
PUBLIC SECTOR ANNUAL REPORTS: SUSTAINABILITY REPORTING

Executive Briefing on Minimum Requirements

Purpose

1. To explain briefly the new minimum sustainability reporting requirements for Public Sector Annual reports. The implementation timescale will be separately communicated by HM Treasury.

Requirements Overview

2. All public sector bodies reporting in accordance with the HM Treasury Financial Reporting Manual (FRM) will be required to include a section in their Annual Report covering their performance on sustainability during the year.
3. The section must include:
 - A simple overview commentary covering their performance in the reported year along with an overview of forward plans; and
 - A 'Public Sector Sustainability Report' essentially comprising a table of financial and non-financial information, supported by notes confirming compliance with HM Treasury guidelines and advising of any material policy or accounting boundary changes since the prior report.

Sustainability Report

4. A populated example of the commentary and report format required for Public Sector Annual Reports is **at Annex A**. Information is analysed into three main areas: Emissions, Waste minimisation and management and Finite Resources. It is recognised that there are many other aspects to sustainability which have not been given coverage in the minimum requirements. It has been agreed to focus initially on reporting environmental performance to support sustainability, with a move to other areas such as social factors and the potential inclusion of policy impacts in the longer term.
5. Comparisons of the data for the previous 3-5 years should be included when it becomes available.

Targets and Commentary

6. The guidance does not specify targets to be used. Organisations should include relevant key performance indicators (KPIs) alongside historical results. This should include targets for the year reported and for the following three years. Normalisation of KPIs and actual results should occur based on £ expenditure in the area. The commentary should also explain any changes to targets.

Direct Impacts Commentary

7. Organisations should explain the direct impacts of the organisation in this area, using benchmarking where possible, and plans for reducing impacts in the future.

Overview of Indirect Impacts

8. Organisations should explain the indirect impacts of the organisation and any plans for influencing reduction in the future.

Minimum Data Requirements

9. Reporting requirements can be seen in the Report at Annex A, but generally organisations will need to ensure that they can report the following:

Area	Non Financial Data	Financial Data
Greenhouse Gas (GHG) Emissions	<i>Direct GHG Emissions (Known as Scope 1).</i> These occur from sources owned or controlled by the organisation. Examples include emissions as a result of combustion in boilers owned or controlled by the organisation. This includes emissions from organisation-owned fleet vehicles (including vehicles on finance leases).	Gross expenditure on the Carbon Reduction Commitment (CRC), any spent on accredited offset purchases and total expenditure on official business travel.
	<i>Energy Indirect Emissions (Known as Scope 2).</i> As a result of energy that we consume which is supplied by another party. For example, electricity supply in buildings or outstations.	
	<i>Emissions as a result of official business travel (part of Scope 3 emissions).</i> This considered the easiest part of Scope 3 emissions to monitor and manage at this stage. This only covers business travel directly paid for by an organisation (i.e. not business travel re-charged by contractors). It has been included as, although less significant in size, it will have a material impact in terms of culture change across Government.	
Waste minimisation and management	Absolute values for the total amount of waste produced by the organisation, analysed as far as possible, and the methods of disposal.	Expenditure on waste disposal.
Finite Resources	Water, electricity, gas and other energy consumption.	Expenditure on water, electricity, gas and other energy consumption.

10. The key principles of such reporting are that it should provide both transparency, in terms of clarity and openness, and consistency for comparative purposes. Guidance is provided on cases where information is not available to fully populate the report.

The Departmental Accounting Boundary

11. The approach for reporting entities in central government is to include items in its sustainability report for those entities over which it has budgetary control to directly match the departmental financial accounting boundary [this is subject to change with an Alignment project proposal that the departmental boundary will be based on control criteria used by the Office for National Statistics to determine the sector classification of relevant bodies]. This includes items attributable to overseas operations.

Detailed HM Treasury Reporting Standards and Guidance on Further Development

12. HM Treasury has produced a detailed guide on the standards to be applied in compiling information such as accounting for greenhouse gas emissions (commonly referred to as

carbon accounting) to support both the minimum reporting standards and development of best practice reporting. The guide includes appropriate links to Defra and other more specific guidance where available. It will be updated in line with developing policy and in light of experience gained during implementation.

DRAFT

ANNEX A

Department/Agency Yellow: Commentary on Sustainability Performance

Purpose

1. Initial narrative setting out the reasons behind undertaking sustainability reporting. Explain that it conforms to the public sector requirements and where the requirements are laid down (eg FReM and website for guidance).

