

# Chapter 3

## "One Planet Economy": Sustainable Consumption and Production

### The facts

- ▶ By 2050, global energy demand could double as populations rise and developing countries expand their economies<sup>1</sup>
- ▶ Since 1950, global water use has more than tripled; within 25 years, half the world's population could have trouble finding enough freshwater for drinking and irrigation<sup>2</sup>
- ▶ The cost of wasted natural resources to UK manufacturing industry is equivalent to around 7% of profit<sup>3</sup>, and energy efficiency improvements by business and individuals could save £12 billion annually across the UK economy<sup>4</sup>
- ▶ Production, distribution and consumption of food in the UK is responsible for around 22% of its total greenhouse gas emissions – other significant sources are heating, lighting and domestic appliances, private transport and air travel<sup>5</sup>
- ▶ More than 80% of all product-related environmental impacts are determined by product design<sup>6</sup>
- ▶ New fridge freezers sold in the UK today consume on average 50% less energy than those sold just 8 years ago<sup>7</sup>



<sup>1</sup> World Energy Organisation at [www.worldenergy.org/wec-geis/edc/scenario.asp](http://www.worldenergy.org/wec-geis/edc/scenario.asp)

<sup>2</sup> United Nations Environment Programme, 2003, Key facts, at [www.unep.org/wed/2003/keyfacts.htm](http://www.unep.org/wed/2003/keyfacts.htm)

<sup>3</sup> Cambridge Econometrics and AEA Technology for the Environment Agency, 'The benefits of Greener Business', at [www.environment-agency.gov.uk/business/](http://www.environment-agency.gov.uk/business/)

<sup>4</sup> 'The Energy Review – performance and innovation unit report', at [www.number-10.gov.uk/su/energy/1.html](http://www.number-10.gov.uk/su/energy/1.html)

<sup>5</sup> e2 Consulting, Bourne 2002 and Office of National Statistics, 2004, 'Achieving the UK's climate change commitments: the efficiency of the food cycle'.

<sup>6</sup> German Federal Environment Agency (ed), 2000, 'How to do ecodesign: A guide for environmentally friendly and economically sound design'.

<sup>7</sup> Market Transformation Programme at [www.mtprog.com](http://www.mtprog.com)

## Summary

Increasing prosperity, in the UK and across the world, has allowed many people to enjoy the benefits of goods and services which were once available to just a few. Nevertheless, the environmental impacts from our consumption and production patterns remain severe, and inefficient use of resources is a drag on the UK's economy and business. We need a major shift to deliver new products and services with lower environmental impacts across their life cycle, while at the same time boosting competitiveness. And we need to build on people's growing awareness of social and environmental concerns, and the importance of their roles as citizens and consumers.

## Taking it on consultation responses

Responses to questions on Sustainable Consumption and Production (SCP) and on the business contribution to sustainable development fell into two broad categories of (i) better education and awareness and (ii) the use of both 'carrots and sticks' for business and consumers.

For example, there were calls for: better consumer information and labelling; the use of economic incentives/disincentives; better regulation; increased environmental reporting; tackling issues related to products, services and consumption as well as production; Government leadership (particularly in its procurement); identifying clear priorities for business to tackle.

Responses also highlighted key areas of consumption thought to be a priority: energy and fuel; transport/infrastructure; food; waste and packaging; resource use; and aviation.

## 1. The vision and challenge: "A one planet economy"

Sustainable consumption and production requires us to achieve more with less. Current developed country patterns of consumption and production could not be replicated world-wide: some calculations suggest that this could require three planets' worth of resources<sup>8</sup>.

The largest and fastest growing pressures on the global environment come from areas such as household energy and water consumption, food consumption, travel and tourism. Past environmental policy focused mainly on pollution from domestic production activities. We now need a wider and more developed approach that focuses across the whole life cycle of goods, services and materials, also includes economic and social impacts, and in particular encompasses impacts outside the UK. There would be little value in reducing environmental impacts within the UK if the result were merely to displace those impacts overseas, or close off benefits at home or abroad.

