House of Commons
Environmental Audit Committee

Embedding sustainable development: An update

First Report of Session 2013–14
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Report, together with formal minutes, oral and written evidence

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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.

Current membership
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Peter Aldous MP (Conservative, Waveney)
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Paul Uppal MP (Conservative, Wolverhampton South West)
Dr Alan Whitehead MP (Labour, Southampton, Test)
Simon Wright MP (Liberal Democrat, Norwich South)

The following members were also members of the committee during the parliament:
Ian Murray MP (Labour, Edinburgh South)
Sheryll Murray MP (Conservative, South East Cornwall)

Powers
The constitution and powers are set out in House of Commons Standing Orders, principally in SO No 152A. These are available on the internet via www.parliament.uk.

Publications
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 in the present Parliament is at the back of this volume.

The Reports of the Committee, the formal minutes relating to that report, oral evidence taken and some or all written evidence are available in a printed volume.

Committee staff
The current staff of the Committee are Simon Fiander (Clerk), Nicholas Beech (Second Clerk), Lee Nicholson (Committee Specialist), Andrew Wallace (Senior Committee Assistant), Anna Browning (Committee Assistant), Yago Zayed, (Committee Support Assistant) and Nicholas Davies (Media Officer).

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Summary

One of the Government’s earliest decisions in this Parliament was to abolish the Sustainable Development Commission. That decision had a direct impact on our work, as we set out in our January 2011 report on that change. Since then we have continued to monitor the Government’s efforts to bring sustainable development responsibilities back into Government departments. Now, two years on, our conclusions are that:

- Guidance for Government departments on policy appraisal and impact assessments has been improved to reflect the need to address sustainable development, and civil servants’ skills requirements are being strengthened on these disciplines. Defra now needs to use the results of an audit of impact assessments to develop the guidance further, and challenge departments where they are non-compliant.

- The Business Plan review process has a significant weakness in that it does not seek to address potential policy gaps, where new initiatives could tackle unsustainable development. The reviews examine the policies that are added to the Plans after being negotiated within Government, rather than policies that should be generated as a result of applying sustainable development thinking from the outset. For the policies that the process does review, the system remains opaque to external scrutiny, but presents an important opportunity for the Cabinet Office, with Defra support, to focus departments’ attention on the sustainability of their policies.

- A year into the operation of new Greening Government Commitment, good progress is being made overall, but the ambition of those targets now needs to be reassessed where they are already being readily hit.

- Sustainability reporting in Government is a significant and welcome development. The first year results nevertheless show room for greater compliance. Defra and the Cabinet Office, as well as the Treasury, need to take ownership of sustainability reporting compliance. There is particularly poor compliance on procurement, as well as significant slippage in refreshing Government Buying Standards; in part the result of a continuing flux in governance arrangements and leadership in this area. Defra and the Cabinet Office should raise with the Treasury (who set the Annual Reporting requirements) how poor performance should be addressed.

Complementing this report, we are producing another on our examination of the outcomes of the 2012 UN Sustainable Development Conference—the Rio+20 Earth Summit. The actions needed on both the global and domestic front to drive sustainable development complement one another and should be taken forward together.

In the main body of this report, conclusions are printed in bold and recommendations are printed in bold italics.
1 Background

1. Previous Environmental Audit Committees have over a number of years monitored the performance of Government departments against sustainable development (or Greening Government) targets, as well as conducting inquiries on specific sustainable development issues cutting across departments. Our first report this Parliament, in January 2011, was on the Government’s plans for embedding sustainable development against the backdrop of its decision in July 2010 to abolish the Sustainable Development Commission and bring sustainable development responsibilities back into Government departments.¹ Our Report pushed for a dedicated minister for sustainable development based in the Cabinet Office, with the Cabinet Office taking the lead across Government (rather than Defra), and the creation of a Cabinet Committee for sustainable development.

2. The Government rejected those main recommendations. After our Report, the Government published a Vision for Mainstreaming Sustainable Development². The Vision involved:

- Sustainable development being ‘mainstreamed’ so that it is “central to the way we make policy”.

- The Environment Secretary sitting on the Economic Affairs Committee, a cabinet committee, to enforce consideration of sustainable development.

- New ‘Greening Government Commitment’ targets being introduced (replacing the previous ‘Sustainability on the Government Estate’ targets), with performance overseen by a new Ministerial Steering Committee (now called the Greening Government Sub-committee).

- The Government “leading by example” by reducing its waste, water use and greenhouse gas emissions and by buying more sustainable and efficient products.

- New departmental business plans being reviewed for compliance with sustainable development principles, with the Minister for Government Policy in the Cabinet Office holding departments to account through a quarterly review of business plans.

- “Real and measurable” Sustainable Development Indicators being developed to monitor sustainability across Government, and the results published annually.

- Monitoring of sustainability in Government operations, procurement and policies by the Environmental Audit Committee.

¹ Environmental Audit Committee, _Embedding sustainable development across Government, after the Secretary of State’s announcement on the future of the SDC, First Report of Session 2010–12, HC 504, para 4_

3. In May 2011, we published the Government’s response to our earlier report, and at the same time gave a number of commitments on specific aspects of the new architecture for embedding sustainable development. We said we would:

- monitor the new Business Plan reviews, both the process and individual Plans themselves.
- monitor changes in legislation and regulation for the possibility of trading-off environmental or social development in pursuit of economic growth. We also committed ourselves to monitor the changing planning system to ensure it gave sufficient priority to environmental and social aspects of sustainable development, and we subsequently examined and reported on the draft National Planning Policy Framework in November 2011.
- examine the Treasury’s development of its Impact Assessment and policy evaluation (‘Green Book’) tools and guidance, and their practical application on individual policies and in individual departments.
- scrutinise the new Greening Government Commitment targets for emissions, resource use and sustainable procurement, and examine the role of the new Ministerial Steering Committee overseeing performance.
- monitor progress in developing new Sustainable Development Indicators.

