

Reporting on environmental sustainability



Briefing

Background

The reporting requirements for NHS bodies in relation to environmental sustainability were discussed at the HFMA's environmental sustainability special interest group's meetings in September and December 2016.

It was the view of the committee that perhaps lack of clarity resulted in limited reporting in relation to environmental sustainability. Analysis undertaken by the Sustainable Development Unit (SDU) indicated that most NHS bodies do present a sustainability report of some level of quality.

This paper sets out what the reporting requirements are for different NHS bodies and where appropriate guidance can be found.

Contract requirements

The longer form NHS standard contract requires providers of NHS funded healthcare services to report on sustainability in their annual report.

This is a requirement of paragraph 18 of the service conditions of the longer form standard NHS contract¹ (2016/17) which says:

'In performing its obligations under this Contract the Provider must take all reasonable steps to minimise its adverse impact on the environment.

The Provider must maintain a sustainable development plan in line with NHS Sustainable Development Guidance. The Provider must demonstrate its progress on climate change adaptation, mitigation and sustainable development, including performance against carbon reduction management plans, and must provide a summary of that progress in its annual report.

The Provider must, in performing its obligations under this Contract, give due regard to the impact of its expenditure on the community, over and above the direct purchase of goods and services, as envisaged by the Public Services (Social Value) Act 2012.'

The definitions and interpretations for the contract are set out in the general conditions section and on page 62 there is the following:

'NHS Sustainable Development Guidance the guidance in relation to sustainable development and adaptation to climate change published by the Sustainable Development Unit, available at: <http://www.sduhealth.org.uk/delivery/plan.aspx>'

¹ www.england.nhs.uk/nhs-standard-contract/

From 2016/17 onwards, commissioners can elect to use a shorter form contract when commissioning some healthcare services. It is expected that the shorter form contract will be used for lower value contracts with smaller providers. The shorter form of the standard contract does not include any sustainability reporting requirements.

NHS trusts and CCGs

For all NHS bodies other than foundation trusts the reporting requirements are set out in paragraph 2.16 of the Department of Health's *Group accounting manual (GAM)* for 2016/17:

‘As a minimum, the performance analysis must include: ...

.... compliance with mandatory sustainability reporting requirements. Reporting entities are expected to report annually on sustainability matters. Mandatory reporting requirements can be met by following the standard reporting format² for NHS bodies produced by the Sustainable Development Unit. It is envisaged that reporting entities will produce a report that will be integral, with reference throughout the annual report and accounts and not a separate standalone report ...’

NHS foundation trusts

Paragraph 2.4 of NHS Improvement's NHS foundation trust annual reporting manual 2016/17³ states:

‘NHS foundation trusts are advised that paragraph 18 of the service conditions of the NHS standard contract for 2016/17 and 2017/18 states that providers are required to include progress against their sustainable development plan in their annual report. Further guidance is available from the Sustainable Development Unit at www.sduhealth.org.uk/delivery/measure/reporting.aspx. This is likely to be best included as part of the performance analysis as explained in paragraph 2.18.’

The Department of Health

The Department itself has to meet the requirements of the HM Treasury Financial Reporting Manual (FRoM). Paragraphs 5.2.10 and 5.2.11 of the 2016/17 FRoM say:

‘Reporting entities are expected to comply with mandatory sustainability reporting requirements. Further information on the reporting methodology will be issued through PES guidance. It is envisaged that such reporting will be integral throughout the annual report and account and not a separate standalone report.

Entities falling within the scope of reporting under the Greening Government Commitments (i.e. departments, non-ministerial departments, agencies and ALBs) and which are not exempted by de minimis limits or other exemption under Greening Government (or other successor policy), shall report performance against sustainability targets for greenhouse gas emissions, waste minimisation and management and the use of finite resources and their related expenditure. Inclusion of reporting against the sustainability targets will fulfil the requirements regarding greenhouse emissions in Schedule 7 of SI 2013 No. 1970.’

² The GAM refers to the guidance available from the Sustainable Development Unit (SDU) at www.sduhealth.org.uk/delivery/measure/reporting.aspx.

³ <https://improvement.nhs.uk/resources/nhs-foundation-trust-annual-reporting-manual-201617/>

Annex 4 to the 2016/17 FReM also includes the following link to sustainability and environmental reporting guidance. However, this link goes to guidance for 2012/13 reporting. The Greening Government Commitments were updated in December 2016 for the period 2016 to 2020⁴. In terms of the annual report, government departments are required to include a short paragraph on each of these areas within their sustainability report:

- Climate change adaptation
- Biodiversity and the natural environment
- Procurement of food and catering services
- Sustainable construction
- Any other areas that departments consider to be most significant to their activities

It is likely that detailed guidance will be issued in time for the production of the 2016/17 annual report and accounts.

Arm's length bodies (ALBs) and other bodies within the Department of Health group

All of the bodies within the Department of Health's group accounting boundary are required to follow the GAM and therefore follow the same guidance on sustainability reporting as trusts and CCGs.

In addition, their ALBs' framework agreement letters with the Department of Health are likely to reinforce the requirement to deliver the Greening Government Commitments. For example, paragraph 7.8 of the CQC's agreement states:

'As a major public sector body, CQC has a key role to play in driving forward the government's commitment to sustainability in the economy, society and the environment. As a minimum, CQC should comply with the Greening Government Commitments that apply to all government departments, executive agencies and non-departmental public bodies, set out in the action plan for driving sustainable operations and procurement across government. Reporting will be via the Department (including the consolidation of relevant information in the Department's annual resource account), and the Department will ensure that CQC is aware of the process for this.'

For reporting guidance, the ALBs should also need to refer to the FReM and its associated guidance.

Best practice

The SDU's analysis of 2015/16 NHS body's annual report and accounts also revealed that only one third of annual reports for CCGs and NHS providers included a report that could be classed as 'excellent' or 'good' if assessed against the SDU published guidelines⁵. Almost another third could be classed as meeting the minimum requirements meaning the rest were either classified as poor or could not be assessed as the data was not available at all.

The 2014/15 Greening Government Commitments annual report⁶ identifies the Department of Health as one of the bodies which reported against all 5 transparency commitments –

⁴ www.gov.uk/government/publications/greening-government-commitments-2016-to-2020

⁵ This spreadsheet allows NHS bodies to see how their own annual report and accounts is rated against the SDU's guidelines <http://www.sduhealth.org.uk/policy-strategy/reporting/organisational-summaries.aspx>

⁶ www.gov.uk/government/uploads/system/uploads/attachment_data/file/487751/ggc-annual-report-2014-2015.pdf

climate change adaptation, biodiversity, sustainable construction, food, procurement and catering and people. Five of the Department of Health's ALB's also produced full sustainability reports.

The SDU's reporting page⁷ includes 8 documents to help NHS bodies meet best reporting practice:

1. Sustainability reporting template 2016/17
2. A guide to reporting on sustainability in annual reports
3. An appendix to the guide which includes examples of best practice and links to actual reports
4. Best practice examples – providers
5. Best practice examples – commissioners
6. Sustainable reporting provider criteria scoring tool which sets out the criteria used by the SDU when assessing sustainability reports
7. Sustainable reporting commissioner criteria scoring tool
8. Annual reporting maps

⁷ www.sduhealth.org.uk/delivery/measure/reporting.aspx