The 1999 strategy's chapter on a sustainable economy reflected this approach. Since then, the 2002 World Summit on Sustainable Development (WSSD) set new global commitments on sustainable consumption and production. The Government followed this up with its own framework on sustainable consumption and production, 'Changing Patterns'<sup>9</sup>. This strategy now sets out how we are taking this forward, through measures to promote:

<sup>8</sup> World Wildlife Fund (WWF), 2004, 'Living Planet Report' at [www.panda.org/news\\_facts/publications/general/livingplanet/index.cfm](http://www.panda.org/news_facts/publications/general/livingplanet/index.cfm)

<sup>9</sup> Defra, 2003, 'Changing Patterns: UK Government Framework for Sustainable Consumption and Production' at [www.defra.gov.uk/environment/business/scp/index.htm](http://www.defra.gov.uk/environment/business/scp/index.htm)

- ▶ better products and services, which reduce the environmental impacts from the use of energy, resources, or hazardous substances
- ▶ cleaner, more efficient production processes, which strengthen competitiveness, and
- ▶ shifts in consumption towards goods and services with lower impacts.
- ▶ **The Government will continue to develop its policies on sustainable consumption and production, and will produce, by the end of 2006, a report on progress together with an updated plan of action in this area**

Success will involve tackling complex factors which affect consumption and production patterns. Social and cultural values lie behind people's aspirations and choices. Manufacturers and retailers have a major influence on both consumers and supply chains. Individual actions are often determined by local infrastructure, such as housing or transport links. Change will require innovation in both technologies and behaviours. Both Government and business have a responsibility to enable consumers to make sustainable choices.

### Innovation for a sustainable future

The Government's 2003 innovation review identified the environment as a key driver for future innovation. Improved, lower impact products and services need to be developed. Some will be specific environmental goods and services, such as technologies to minimise pollutants or promote resource efficiency, or renewable energy sources. These already have a global market worth over \$500 billion, but the scope for innovation extends far wider. For example, new materials, energy technologies and product design to minimise waste will all be important in future. Well designed environmental policy, with clear, long-term targets, can promote innovation and business opportunity.

Measures to stimulate this innovation will include:

- ▶ integrating sustainable development throughout the Department for Trade and Industry's (DTI) technology strategy, with funding of £150 million over the next 3 years for technologies critical to the future of the UK economy. For example, with up to £2 million support for a Resource Efficiency and Waste Knowledge Transfer Network offering a UK gateway for information and expertise and a focal point for business, government and academia to come together and provide integrated solutions
- ▶ playing a leading role in the EU's environmental technologies action plan
- ▶ using public procurement to build markets for new products and services and
- ▶ horizon scanning to identify trends and indicators of emerging innovations.

The review also launched a series of pilot projects on environmental regulation and innovation. These show that well-designed regulation, based on long term environmental objectives, can promote innovation and business opportunity.

These results will be used in a guide for policy-makers on 'Think Innovation', and the Government will also be holding a government/business workshop later this year on environmental regulation policy and its links to innovation.

## An international vision

Our vision depends on international co-operation. Economic growth in both developed and developing countries drives trade in goods and services across the world in complex and fast-changing supply chains. For example, in the life cycle of a fridge or computer, extraction of raw materials, manufacturing, use and disposal may all occur in different countries. The Government therefore cannot make national policy in isolation. Yet international action touches on many difficult questions about development, trade, environment and global inequalities.

The Government will therefore press to strengthen:

- ▶ European Union (EU) efforts, by putting sustainable consumption and production at the heart of the new EU sustainable development strategy, and through a new thematic strategy on natural resources linked to action in key areas such as products, environmental technologies, commodities and public procurement.
- ▶ outcomes from the United Nations' 'Marrakech Process'<sup>10</sup>, set up to take forward the World Summit on Sustainable Development<sup>11</sup> (WSSD) commitment on sustainable consumption and production. The UK is liaising with the United Nations Environment Programme (UNEP) and international partners to establish a technical task force to promote co-operation and improvements in sustainable products
- ▶ co-operation within the G8, by building on its '3Rs' (reduce, reuse, and recycle) initiative, to be hosted by the Japanese government in April 2005, and
- ▶ partnerships with major developing countries.

These efforts should lead to a clear EU programme for sustainable consumption and production, and the emergence of an international framework of programmes that can be agreed at the Commission on Sustainable Development in 2011 – CSD19. These are the prerequisites for the global delivery of the World Summit commitment on sustainable consumption and production.

Progress towards international goals is supported by policies in areas such as trade, agriculture, environment and technology. One of the objectives of the World Trade Organisation<sup>12</sup> (WTO) is to promote sustainable development and the Doha Development Agenda<sup>13</sup> calls for trade liberalisation, environmental protection and sustainable development to be mutually supportive.