Our inquiry

4. Taking those commitments forward, we took evidence from Caroline Spelman MP, the then Environment Secretary of State, and Oliver Letwin MP, Minister for Government Policy, in July 2012, and from Owen Paterson MP, the current Environment Secretary, and Oliver Letwin in March 2013. We also took evidence from Energy minister Gregory Barker MP in July 2011 on the results of the Government’s programme for departments to reduce their carbon emissions by 10% in the year to May 2011, which subsequently laid the foundation for the emissions element of the Greening Government Commitments (which we discuss below). We received detailed briefs from the National Audit Office to assist us

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4 *Embedding sustainable development: The Government’s response*, op cit, para 12
5 ibid, para 13
6 ibid, para 8
7 Environmental Audit Committee, *Sustainable development in the National Planning Policy Framework*, Oral and written evidence, Session 2010–12, HC 1480
8 *Embedding sustainable development: The Government’s response*, op cit, para 14
9 Now called the Greening Government Sub-committee.
10 ibid, para 16
11 ibid, para 17
during these sessions—on the 10% emissions target, sustainability in policy evaluation, sustainability reporting and on sustainable procurement—for which we are very grateful.12

5. Now, two years on, this report pulls together the results of our monitoring and identifies where continued work is needed. It coincides with a progress report published by Defra in May 2013.13 The structures and processes for embedding sustainable development across Government that we have examined are however only part of the picture. We are producing another report, alongside this one, on our examination of the outcomes of the UN Rio+20 Earth Summit in June 2012.14 The actions needed on both the global and domestic front to drive sustainable development complement one another and should be taken forward together. There are some clear overlaps, such as on sustainability reporting by Government departments (an issue for this report because of its links to reporting against the Greening Government Commitments) and by the private sector (a commitment made at Rio+20).

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14 Environmental Audit Committee, Outcomes of the UN Rio+20 Earth Summit, Second Report of Session 2013–14, HC 200
 Embedding sustainable development: An update

2 Progress in embedding sustainable development

6. This Part reviews Government progress on five elements of its revised approach for embedding sustainable development—business plan reviews, policy appraisal, Greening Government Commitments, sustainable procurement and Sustainable Development Indicators—along with sustainability reporting in departments.

Business Plans

7. To embed sustainable development in policy making, the Government’s February 2011 Vision document described a new system of reviews of departments’ business plans for adherence to sustainable development principles. Defra would provide analysis of the Plans for the Minister for Government Policy and the Chief Secretary of the Treasury, who would then hold departments to account through quarterly “tough minded” review meetings with the relevant departmental ministers.

8. The first set of departmental business plans, covering the period to 2015, was completed in November 2010. The plans are refreshed annually each May to reflect evolving government priorities. They are required to cover the vision of the department, structural reform plan actions and deadlines, departmental expenditure data and information on the department’s actions to increase transparency. Each business plan now also has an annex which is published separately and covers cross-government priorities, additional departmental actions and a list of structural reform plan actions that have been completed.

9. The Government described to us in May 2012 its progress on the 2012–13 Business Plan ‘refresh’, and quarterly review process. Oliver Letwin had met Secretaries of State to assess departments’ progress in meeting business plan commitments. These reviews were “designed to evaluate progress and address any risks or issues, not to make changes to existing Business Plans”. Defra’s Sustainable Development team had been working with ministers and departments, as well as No.10 “throughout the business plan refresh process”. The published Business Plans, we were told, would “demonstrably mainstream sustainable development”. Specific commitments would be set out in an annex to the Plans covering:

- the department’s overall goal on sustainable development;
- plans to assess and manage environmental, social and economic impacts and opportunities in each department’s policy development and decision-making;
- how the department would implement its Plan to deliver on the Greening Government Commitments (paragraph 22); and

15  The Government’s Vision, op cit
16  Embedding sustainable development: The Government’s response, HC 877, op cit, para 11
17  Ev 42
18  Ibid.
• the department’s headline Sustainable Development Indicators (paragraph 31).\textsuperscript{19}

Oliver Letwin told us in July 2012 that this would involve departments writing into their business plans a requirement that they should have a “cultural shift”, and that he would be asking departments about how far they were living up to that.\textsuperscript{20}

10. Including such text in the Plans will no doubt help focus minds in departments on the overarching importance of sustainable development but, as we noted in our May 2011 report, “the success of the Government’s approach will depend on the rigour and depth of challenge directed to departments in the quarterly reviews of their Business Plans”.\textsuperscript{21} For us and others to have confidence about such challenge, there must be transparency. When we first discussed this new system with ministers, arrangements for public reporting of the results of the review process had not been established and we recommended that the Government publish the issues raised and trade-offs made immediately after each review.\textsuperscript{22} When we next discussed this with ministers in July 2012, however, it was clear that any reporting would not provide the detail necessary to allow external scrutiny of the discussions and trade-offs involved in the reviews.\textsuperscript{23}

11. Oliver Letwin described the Plan review process for us in July 2012 and March 2013.\textsuperscript{24} He emphasised that the system was not intended to identify and fill gaps in policies to deliver sustainable development, but rather:

\begin{quote}
… to make sure that we do what we are setting out to do in the most sustainable way we can. It is not to say we happen to have goal X but I have woken up one morning and have managed to have a conversation with the Prime Minister and Deputy Prime Minister, and we decided to abandon goal X because we no longer think it is sustainable. We believe that the Programme for Government, balancing everything with everything else, is a programme, among other things, for increasing the sustainability of our country. Within that there are many things, some of which are more devoted to that task, some devoted to other tasks, that have to be carried out, but in all of them we want to see departments thinking, “How can I do this in the way that is the least damaging and the most beneficial to the environment, to society?”\textsuperscript{25}
\end{quote}

