysis also values these impacts. Levels of avoided greenhouse gas emissions—for which the Government published revised valuations on 15 July 2009 (*Carbon Valuation in UK Policy Appraisal: A Revised Approach*)—also increase over time.

Government impact assessments evaluate the costs and benefits of investing to reduce carbon emissions in comparison with the costs of a business-as-usual scenario. DECC is shortly to lead a cross-cutting review of energy efficiency in the public sector as part of the Public Value Programme. This study will help to gauge the size of investment required to

realise potential savings, as well as the feasibility of implementing various low-carbon measures, the barriers to doing so and the timescales over which such work would be possible.

8. Investment based on the best available information is crucial to the delivery of any programme that aims to deliver sustainable operations. Many of the changes needed to meet and exceed the SOGE targets require an initial outlay that is greater than the “business as usual” alternative. Such increased up-front costs are in many cases more than compensated for by the savings that can be realised in the longer-term. If the Government is to succeed in convincing the wider world of this, it must be prepared not only to make the necessary investment in sustainable operations, but also to make the case for sustainability by publishing clear calculations of the costs and benefits it entails. (Paragraph 26)

The HMT Green Book states that officials are rightly required to achieve value for money (VFM) in procurement and operational activities and that VFM can't be achieved simply by paying the lowest up-front costs. Achieving true VFM requires that all the costs and benefits—including environmental costs and benefits—of an investment, are taken into account over the whole duration of that investment. The OGC is currently developing practical guidance that will help procurement practitioners make these VFM decisions. Furthermore, the UK Sustainable Procurement Action Plan states that, where departments are struggling to pay upfront for a sustainable choice that represents VFM in the longer term, they should raise this with HMT.

Specifically on reducing carbon emissions, we appreciate that to improve energy efficiency and to reduce costs, immediate financial and carbon savings may require ‘invest to save’ programmes. Currently, the Salix energy efficiency fund provides 100% interest-free loans to the public sector to invest in low carbon technologies with a pay-back period of under five years. £54.5m was announced in Budget 2009 for the scheme, and as of the end of September over £25m has been committed. This will allow these organisations to overcome capital constraints and invest in simple but effective energy efficiency technologies with a short pay back period such as boiler replacements and controls, cooling and heating controls, lighting upgrades and controls, insulation, office equipment improvements, network PC management and so on. Additionally, the funding includes an additional £45m for small-scale renewables.

In addition, DECC is shortly to lead a cross-cutting review of energy efficiency in the public sector as part of the Public Value Programme. This study will provide evidence on which future investment strategies can be built. And from 2010 departments will be part of the Carbon Reduction Commitment which will help make the business case for energy efficient decisions.

9. The update to the Government's Delivery Plan, to be published in summer 2009, must contain a detailed explanation of how departments will participate in the Carbon Reduction Commitment, and of how this participation will interact with the SOGE Framework. It must also explain how the Government intends to minimise the risk of large transfers of public money to the private sector as a result of poor performance by Government departments. We also expect it to contain an assessment of the possible financial implications, both for central Government and for the wider public sector, of participation in the scheme. (Paragraph 30)

Departments that reduce their energy consumption and meet their 2010/11 SOGE carbon emission targets will benefit earlier from reduced energy bills and will have to purchase fewer allowances when the Carbon Reduction Commitment (CRC) scheme begins. Savings on energy bills are likely to outweigh any costs of participating in the CRC. Government is keen that departments continue to implement measures every year to reduce their emissions—as recommended by the Environmental Audit Committee—and believes that it makes financial and environmental sense to strive for immediate emissions reductions, rather than waiting until the CRC begins before reducing emissions. DECC is working closely with the OGC to prepare Government departments for the CRC's introduction, and a cross-departmental working group has been established to provide bespoke advice for departments.

Emissions from Government departments, qualifying public bodies and large businesses will be covered by the CRC from April 2010. Illustrative figures published as part of the CRC's partial Regulatory Impact Assessment (RIA) indicate significant net present value savings from CRC participation for the wider public sector as a whole. An updated RIA will be published in early October as part of the package for Government's response to the CRC consultation later in the year.

The EAC's *Greening Government* report was published after Government's July 2009 *Delivery Plan Update*, so the above recommendation could not be taken into account. Therefore, we will include an assessment of any possible financial implications for central Government from implementation of the Carbon Reduction Commitment (CRC) in the next Update (due for December publication). As discussed elsewhere in this response, government continues to support departments to reduce emissions and to improve the likelihood of their strong performance in the CRC league table. Government departments are demonstrating leadership in emissions reduction by their inclusion in the CRC, regardless of their size.