<sup>10</sup> See [www.un.org/esa/sustdev/sdissues/consumption/marratech.htm](http://www.un.org/esa/sustdev/sdissues/consumption/marratech.htm)

<sup>11</sup> See [www.un.org/events/wssd/](http://www.un.org/events/wssd/)

<sup>12</sup> See [www.wto.org/](http://www.wto.org/)

<sup>13</sup> See [www.wto.org/english/tratop\\_e/dda\\_e/dda\\_e.htm](http://www.wto.org/english/tratop_e/dda_e/dda_e.htm)

The Government will work with the EU through the WTO to:

- ▶ reduce unsustainable and environmentally damaging agriculture and fishing subsidies in the Doha Round
- ▶ promote the mutual supportiveness of trade liberalisation, environmental protection and sustainable development, for example by strengthening the links between WTO and those Multilateral Environmental Agreements that have trade provisions, and
- ▶ liberalise trade in environmental goods and services.

The Trade and Investment White Paper<sup>14</sup> deals more comprehensively with the question of how we can harness the power of globalisation, not only in the UK but in every country, especially in the developing world.



*Children collecting floating waste from a polluted river in Manila Bay, Philippines  
Source: Hartmut Schwarzbach/Unep/  
Still pictures*

## A business vision

For business, sustainable consumption and production requires consideration of the implications for their business model together with their product and service range. Success will depend on their ability to meet growing consumer (household and supply-chain) expectations of higher environmental and ethical standards and to cut out the negative impacts of growing material resource consumption. Businesses that anticipate this trend and develop 'material light' goods and services will be best placed to benefit from these opportunities and to enhance their competitiveness.

This means that business' approach to corporate responsibility must extend throughout their supply-chains, from tackling the issues arising in the extraction of their raw materials, to engagement with consumers about the products and services they buy and eventually discard. But simply relying on consumers to make potentially complex choices is far from sufficient. Government therefore has a key role to play in developing the business case for sustainable consumption and production – for example through standards, economic incentives, regulation, voluntary agreements, business support programmes, communications and consumer policy. We set out below how the Government will take these forward, and will work closely with business in doing so.

In addition, we want to bring together a network of business expertise committed to working with Government to help us to make progress on consumption and production challenges together.

- ▶ **The Government will convene a new Sustainable Consumption and Production Business Task Force, which will be resourced to develop ideas for practical action on key aspects of sustainable consumption and production**

This Task Force will provide an important mechanism for building on the valuable work of the Advisory Committee on Business and the Environment<sup>15</sup> and the Advisory Committee on Consumer Products and the Environment<sup>16</sup>, and will complement the work of the Round Table on Sustainable Consumption.

<sup>14</sup> DTI, 2004, 'Trade and Investment White Paper 2004' at [www.dti.gov.uk/ewt/whitepaper.htm](http://www.dti.gov.uk/ewt/whitepaper.htm)

<sup>15</sup> See [www.defra.gov.uk/environment/acbe/default.htm](http://www.defra.gov.uk/environment/acbe/default.htm)

<sup>16</sup> See [www.defra.gov.uk/environment/consumerprod/accpe/index.htm](http://www.defra.gov.uk/environment/consumerprod/accpe/index.htm)

## 2. Sustainable Products – cutting out problems at source

We describe in Chapter 2 the challenge of influencing people to consider making more sustainable choices. But an equally big challenge is the fact that many of the avoidable impacts of what we buy are already 'designed-in', long before they are put into use.

**The Government will therefore give much greater priority to a coherent 'product policy' approach through developing and publishing, by the end of 2006, a set of measures for taking forward integrated product policy, to:**

- ▶ **reduce the environmental impacts of everyday products across their life cycle**
- ▶ **enhance measures to close the loop in the way we use resources (e.g. through recycling, re-use or remanufacturing)**
- ▶ **promote more radical new design solutions, which benefit the environment and the economy, and**
- ▶ **build up the knowledge and capacity needed to drive improvements in product markets.**

### Raising product performance

The Government is expanding its Market Transformation Programme for sustainable products, putting in more resources and extending its scope beyond the current focus on energy and water impacts into the wider life cycle issues of key products, including chemicals, resource use and waste.

This will help to raise the game in using policy tools like public procurement specifications, minimum standards and publicly available information about the environmental performance of different products. It will also help to embed the 'environmental impact assessment' of products as a regular feature of good business practice.