In other words, the process is about considering the sustainability of policy implementation, once policy is determined.\textsuperscript{26}

12. Within such parameters, however, Defra aimed to “make sustainable policy-making business as usual”, with the business plan reviews intended to “ensure that environmental,
social and economic impacts are taken into account as far as possible". Oliver Letwin told us in July 2012 that he saw a cultural shift within departments:

I don’t want to pretend that in the business plans we have some kind of magic lever that achieves that cultural shift. We are both grown-ups; we both know that this is a difficult cultural thing to achieve. But the idea of putting the pressure that business plans and business plan reviews and business plan refreshments have put and are putting on Permanent Secretaries and Secretaries of State is that we hope that in each department, by increasing the adopting of objectives that the Permanent Secretary and Secretary of State have had to sign on to and by knowing that each quarter they have to come and explain themselves, this will lead them to ask the sorts of questions that we want them to be asking, that both you and I would want them to be asking, of officials, and that senior officials will then ask those questions of junior officials and gradually what might otherwise have been ignored is taken more account of.

In March 2013, Oliver Letwin discerned continuing progress on embedding that cultural shift. He told us:

What we are trying to do, when anybody is making a decision about anything significant that has long-term implications ... is get to the point where it is a completely normal thing that not just the Ministers but the officials ask themselves the question in a very rigorous way, not “Will this achieve whatever particular effect we are trying to achieve with this particular measure?” but “What other consequences will it have for future generations, economically, ecologically and socially?” That means bringing to each one of these discussions a framework of thought that looks at the effects of the measure on social capital, ecological outcomes, pensions and debt and so on; the long-term economics. ... We have developed a series of tools for making it more likely that the cultural shift will occur. The tools are not the end product, they are the means ...

13. The Business Plan review process has a significant weakness in that it does not seek to address potential policy gaps, where new initiatives could tackle unsustainable development. The reviews examine the policies that are added to the Plans after being negotiated within Government, rather than policies that should be generated as a result of applying sustainable development thinking from the outset. For the policies that the process does review, it presents an opportunity for the Cabinet Office, with Defra support, to focus departments’ attention on the sustainability of those policies. The Minister for government policy was persuasive about his commitment to that new system. The key test of its effectiveness, however, is the extent to which policies are adjusted and improved while in development; a process that remains opaque to external scrutiny. We describe in Part 3 how we intend, with the assistance of the National Audit Office, to examine in closer detail how this system works within a department.

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27 Embedding sustainable development: The Government’s response, HC 877, op cit, para 11
28 Q 10 (B Ev 9) [Oliver Letwin]
29 Qq 50, 53 (B Ev 22)
30 Q 50 (B Ev 22) [Oliver Letwin]
Policy appraisal

14. Having sustainable policies in departments’ business plans requires those policies being developed by explicitly taking sustainability factors into account. In our January 2011 report on embedding sustainable development we noted that “policy makers regard the [then] Treasury guidance on sustainability assessments as confusing and difficult to use and that the ’sustainability impact test’ is seen only as an add-on to the economic assessment”. The Sustainable Development Commission had identified areas where Impact Assessments and the ‘Green Book’ had needed to be overhauled to have greater regard to environmental and social impacts.

15. Defra undertook in its own first Business Plan to revise the guidance on impact assessments, the Green Book and other policy appraisals to take account of sustainability and the value of nature. It revised its Impact Assessment methodology in 2011, it told us, to “ensure that sustainable development was more fully integrated into the revised set of impact assessment guidance and tools”. Defra and the Treasury produced new supplementary guidance on accounting for environmental impacts in policy appraisal in February 2012.

16. The NAO produced a briefing for us in 2012 on policy appraisal and sustainable development. They described the complexity of the landscape of decision-making in government, with different formal appraisal systems having developed in three areas: the Impact Assessment process, the Business Case process and Tax Information and Impact Notes. The Treasury-maintained Green Book on policy appraisal includes a range of supplementary guidance on accounting for environmental impacts, the valuation of energy use and carbon emissions, and calculating the monetary value of non-market based goods and services (and how to deal with factors that cannot be monetised). Guidance on the Impact Assessment process, maintained by the Better Regulation Executive, was substantially revised in August 2011. The NAO has recommended bringing the Business Case and Options Appraisal processes together.

17. Defra’s Nigel Atkinson highlighted a drive across the civil service to include expertise in sustainable development in the set of core competences being developed for all civil servants. There will be “more coherence in the training and learning and development

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31 Embedding sustainable development across Government, after the Secretary of State’s announcement on the future of the SDC, HC 504, op cit, para 45
32 ibid, para 47
33 Ev 42
36 Ev 47
37 Appraisal and sustainable development, NAO, op cit, Annex 2
tools that are provided across Whitehall”,38 to ensure that departments have the capacity to put the guidance into practice.

18. Following our previous scrutiny of this area, Defra is also seeking to establish hard data on how well the guidance is actually followed. Although departments are expected to follow the Green Book and Impact Assessment appraisal processes, they are not a mandatory requirement,39 and there is no central process to check and report that policy decisions have been subject to the appropriate appraisal process.40 The Regulatory Policy Committee review is specifically focused on ensuring that an Impact Assessment complies with the Better Regulation Executives guidance, but it has no role in examining other issues such as social and environmental impacts.