10. A revised SOGE Framework must provide targets that are challenging enough to achieve the scale of change required to deliver sustainable operations. They should reflect the level of the Government's own ambition on sustainable development and climate change. The revision of the framework must also address incoherencies in the current system, and must produce targets that work together to drive progress towards sustainable operations. (Paragraph 34)

[See combined response under recommendation 11]

11. The SOGE Framework must aim to cover the environmental impacts of all Government business. Targets for sustainable operations must be applied as widely as possible, and the reporting of performance against them must be made mandatory. It is not necessary for uniform targets to be applied across the board; they may be tailored where appropriate. We urge the Government to set out a detailed timetable for the extension of the scope of the SOGE Framework and to develop suitable mechanisms for the monitoring of performance against the targets. We also recommend that the Government assess the costs and benefits of extending the Framework. (Paragraph 36)

The Government is currently conducting an inter-departmental consultation on the review of the SOGE targets, with the intention of launching a revised set of targets by the end of the year. We are including the Sustainable Development Commission in the target review consultation in order to ensure that any revised framework delivers the right level of ambition for Government.

In reviewing these targets we are seeking to clarify and expand the scope of the framework, and this includes considering the mandatory inclusion of non-Ministerial departments and Executive NDPBs who have so far reported on a voluntary basis.

In addition to expanding the scope, we need to make sure that the revised targets are re-aligned with policy objectives which have changed over time (including the carbon budgets framework and the Waste and Water Strategies), and that the targets are strengthened in regard to sustainable procurement. This should help departments use sustainable procurement of goods and services to help meet the operations targets.

The consultation package is supported by an impact assessment which considers the cost and benefits associated with the revised targets but we also recognise the non-monetised benefits including: positive impact on the environment, innovation, and demonstration of Government leadership to citizens and to the private sector.

12. Offsetting is not a substitute for action to reduce emissions; all other options must be exhausted before offsetting is considered. The Government must show clearly how the Government Carbon Offsetting Fund (GCOF) is being used and must provide assurance that options for reducing emissions have priority. The use of GCOF must be transitional and departmental delivery plans should show how emissions that are currently offset will be reduced in future. The Government should publish its estimates of the amount to be spent on offsetting each year and the Chief Sustainability Officer should assess whether this spending constitutes value for money. (Paragraph 40)

The Government has a hierarchy of actions on CO₂ emissions which emphasises the need to avoid and reduce emissions before offsetting is considered. This is demonstrated in the SOGE targets, which prioritise domestic emissions reductions ahead of offsetting, and in carbon budgets, through which the Government has set a zero limit on use of offset credits to meet the first five-year budget (excluding the use of credits in the EU ETS) and intends to do the same for subsequent budgets. However, the Government believes that offsetting has a legitimate role in tackling climate change by delivering emissions reductions that would otherwise not happen. Offsetting provides a method of compensating for emissions from sources that are likely to remain high-carbon in the foreseeable future, such as aviation.

Details of the first phase of the Government Carbon Offsetting Fund (GCOF I)—covering emissions from 1 April 2006 to 31 March 2009—are available on the DECC website. Buying Solutions, in partnership with DECC, is currently procuring for GCOF II which will primarily cover central Government air travel emissions from 1 April 2009 to 31 March 2012, but will also be available for the wider public sector to offset emissions from a variety of sources. This second phase will facilitate the delivery of offsetting commitments once they have been made. It will not drive those commitments. The Government will openly disclose details of the Clean Development Mechanism projects funded through GCOF II, and the public sector emissions that are being covered by the offset credits. Guidance for the use of GCOF II will stress the hierarchy of actions needed to tackle climate change and to ensure appropriate use of the fund.

Offsetting is effectively transitional; the amount of offsetting required will decline as emissions are reduced. However, the UK Low Carbon Transition Plan makes it clear that departments will be forced to purchase offset credits if they fail to make the necessary reductions to meet carbon budgets. Carbon Reduction Delivery Plans will record departmental progress on emissions reductions.

HM Treasury is currently consulting on introducing sustainability reporting standards for the public sector, which include the requirement that departments disclose their annual expenditure on accredited offset schemes, and on GCOF in particular. In the meantime, DECC will consider how best to estimate the scale of offsetting through GCOF II, given the likely imprecision of emission predictions and the variation of offsetting costs as carbon markets evolve.

13. It is perhaps inevitable that there should be variations in departmental performance against the SOGE targets, but the scale of variation recorded is evidence that something is wrong. It is vital that the Centre of Expertise in Sustainable Procurement, overseen by the Sustainable Procurement and Operations Board, provides centralised co-ordination to ensure that all departments are maximising their capacity to meet their SOGE targets. We urge the Government to continue to work with the Sustainable Development Commission to improve the ways in which best practice is shared between departments. (Paragraph 43)

Government recognises that each department is different and faces different challenges.