Summary of Performance

2. Provide a brief explanation of the effectiveness and outcomes of the programmes set up to reduce the impacts on the organisation in respect to GHG emissions, waste and finite resource consumption.
3. Provide a high level discussion of the targets and direction of the organisation in terms of performance. Essentially it sets the scene for the information that follows and puts it into context for the reader. This could include any references to external verification etc. Provide the reader with a quick summary of the information on the pages that follow. The exact areas shown would be defined by their relevance to the specific reporting entity. The following table is an example of how this may be done:

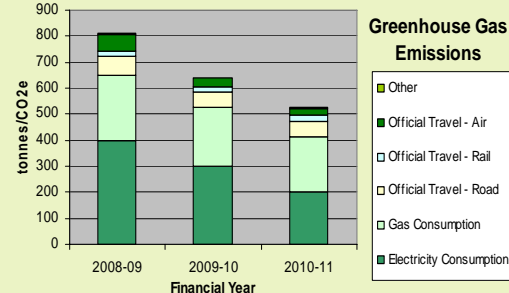
Area	Actual performance	Target performance
Carbon dioxide emissions	xx,xxx tonnes	[Insert target]
Carbon saving expenditure	£xxx,xxx	-
Total waste	xxx tonnes	[Insert target]
Residual office waste	xxx tonnes	[Insert target]
Total waste expenditure	£xxx,xxx	-
Water consumption	xx,xxx m ³	[Insert target]
Water expenditure	£xxx,xxx	-
Total energy consumption	xx.x million kWh	-
Buildings energy consumption	xx.x million kWh	[Insert target]
Total energy expenditure	£x,xxx,xxx	-

4. Include a summary of normalised performance (ref para 2.14).
5. Industry or sector benchmarks should be referred to where available.

Governance

6. Explain the governance processes in place to support management of sustainability performance. For example, whether it is managed as part of the organisations standard performance management regime such as through a balanced scorecard. Include a brief outline of some of the systems/methods used for collecting the data, and how assurance is gained to ensure that it is robust.

Department/Agency Yellow Sustainability Report
Department/Agency Yellow Sustainability Report for the Year ended 31 March 2011
 (illustrative figures only)

GREENHOUSE GAS EMISSIONS		2008-09	2009-10	2010-11	Graphical Analysis
Non-Financial Indicators (tCO ₂ e)	Total Gross Emissions for Scopes 1 & 2.	650	600	550	 <p>Greenhouse Gas Emissions</p> <ul style="list-style-type: none"> Other Official Travel - Air Official Travel - Rail Official Travel - Road Gas Consumption Electricity Consumption
	Total Net Emissions for Scopes 1 & 2.	520	450	320	
	Gross emissions attributable to Scope 3 official business travel	250	230	198	
Financial Indicators (£k)	CRC Gross Expenditure (2010 onwards)	218	237	400	
	Expenditure on accredited offsets (eg GCOF).	-	-	-	
	Expenditure on official business travel.	250	190	165	

TARGETS AND COMMENTARY

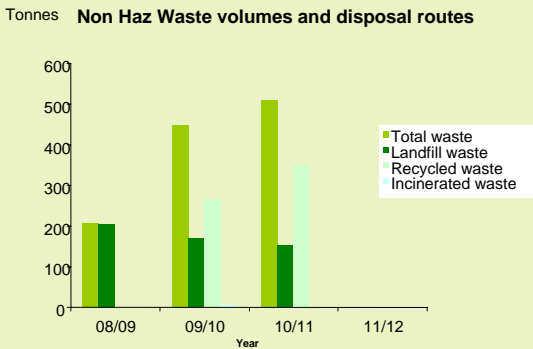
Dept Yellow has a target to reduce its carbon emissions by 30% (to xxx tonnes) by March 2012 from our 2006-2007 levels which it is on track to achieve. A new target is currently being considered for the period beyond 2012 and this will be disclosed in the 2012-13 business plan due to be published in February 2012. [Central Government Departments could include performance against SoGE targets].

DIRECT IMPACTS COMMENTARY

The main direct impacts for Department Yellow are in its electricity and fuel consumption. Strategies have been prepared to reduce these direct impacts through efficiency programmes.

OVERVIEW OF INDIRECT IMPACTS

Dept Yellow is able to significantly influence the emissions of its supply chain through procurement specifications. An action plan is now in place to communicate to suppliers about future contracts and expectations with regards to emissions reductions. We also actively discuss our emissions policy with the public to encourage them to consider their own personal impact when making use of our services.