19. At our evidence session with Defra and Cabinet Office witnesses in July 2012, they were unable to tell us whether the Green Book supplementary guidance on environmental impacts published in February 2012 was actually being used by any departments. Defra officials told us that a “baseline evaluation of the extent to which impact assessments are indeed picking up this guidance and using it appropriately” was being undertaken.41 That work, prompted by our previous questioning, was still underway when we took further evidence in March 2013.42 The results will be finalised and published in July 2013,43 but an interim analysis indicated that of the 125 cases44 where sustainable development impacts would be expected to be explicitly addressed:

about half ... show a good treatment of sustainable development impacts, about a quarter show a treatment of the right range of impacts but perhaps there could be some more rigour in the way they were addressed, and the other quarter are ones where there is clearly some room for improvement and where not all the impacts have been addressed. ... One of the things that we have asked the researchers to do also is come up with some suggestions of what we might do differently to engineer the improvement that is necessary, based upon their analysis of what it looks like is going wrong or not working properly.45

20. We welcome improvements in guidance for Government departments on policy appraisal and impact assessments, to reflect the need to address environmental protection and sustainable development, and that civil servants’ skills requirements are being strengthened on these disciplines. These are essential developments, as demonstrated by the emerging findings of Defra’s audit of the compliance with the new impact assessment guidance. Defra must use the results of that impact assessment audit

38 Q 23 (B Ev 14) (See also Government progress in mainstreaming sustainable development, op cit, p17)
39 For regulatory interventions, an Impact Assessment is reviewed by the Regulatory Policy Committee before going to the Cabinet Reducing Regulation Committee. For non-regulatory interventions, which do not have an impact on businesses, Impact Assessments are not needed. For policies with legislative proposals, the Impact Assessments process applies at various points in the policy development process (development, consultation, final proposal, enactment and review stages).
40 Appraisal and sustainable development, NAO, op cit.
41 Qq 23, 30 (B Ev 14, 16)
42 Q 79 (B Ev 27)
43 Q 81 (B Ev 28)
44 Government progress in mainstreaming sustainable development, op cit, p12
45 Q 79 (B Ev 27)
to develop the guidance further, and Defra and the Cabinet Office should include challenging departments on such non-compliance as part of its Business Plan reviews.

Greening Government Commitments

21. Government previously had ‘Sustainable Operations on the Government Estate’ (SOGE) targets for the sustainability of departments’ operations and procurement. The data were collected by the Centre of Expertise for Sustainable Procurement (paragraph 28) and analysed and reported on by the Sustainable Development Commission; both of which bodies no longer exist. The SOGE targets had a number of elements—operations, mandated mechanisms and Sustainable Procurement Action Plan commitments. Our predecessor committees had examined the structure and results of SOGE targets over a series of inquiries into ‘greening government’. The SDC last reported on progress against the SOGE targets for 2006–2009 in July 2010, and we analysed the results as part of our January 2011 report on embedding sustainable development.

22. The Government replaced the SOGE targets with new ‘Greening Government Commitment’ targets, published in February 2011, to:

- Reduce greenhouse gas emissions by 25% by 2015, from 2009–10 levels;
- Cut domestic business flights by 20% by 2015, from 2009–10 levels;
- Reduce the amount of waste generated by 25% by 2015 (including water), from 2009–10 levels;
- Cut paper use by 10% in 2011–12; and
- Embed sustainable procurement into government and departmental contracts by 2015 (paragraph 27).

23. The final SOGE results showed that in most areas the targets were comfortably exceeded. On ‘operations’, departments overall exceeded the 12.5% target for reducing carbon from offices target (21.6%), the 15% target for reducing carbon from transport fleets (32.1%), the 5% waste reduction target (22.1%) and 40% increased recycling target (57.4%). Departments had secured a 24% water use reduction by 2010 against a target of 25% for 2020–21. A similar picture is already emerging with the new Greening Government Commitments. The Annual Report on Government Departments’ Progress against 2015 Targets in 2011–12, published in December 2012, shows progress in 2011–12 compared to 2009–10:

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46 Most recently in Greening Government, Sixth Report of Session 2008–09, HC 503
47 Becoming the greenest government ever, Sustainable Development Commission, July 2010 (http://www.sd-commission.org.uk/data/files/publications/SDC_SDiG09_webFINAL.pdf). The final results of the SOGE targets have been published online: http://sd.defra.gov.uk/progress/soge/performance-data-2011/.
48 Embedding sustainable development across Government, after the Secretary of State’s announcement on the future of the SDC, HC 504, op cit.
• a 12% reduction in greenhouse gas emissions;
• a 36% reduction in domestic flights, already exceeding the Government’s 2015 target of 20%.
• a 5% reduction in waste.
• a 24% cut in paper consumption, greatly exceeding the Government’s target of 10%, with all departments reporting a reduction in paper use.
• a 3% fall in water consumption.