The CESP has been established to support departmental performance improvement by providing central coordination. It does this in the following ways:

- *Performance Management:* We work with departments to improve the timeliness, consistency and accuracy of performance data for sustainable procurement and operations, to provide robust view of current performance, and inform future decision making.
- *Sustainable Operations:* We work with practitioners and policy makers to support delivery of the SOGE targets and mandates.
- *Sustainable Procurement:* We facilitate the development of an aligned approach to sustainable procurement and collaborative working groups for its achievement across central Government departments.

- *Capability & Leadership:* We have developed a high-level practical strategy and an implementation plan aimed at embedding sustainable procurement and operations within central Government departments, with the support of the OGC. The main focus is on improving knowledge, skills, awareness and practice, leadership commitment and attitudes and behaviours.

The CESP works closely with the SDC in all of these areas. SDC representatives sit on CESP governance boards and meet regularly with CESP, Defra and DECC officials. The CESP intends to continue and further build this close-working relationship.

The CESP's current projects to improve the sharing of best practice and to facilitate greater collaboration among departments are set out in the July 2009 *Delivery Plan Update*. They include:

- the facilitation of cross-government discussion and best practice sharing through running events for and encouraging networking between an 80-strong network of sustainability practitioners.
- the publication of a suite of case studies, highlighting the achievements of different departments and giving information and contact details to enable others to follow their lead.
- the collaboration with Kirklees District Council and DWP to organise a practical, hands on event bringing together over 200 local and central Government sustainability practitioners to share ideas and experience.

14. We deplore the continuing failure of a significant portion of Executive Agencies to report their performance against their Sustainable Operations on the Government Estate targets. The ability of the Centre of Expertise in Sustainable Procurement to ensure that Executive Agencies report their performance will be an important test of the effectiveness of the recent changes made to governance arrangements. We see no reason why all Executive Agencies should not report their performance against the SOGE targets for the 2008–09 period. We will be pursuing any compliance failure with the relevant Chief Executive directly. (Paragraph 45)

Government agrees that it is important that all bodies covered by the SOGE framework report progress towards meeting the targets. The Chief Sustainability Officer is working with the Permanent Secretaries of those departments to ensure the fullest possible levels of reporting for future years.

15. The inclusion of sustainability goals in the personal objectives of permanent secretaries was an important gesture. But it seems to have remained no more than a gesture. There is little evidence to suggest that this has had any effect on departments' efforts to achieve sustainability. We intend to examine the performance of permanent secretaries who do not meet their targets in 2008–09, and invite them to explain their performance to us. (Paragraph 49)

The Government notes and welcomes the proposal of the EAC to examine the performance of Permanent Secretaries who do not meet their targets in 2008–09.

The Government believes that the changes announced in its response to the April 2008 SDiG report from the SDC are bearing fruit. The inclusion of sustainability goals in Permanent Secretary objectives has strengthened commitment to the sustainability agenda at the top leadership level in Government: Permanent Secretaries now personally review and sign off departmental performance data on sustainability issues and departmental forward trajectories. Data accuracy has improved significantly, and sustainability is increasingly being mainstreamed in the work of departmental Estates Champions and Commercial Directors.

We note that the December 2009 *Delivery Plan Update* will include the latest performance data (for 2008–09), refreshed departmental delivery trajectories, and analysis of top initiatives for achieving the 2010–11 targets. The Chief Sustainability Officer in OGC will be using this information for further discussions with Permanent Secretaries and heads of estates and procurement, and this should also be of use to the Committee in its proposed discussions with Permanent Secretaries and other Government representatives.

16. A meaningful commitment to the sustainability of Government operations must come from the highest level. If the question of sustainable operations is to carry real weight within Government, it is vital that the Minister responsible shows active leadership. We expect to see solid evidence of the Minister's commitment to this agenda when we next inquire into this subject. We recommend that the Minister responsible for this agenda should take a more active role in the oversight of performance management by the Sustainable Procurement and Operations Board. (Paragraph 51)

The Government agrees with this recommendation. The Economic Secretary to the Treasury (EST) is actively managing the performance of the Chief Sustainability Officer and of the CESP, will work with Ministerial colleagues in other Government departments to help improve Government performance, and will work with Defra Ministers on the development of new and ambitious targets to take us beyond 2010–11.

17. It is at ministerial level that the link between policy and operations is forged. We urge sustainable development ministers to work more closely together to ensure that there is a coherent and co-ordinated approach to sustainable development across Government. The Government must lead by example by putting sustainable development at the heart of a consistent and effective approach to both policy and operations. (Paragraph 54)

Government is committed to delivering Sustainable Development (SD) at all levels of Government and this requires all departments to work together. Defra continues to lead for Government on sustainable development and the SOGE framework, and is working closely with DECC, as policy lead on carbon emissions reductions, to ensure that the framework works as an effective delivery mechanism for carbon budgets for operations and estates.