WASTE		2008-09	2009-10	2010-11	Graphical Analysis	
Non-Financial Indicators (t)	Total waste [Minimum Requirement]	400	570	560	 <p>Non Haz Waste volumes and disposal routes</p> <ul style="list-style-type: none"> Total waste Landfill waste Recycled waste Incinerated waste 	
	Hazardous waste* - Total	200	120	60		
	Non hazardous waste* - Total	Landfill	200	180		175
		Reused/Recycled	-	270		325
* Report if poss.	Incinerated/energy from waste	-	-	-		
		-	-	-		
Financial Indicators (£k)	Total disposal cost [Minimum Requirement]	1555	1324	569		
	Hazardous waste - Total disposal cost*	1200	853	213		
	Non hazardous waste - Total disposal cost*	Landfill	43	60	83	
		Reused/Recycled	-	411	273	
* Report if poss	Incinerated/energy from waste	-	-	-		
		-	-	-		

TARGETS AND NARRATIVE

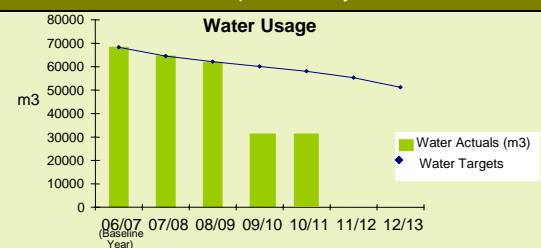
We have a target of zero waste to landfill by 2012 which we are on target to meet.

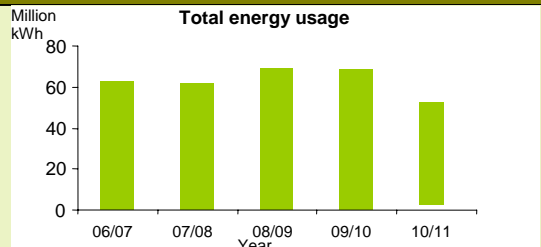
DIRECT IMPACTS COMMENTARY

The main direct impacts of waste for Dept Yellow are in relation to construction waste from the building of new offices. This is expected to decrease in line with the final delivery of the Department's new office building programme.

OVERVIEW OF INDIRECT IMPACTS

Dept Yellow is able to place certain quality objectives on its suppliers in terms of their waste disposal performance. The Department is currently working alongside suppliers to improve both the culture (staff attitudes) and actual performance in relation to waste management and disposal.

FINITE RESOURCE CONSUMPTION - Water			2008-09	2009-10	2010-11	Graphical Analysis			
Non-Financial Indicators	Water Consumption (M ³)	Supplied	75000	30000	30000				
		Abstracted	-	-	-				
Financial Indicators (£k)	Water Supply Costs		207	205	101				
TARGETS AND NARRATIVE									
We have set a 2012 target to reduce water consumption by 25% from 2005-2006 levels to 51,223m ³ . We have met our year on year targets to date as shown in the above graph.									
DIRECT IMPACTS COMMENTARY									
Our major impacts in terms of water consumption are in our construction activities. We are addressing these through improved procurement and partnerships with suppliers.									
OVERVIEW OF INDIRECT IMPACTS									
The Department also has an indirect impact through the setting of water supply policy for new communities' development it is sponsoring. Negotiations are in place to ensure that a fully sustainable supply is considered.									

FINITE RESOURCE CONSUMPTION – Energy			2008-09	2009-10	2010-11	Graphical Analysis	
Non-Financial Indicators	Energy Consumption (kWh)	Electricity: Non-Renewable	60	58	48		
		Electricity: Renewable	-	2	2		
		Gas	-	-	-		
		LPG	-	-	-		
		Other	-	-	-		
Financial Indicators (£k)	Total Energy Expenditure		6200	5100	4352		
TARGETS AND NARRATIVE							
Our energy key performance indicator (KPI) for buildings by 2012 is 30.5 million kWh which we will have difficulty meeting. It is expected that we will be in line to achieve 35 kWh.							
DIRECT IMPACTS COMMENTARY							
Our main areas for energy consumption is lighting our construction sites and our offices.							
OVERVIEW OF INDIRECT IMPACTS							
Our policy responsibilities for building sustainable communities enables us to have a direct impact in terms of the energy provision and consumption through planning decisions based on design. We are ensuring the whole life costing is applied in terms of sustainability in terms of future energy consumption and other finite resource usage.							

NOTES:

1. The above report has been prepared in accordance with guidelines laid down by HM Treasury in 'Public Sector Sustainability Reporting' published at www.financial-reporting.gov.uk.
2. Emissions accounting includes all Scope 1 and 2 emissions along with separately identified emissions related to official travel. Detailed Departmental policies for carbon accounting within Department Yellow, in support of HMT Guidance, can be found on our website at [insert website address]. Defra conversion rates have been used to account for carbon except in the following areas: [eg use of specialised construction indices available from University of Bath].
3. [Individual bodies to provide details of any change to accounting policies or boundaries which impacts prior year, or year-on-year, reporting.].
4. [Individual bodies to provide details of any web published information supporting the report].