The report lists some of the ways in which these savings have been achieved. It also provides some explanation for areas of worsening performance including on emissions in BIS and use of domestic flights in three departments,\(^{50}\) which we discussed with Oliver Letwin in March 2013.\(^{51}\) He told us that he would be considering whether to “ratchet up” the Greening Government Commitment targets in light of progress so far.\(^{52}\)

24. While the areas covered by the Greening Government Commitments are similar to their SOGE predecessors, there are some important structural changes: a wider coverage of the public sector, and the dropping of ‘mandated mechanisms’ and ‘relative’ targets:

• In our January 2011 report we noted a weakness of the SOGE targets was their failure to cover non-departmental public bodies,\(^{53}\) but the Greening Government Commitments apply to all Government departments, their executive agencies and non-ministerial departments (a phased introduction will be adopted for NDPBs).\(^{54}\) Defra told us that “the success of Government under the SOGE regime and the 10% [emissions] target led to the conclusion that it is possible to make greater carbon reductions in the public sector. Hence, the scope of the target was widened to cover Arms Length Bodies, extending the impact of these targets.”\(^{55}\)

• ‘Mandated mechanisms’ (having Environmental Management Systems, undertaking Sustainability Appraisals for office relocations, applying BREEAM new build and refurbishment processes and satisfying Carbon Trust Engagement, Volunteering and Biodiversity targets) were dropped, Defra told us, because:

> there was no clear evidence that compliance with mechanisms improved performance and sometimes departments which were performing well against target outcomes were marked down in the Sustainable Development Commission’s league table for failing to comply with mandated mechanisms, which did not help drive performance

\(^{50}\) The Greening Government Commitments Annual Report on Government Departments’ Progress against 2015 Targets in 2011–12, op cit, pp 8 and 12

\(^{51}\) Qq 93-94 (B Ev 30)

\(^{52}\) Q 97 (B Ev 31)

\(^{53}\) Embedding sustainable development across Government, after the Secretary of State’s announcement on the future of the SDC, HC 504, op cit, para 52

\(^{54}\) Embedding sustainable development: The Government’s response, HC 877, op cit, Appendix

\(^{55}\) Ev 47
improvement. The Greening Government Commitments are therefore focused on outcomes rather than processes.56

- Greg Barker told us in July 2011 that the Government’s target to reduce emissions from central government by 10% was not couched in relative terms (emissions per person, or per square metre) because setting relative targets could lead to “perverse incentives”: using office space more efficiently would produce higher emissions per person or per floor area.57 Defra told us that:

  a carbon per square metre target discourages downsizing of the estate and rationalising use of space, as carbon use per square meter goes up with hot-desking and higher occupancy rates. Adopting targets per Full-time Equivalent means that absolute reductions through downsizing the estate are not captured.58

25. A Ministerial Steering Group (now the Greening Government Sub-committee) was established to oversee delivery of the new Greening Government Commitment targets,59 chaired jointly by the Minister for Government Policy and the Secretary of State for the Environment, Food and Rural Affairs.60 Caroline Spelman, the previous co-chair of the Group, told us in July 2012 that she was seeing greater progress under the revised arrangements:

  It is still early days, but we are making significant progress, more progress I feel … than was made when sustainable development was the preserve of a body outwith Government trying to beseech it to do these things. I feel that by embedding it and mainstreaming it we are really beginning to see some progress.61

In the absence of the SDC, checks on the Greening Government Commitments data and calculations have been carried out on Defra’s behalf by BRE on a consultancy basis.62

26. We welcome the wider coverage of the Greening Government Commitments compared to their predecessor targets, reflecting our previous calls to include agencies and non-departmental public bodies as well as the mainstream departments. We also welcome the progress that departments overall are making on their Greening Government Commitments. Defra and the Cabinet Office should now review departments’ first-year Greening Government Commitments performance, in order to extend the ambition of those targets which already appear to be readily achievable.

56 Ev 47
57 Q 14 (A Ev 4)
58 Ev 47. Similarly, SOGE energy efficiency targets, which had been expressed in terms of energy efficiency per square metre, were withdrawn on the grounds that it was not an effective way of driving total emissions reductions, and was often at odds with wider considerations of operational efficiency.
59 Embedding sustainable development: The Government’s response, HC 877, op cit, Appendix
60 In March 2013, ministers described for us the operation of the Sub-committee meetings with departments (Q 95)
61 Q 8 (B Ev 8)
Sustainable procurement

27. Sustainable procurement is one of the areas covered by the Greening Government Commitments (paragraph 21), and had similarly been part of the preceding SOGE targets regime. Sustainable procurement involves buying goods and services in a way that represents value for money on a lifecycle basis and also benefits society and the environment.63 Our predecessor Committee last examined Government performance in this area in 2006, when it called for confusion over the leadership of this discipline to be addressed.64 An NAO report in 2009 on the environmental impacts of Government procurement found a lack of quantifiable targets and that not all departments were complying with their sustainable procurement requirements.65

28. The NAO provided us with a briefing on sustainable procurement in February 2013. They highlighted a split in responsibilities between Defra and the Cabinet Office, despite the call in 2006 from our predecessor Committee for a single lead on sustainable procurement.66 Furthermore, governance arrangements have continually changed, with the Centre of Expertise on Sustainable Procurement being moved from the Treasury to the Cabinet Office, then renamed the Green Government Unit, before being abolished in December 2011.67 Departmental staff told the NAO that this frequent change in governance contributed to uncertainty about sustainable procurement requirements.68 The Greening Government Sub-committee (formerly the Ministerial Steering Group), which met twice in 2012, did not discuss sustainable procurement on either occasion because of data problems.69

29. The NAO told us that Defra reported in September 2012 that Defra had made good progress in refreshing or developing only two out of 15 Government Buying Standards, which set sustainability standards for particular types of products, and had made slower progress on a further nine.70 But more fundamentally, very little data existed on departments’ actual compliance with the Standards.71 There was a patchy record by departments in terms of complying with reporting requirements for their performance on sustainable procurement.72

63 There is no single definition of sustainable procurement but in 2006 the Sustainable Procurement Task Force defined it as "a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment". See Sustainable procurement in government, NAO brief for the Environmental Audit Committee, February 2013, para 2 (http://www.nao.org.uk/wp-content/uploads/2013/03/EAC_briefing_sustainable_procurement_government.pdf).