But sustainable development can only be delivered through the efforts of all departments across Government. Each Government Department is required to set out its high level contributions to delivering the UK Government Sustainable Development Strategy, *Securing the Future*, in their Sustainable Development Action Plans. This includes setting out how sustainable development is being delivered via their policy, people, procurement

and operations. These commitments are supported by the role of dedicated sustainable development ministers in each Government department who are responsible for all aspects of sustainability, including policy and operations.

The links at official level are also strong. The SD Programme reports on performance to the cross-government SD Programme Board, which consists of senior SD leads across Government including colleagues in the Devolved Administrations, from the Sustainable Development Commission and from the OGC. The SD Programme Board oversees this work and is responsible for ensuring that departments have the capacity to deliver their commitments arising from the UK sustainable development strategy. The Board's work is supported by the SD Programme Working Group which Defra chairs, and whose purpose is to build capacity and support delivery of sustainable development outcomes across Government.

18. If the Government is committed to sustainable development, it must set itself tough and stretching targets that match the high level of ambition of its own policies on sustainable development and climate change. Evidence of performance against these targets must be provided in the form of robust, verified data. But setting targets is not enough: the Government must take radical action to ensure that all Government operations are making real progress towards sustainability. It must develop a more coherent investment strategy, based on an analysis of present and future costs, in order to enable it to spend to save. (Paragraph 55)

The Government agrees with this recommendation. This response has emphasised Government's commitment to setting, and achieving, stretching targets that set the right level of ambition for the UK on the environmental agenda. These targets will be announced in December 2009. In addition, Government has set itself other stretching commitments on carbon in its Low Carbon Industrial Strategy.

The Government has also announced, in the recent DECC White Paper on Energy and Climate Change, a new high level review of energy efficiency across the entirety of the public sector. This will examine the present and future costs of potential investments in energy efficiency and will inform future resource allocation in Government.

19. To achieve this, the Minister responsible must show strong leadership and take an active role in performance management. There must be clear lines of accountability so that underperformance can be managed effectively. It must be clear who should be held to account if performance in the 2008–09 reporting year is poor. But we also need to know that that person has had not just responsibility for sustainable operations, but also the means to make real changes happen. (Paragraph 56)

The Government agrees with this recommendation.

Sustainability remains one of the Cabinet Secretary's four corporate priorities for the civil service and sustainability goals are now embedded in the performance objectives of all Permanent Secretaries. The post of Chief Sustainability Officer (CSO), supported by the CESP (both in the OGC) is responsible for working with departments to ensure that the Government's targets on sustainability are met.

The Economic Secretary to the Treasury (EST) is actively managing the performance of the CSO and the CESP, and will be working with Ministerial colleagues across Whitehall to help improve departmental performance.

The CSO has two important levers at his disposal to ensure the delivery of the Government's sustainability goals, namely his leadership of the Government's work to implement value for money in the Government's central civil estate (High Performing Property) and to achieve the Operational Efficiency Programme targets for value for money in collaborative procurement.

The most important lever for effective management of performance, however, is not yet in place. This is the timely performance data that allows performance to be actively managed. It has been a priority of the CSO and CESP to put a quarterly reporting regime in place. Progress towards achieving this goal was set out in the July *Delivery Plan Update*.

Office of Government Commerce

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.

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First Report	Work of the Committee in 2007–08	HC 108
Second Report	Environmental Labelling	HC 243 (HC 861)
Third Report	Pre-Budget Report 2008: Green fiscal policy in a recession	HC 102 (HC 563)
Fourth Report	Reducing CO ₂ and other emissions from shipping	HC 528 (HC 1015)
Fifth Report	Reducing greenhouse gas emissions from deforestation: No hope without forests	HC 30
Sixth Report	Greening Government	HC 503 (HC 1014)

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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 (HC 644)
Fifth Report	Personal Carbon Trading	HC 565 (HC 1125)
Sixth Report	Reaching an international agreement on climate change	HC 355 (HC 1055)
Seventh Report	Making Government operations more sustainable: A progress report	HC 529 (HC 1126)
Eighth Report	Climate change and local, regional and devolved government	HC 225 (HC 1189)
Ninth Report	Carbon capture and storage	HC 654 (Cm 7605)
Tenth Report	Vehicle Excise Duty as an environmental tax	HC 907 (HC 72)
Eleventh Report	The Exports Credit Guarantee Department and Sustainable Development	HC 929 (HC 283)
Twelfth Report	Greener homes for the future? An environmental analysis of the Government's house-building plans	HC 566 (Cm7615)
Thirteenth Report	Halting biodiversity loss	HC 743 (HC 239)

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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	The 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)
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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