64 Sustainable procurement: The way forward, Third Report of Session 2005-06, HC 740


66 ibid, paras 1.3, 1.9

67 ibid, para 1.9

68 ibid, paras 17, 2.25

69 ibid, para 2.1

70 ibid, paras 2.2, 2.5

71 ibid, paras 2.6 - 2.7

72 ibid, paras 16, 2.22-2.23
30. Overall, departments have not been able to demonstrate their performance on embedding sustainable procurement because of poor compliance in reporting on this initiative. There is also significant slippage in refreshing individual Government Buying Standards. The situation has not been helped by continuing change in governance arrangements and leadership in Government. A commitment to deliver on sustainable procurement should be in all departments’ Business Plans, including completing the revision of Government Buying Standards. Defra and the Cabinet Office should identify poor compliance on reporting sustainable procurement progress during the Business Plan reviews and raise with the Treasury (who set the Annual Report requirements) how poor performance should be addressed.

Sustainable Development Indicators

31. The 2005 Sustainable Development Strategy established a set of Sustainable Development Indicators (SDIs) to measure progress across the UK. These sustainability factors went beyond the direct impact of departments’ operations and procurement covered by the SOGE or Greening Government Commitments regimes. Sixty-eight high level indicators were used to measure broader sustainability concerns affecting society including health, housing, jobs, crime, education and the environment. These aimed to provide an overview of progress across a number of themes: sustainable consumption and production, climate change and energy, protecting natural resources and enhancing the environment, and creating sustainable communities. A sub-set of 20 ‘framework indicators’ was intended to give an overview of sustainable development progress.

32. In 2012, Defra consulted on a proposed revision to the SDIs, in tandem with a ‘Measuring National Well-being’ initiative being run by the Office for National Statistics. We contributed to that consultation through our Sustainable Development Indicators report in November 2012. The Government will publish its final set of SDIs in “summer 2013”, but in its response to our report it agreed to consider the scope for combining the currently separate ONS and Defra frameworks, as well as taking forward our specific suggestions for improving particular indicators including on ‘environmental equality’ and national debt. It rejected our recommendation, however, to include targets where there are already quantified commitments, such as on air quality, emissions and renewable energy.

33. We plan to examine the use of the new SDIs once finalised. We recently began a separate inquiry into well-being measures, which will examine the use of the ONS metrics.
**Sustainability reporting**

34. Transparency has a key role to play in embedding sustainable development in Government departments. Departments need to present their performance on applicable Sustainable Development Indicators, their Greening Government Commitments and sustainable procurement, not just to allow scrutiny but to help focus their own actions and resources. Departments’ primary reporting documents are their business plans (paragraph 7) and their Annual Report and Accounts.

35. The Treasury is responsible for the standards and rules of departments’ financial reporting. From 2011–12, all government departments have been required to include a ‘sustainability report’ in their Annual Report and Accounts, to provide an overview of their sustainability performance and future plans, including: greenhouse gas emissions, waste minimisation and management, and use of finite resources (including water). Departments are also required to include a commentary on how they are making their procurement more sustainable, and where relevant progress against their biodiversity strategy. The Treasury sets requirements for departments to include a general high-level commentary in their Annual Reports and Accounts on how sustainable development is embedded in their operations and policies, and issues the Financial Reporting Manual which sets out in more detail the requirements of a ‘sustainability report’ covering emissions, waste, water, finite resources, procurement and climate change adaptation.78

36. The NAO provided us with a briefing on departments’ compliance with these sustainability reporting requirements,79 reviewing the 2011–12 Accounts of 28 bodies (14 departments and 14 agencies). On the high-level commentary, the NAO found that most departments met the main reporting requirement although only 3 (out of 15) met all the requirements and only 6 reported on how sustainable development is embedded into policy making.80 On the more detailed Financial Reporting Manual, half of the departments met all of the key reporting requirements though none met all of the detailed specific requirements,81 with reporting on waste management being the least compliant.82

37. As Oliver Letwin noted, the Treasury has a role, through its oversight of the sustainability reporting requirements placed on departments, to secure reporting compliance.83 We asked Owen Paterson about what his department, as the lead department on sustainable development, could do to increase compliance. He told us:

> We in Defra can’t nanny every other department. They are responsible. There is a commitment that they should report this information, and it is incumbent on each department to be responsible for its own reporting. There is a delicate balance

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78 Sustainability reporting in government, NAO brief, op cit, paras 1.4-1.7
79 Sustainability reporting in government, NAO brief, op cit
80 ibid, para 2.2-2.3
81 ibid, para 2.9
82 ibid, Figure 2
83 Q 77 (B Ev 26)
between how we can help and nudge, but I do believe firmly that departments are ultimately responsible for their own reports.84

... There is a limit to how much Defra can be the busybody chasing all other departments. ...85

Defra’s Progress in mainstreaming sustainable development in May 2013 noted, however, that:

For the first time in 2011–12, all departments were asked to report on progress against sustainable development in their Annual Report and Accounts. ... In this first reporting year many Annual Reports provided little detail in relation to sustainable development within policy development. To rectify this, we have improved the guidance for the 2012–13 reporting period, and reinforced the alignment with departmental business plans. The next round of Annual Reports should better reflect how sustainable development has contributed to each department’s policy, delivery and procurement functions.86

38. Sustainability reporting in Government is a key driver in embedding sustainable development because of the scrutiny this allows and the focus on sustainability it brings to departments’ operations. The sustainability reporting requirements, which go beyond the primarily emissions focused mandatory private sector requirements, are a significant and welcome development. Though at an early stage in this sustainability reporting initiative, the first year results show that more information could be published, but also that there is room for greater compliance. The Treasury, as the reporting standard-setter, clearly has a role in bringing about greater reporting compliance, but so too do Defra and the Cabinet Office. When the Sustainable Development Commission was abolished, we were assured that the leadership of those two departments would ensure that sustainable development was embedded and applied across Government. Defra and the Cabinet Office, as well as the Treasury, need to take ownership of sustainability reporting compliance, not least through their roles on the Greening Government Commitments Sub-committee.

39. We discuss in our separate report on the Outcomes of the Rio+20 Summit the introduction of mandatory emissions reporting for the private sector. The Government should now explore the scope for, as well as potential additional burdens of, introducing for the private sector elements of Government departments’ wider sustainability reporting requirements.

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84 Q 72 (B Ev 25)
85 Q 76 (B Ev 26)
86 Government progress in mainstreaming sustainable development, op cit, p11
3 Next steps

40. In our separate report on the Rio+20 Summit, which we are publishing alongside this report, we identify areas where the Government needs to act to take forward its international commitments, for example on using well-being to shape policy-making and corporate sustainability reporting. That report includes a recommendation that the Government should revisit the need for a new Sustainable Development Strategy to present the Government’s commitment to sustainable development, internationally as much as within the UK.87 Closer to home, in terms of embedding sustainable development structures and processes within Government departments—the focus of this report—there is also more for the Government to do and for us to scrutinise.

41. As we made clear in our May 2011 report on embedding sustainable development, we are in no position to provide the resources to take on the full range of the scrutiny that the Sustainable Development Commission had previously undertaken. Our scrutiny role is to aid Government accountability to the House rather than to develop the sustainable development capacity of departments.88 In that role, we have continued to benefit from significant analysis and briefing from the NAO, demonstrated by the range of material they have provided for this inquiry. We have also continued to develop links with an academic network of sustainable development researchers (the ‘Sustainable Knowledge Alliance’),89 which we hope will provide assistance with our recently launched inquiry on Well-being.

42. We will continue to monitor how Defra, Cabinet Office and the Treasury contribute to making progress in embedding sustainable development across Government. The initiatives we discussed in Part 2 are key building blocks for that process, and we will wish to review progress on those again in due course. Our next step, however, will be to take forward a key commitment from our May 2011 report: to examine how well sustainable development is operating in particular departments. With audit assistance from the NAO, we will begin that work with an examination of the sustainability structures, processes and performance of the Department for Business, Innovation and Skills later this year.

43. This report has concentrated on the processes concerned with the sustainability of departments’ operations and policies. If the Government is to drive actions on both the global and domestic fronts to promote sustainable development, however, shortcomings will remain as long as those processes consider the sustainability of policy implementation rather than policy formulation. The Government’s stated aim has been to be “the greenest government ever”, but the continuing absence of sustainable development criteria when identifying policy requirements is a pressing cause for concern. The former Environment secretary oversaw a revision of the Green Book to provide policy appraisal guidance on applying sustainable development principles. That is of little use, however, if an inherently unsustainable policy is made marginally more sustainable by the application of less damaging features when implemented. We intend to monitor the extent to which sustainable development factors are taken into account at the stage of policy formulation.

87 Outcomes of the UN Rio+20 Earth Summit, Second Report of Session 2013–14, HC 200
88 Embedding sustainable development: The Government’s response, op cit, para 10
89 http://www.exeter.ac.uk/ska/
including the Treasury’s role in spending reviews and infrastructure plans. We noted in our Autumn Statement 2012 report, for example, that while the Infrastructure (Financial Assistance) Act will provide £50 billion of guarantees for infrastructure investments, the Treasury allocated only £3 billion to the Green Investment Bank.\(^9^0\)

\(^9^0\) Environmental Audit Committee, Autumn Statement 2012: environmental issues, Fourth Report of Session 2012-13, HC 328, para 16
Conclusions

1. The Business Plan review process has a significant weakness in that it does not seek to address potential policy gaps, where new initiatives could tackle unsustainable development. The reviews examine the policies that are added to the Plans after being negotiated within Government, rather than policies that should be generated as a result of applying sustainable development thinking from the outset. For the policies that the process does review, it presents an opportunity for the Cabinet Office, with Defra support, to focus departments’ attention on the sustainability of those policies. The Minister for government policy was persuasive about his commitment to that new system. The key test of its effectiveness, however, is the extent to which policies are adjusted and improved while in development; a process that remains opaque to external scrutiny. (Paragraph 13)

2. We welcome improvements in guidance for Government departments on policy appraisal and impact assessments, to reflect the need to address environmental protection and sustainable development, and that civil servants’ skills requirements are being strengthened on these disciplines. These are essential developments, as demonstrated by the emerging findings of Defra’s audit of the compliance with the new impact assessment guidance. (Paragraph 20)

3. We welcome the wider coverage of the Greening Government Commitments compared to their predecessor targets, reflecting our previous calls to include agencies and non-departmental public bodies as well as the mainstream departments. We also welcome the progress that departments overall are making on their Greening Government Commitments. (Paragraph 26)

4. Overall, departments have not been able to demonstrate their performance on embedding sustainable procurement because of poor compliance in reporting on this initiative. There is also significant slippage in refreshing individual Government Buying Standards. The situation has not been helped by continuing change in governance arrangements and leadership in Government. (Paragraph 30)

5. Sustainability reporting in Government is a key driver in embedding sustainable development because of the scrutiny this allows and the focus on sustainability it brings to departments’ operations. The sustainability reporting requirements, which go beyond the primarily emissions focused mandatory private sector requirements, are a significant and welcome development. Though at an early stage in this sustainability reporting initiative, the first year results show that more information could be published, but also that there is room for greater compliance. The Treasury, as the reporting standard-setter, clearly has a role in bringing about greater reporting compliance, but so too do Defra and the Cabinet Office. When the Sustainable Development Commission was abolished, we were assured that the leadership of those two departments would ensure that sustainable development was embedded and applied across Government. (Paragraph 38)
Recommendations

6. Defra must use the results of [its] impact assessment audit to develop the guidance further, and Defra and the Cabinet Office should include challenging departments on such non-compliance as part of its Business Plan reviews. (Paragraph 20)

7. Defra and the Cabinet Office should now review departments’ first-year Greening Government Commitments performance, in order to extend the ambition of those targets which already appear to be readily achievable. (Paragraph 26)

8. A commitment to deliver on sustainable procurement should be in all departments’ Business Plans, including completing the revision of Government Buying Standards. Defra and the Cabinet Office should identify poor compliance on reporting sustainable procurement progress during the Business Plan reviews and raise with the Treasury (who set the Annual Report requirements) how poor performance should be addressed. (Paragraph 30)

9. Defra and the Cabinet Office, as well as the Treasury, need to take ownership of sustainability reporting compliance, not least through their roles on the Greening Government Commitments Sub-committee. (Paragraph 38)

10. The Government should now explore the scope for, as well as potential additional burdens of, introducing for the private sector elements of Government departments’ wider sustainability reporting requirements. (Paragraph 39)
Formal Minutes

Wednesday 5 June 2013

Members present:

Joan Walley, in the Chair

Peter Aldous
Neil Carmichael
Martin Caton
Zac Goldsmith

Mark Lazarowicz
Caroline Nokes
Dr Matthew Offord
Simon Wright

Draft Report (Embedding sustainable development: an update), proposed by the Chair, brought up and read.

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

Paragraphs 1 to 43 read and agreed to.

Summary agreed to.

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

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

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

Written evidence was ordered to be reported to the House for printing with the Report, in addition to that ordered to be reported for publishing on 7 September and 19 October 2011, 12 June and 31 October 2012, and 24 April 2013.

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[Adjourned till Wednesday 12 June 2013 at 2.00 pm]
Witnesses

Wednesday 13 July 2011

Gregory Barker MP, Minister of State, Department of Energy and Climate Change, Dr William Jordan, Chief Sustainability Officer, Cabinet Office, and Trevor Hutchings, Head of Strategy and Delivery, Office of National Energy Efficiency, Department of Energy and Climate Change.

Wednesday 11 July 2012

Rt Hon Caroline Spelman MP, Secretary of State for Environment, Food and Rural Affairs, Rt Hon Oliver Letwin MP, Minister of State, Cabinet Office, and Nigel Atkinson, Head of Sustainable Development, Department for Environment, Food and Rural Affairs.

Wednesday 6 March 2013

Rt Hon Owen Paterson MP, Secretary of State for Environment, Food and Rural Affairs, Rt Hon Oliver Letwin MP, Minister of State, Cabinet Office, and Nigel Atkinson, Head of Sustainable Development, Department for Environment, Food and Rural Affairs.

List of printed written evidence

1 John Taylor, TR Control Solutions Ltd A Ev 36
2 Energy Efficiency Verification Specialists A Ev 36
3 Greg Barker MP Minister of State, Department for Energy and Climate Change A Ev 40
4 Department for Environment, Food and Rural Affairs B Ev 42
5 Department for Environment, Food and Rural Affairs (supplementary) B Ev 47
6 Rt Hon Oliver Letwin MP, Minister for Government Policy, Cabinet Office (supplementary) B Ev 49
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 2013–14**

First Report  
Embedding sustainable development: an update  
HC 202

Second Report  
Outcomes of the UN Rio+20 Earth Summit  
HC 200

**Session 2012–13**

First Report  
The St Martin-in-the-Fields seminar on the Rio+20 agenda  
HC 75

Second Report  
Protecting the Arctic  
HC 171 (HC 858)

Third Report  
Wildlife Crime  
HC 140 (HC 1061)

Fourth Report  
Autumn Statement 2012: environmental issues  
HC 328 (HC 1087)

Fifth Report  
Measuring well-being and sustainable development: Sustainable Development Indicators  
HC 667 (HC 139)

Sixth Report  
Energy Intensive Industries Compensation Scheme  
HC 669 (Cm 8618)

Seventh Report  
Pollinators and Pesticides  
HC 668

**Session 2010–12**

First Report  
Embedding sustainable development across Government, after the Secretary of State’s announcement on the future of the Sustainable Development Commission  
HC 504 (HC 877)

Second Report  
The Green Investment Bank  
HC 505 (HC 1437)

Third Report  
Sustainable Development in the Localism Bill  
HC 799 (HC 1481)

Fourth Report  
Embedding sustainable development: the Government’s response  
HC 877

Fifth Report  
The impact of UK overseas aid on environmental protection and climate change adaptation and mitigation  
HC 710 (HC 1500)

Sixth Report  
Budget 2011 and environmental taxes  
HC 878 (HC 1527)

Seventh Report  
Carbon Budgets  
HC 1080 (HC 1720)

Eighth Report  
Preparations for the Rio+20 Summit  
HC 1026 (HC 1737)

Ninth Report  
Air Quality a follow up Report  
HC 1024 (HC 1820)

Tenth Report  
Solar Power Feed-in Tariffs (Joint with the Energy and Climate Change Committee)  
HC 1605 (HC 1858)

Eleventh Report  
Sustainable Food  
HC 879 (HC 567)

Twelfth Report  
A Green Economy  
HC 1025 (HC 568)