*'Thermafleece': Second Nature UK Ltd – winners of the 2004 Queen's Award for Enterprise in the sustainable development category, for its innovative insulation product*

*Source: Second Nature UK Ltd*

### Raising product standards

In a global market it is rarely feasible to set unilateral standards for traded goods. In most cases we must approach minimum standards, whether in law, through agreements made with industry or through negotiations at EU level.

There are some successes on which we can build. Mandatory standards to remove inefficient boilers and fridges from the market have been very effective (even the least efficient new fridge-freezer on sale today consumes only half as much energy as the least efficient products on the market eight years ago). The proposed framework directive for the Eco-design of Energy Using Products (the EUP Directive) will allow new standards to be set for any non-transport product that uses energy. Such measures could save around 10 per cent of total EU energy consumption by 2020. The Government will be seeking prompt agreement of this Directive, and will be considering whether its approach should be applied to non-energy product groups.

In parallel, EU-wide industry voluntary agreements have been negotiated with manufacturers to improve the energy performance of digital TV services, power supply units, televisions and DVD players; and to remove inefficient domestic washing machines and dishwashers from the market. We estimate that the digital TV services agreement alone has enabled the UK to head off additional carbon emissions of around 400000 tonnes a year.

### Cutting-edge design for the environment

Better eco-design is crucial if we are to force the pace of improvements in product performance and stimulate real step changes. The Government can support this, first, by ensuring that relevant frameworks actively encourage better design – for example, public sector procurement and economic instruments will be used in ways which do not inhibit but actively reward innovation in producing lower-impact solutions. Secondly, the Government will promote eco-design as a mainstream element of good design practice.

- ▶ **The Government proposes to bring together expertise through a new Sustainable Design Forum to champion and educate in eco-design, and promote best practice tools and approaches which can be adopted by designers**

## Minimising the effects of chemicals

Man-made chemicals are present in countless everyday products. Some 30,000 types of chemical are used in significant amounts, but we understand only a few hundred very well. The challenge the Government agreed at WSSD was to minimise the impacts of chemicals on health and the environment, and to help developing countries deal with the management of chemicals and hazardous wastes.

Our ability to meet this challenge will be strengthened by the new EU strategy on chemicals, known as REACH. We will continue to work hard to make sure REACH is effective and workable, so that it delivers a far better understanding of management, of chemicals in the environment and of their effects on human health.

Further measures will also be needed at the global level. We will push for early international adoption of an emerging agreement on a Strategic Approach to International Chemicals Management (SAICM).

The Government will also work with the chemical industry to assess the hazardous properties of chemicals and reduce the risk of harm to the environment where appropriate. Where chemicals have been shown to have persistent, bioaccumulative and toxic properties, the Government will encourage producers and users to substitute them with chemicals with less hazardous properties or to find alternative processes to meet the same requirement.



Source: Martin Bond/  
Still Pictures

## Building the capacity and frameworks for action on products

The Government's Advisory Committee on Consumer Products and the Environment (ACCPE) has put forward ideas for drawing together the strands of product knowledge and policy tools which are currently scattered across several departments, agencies and institutes. It has proposed establishing a new products agency, which would champion product sustainability, including running a knowledge base on products' environmental impacts, and helping retailers to assess the environmental impacts of their products.

### ► The Government will consult on ACCPE's ideas later in 2005

Building up information on product impacts is essential for the operation of the Environment Direct service that we describe in section 4. At the same time, at EU level, the Government will press for a more ambitious programme under the framework of Integrated Product Policy and for more targeted approaches like that of the draft Eco-design Framework Directive. Internationally, the Government will continue to work with governments in major trading blocks (such as China and the USA) on common priorities for cooperation on product standards and design. We will also work within UN structures to raise the profile of product standards and stimulate greater cooperation.

## 3. Sustainable Production – greater efficiency and value with less resource use, pollution and waste

Production processes have long been targeted by environmental legislation, with priority more recently on measures to tackle impacts such as carbon emissions and waste. Changes in the economy mean that we also need to address service industries as well as traditional manufacturing.

The Government has put in place strong measures to drive more sustainable production in the UK:

- ▶ promoting energy efficiency through the climate change levy and agreements, and emissions trading
- ▶ encouraging waste minimisation and recycling through the landfill tax and the aggregates levy
- ▶ integrated pollution prevention and control in many sectors to improve management of waste and emissions to air, land and water, and
- ▶ help and support for business from the Carbon Trust, the Envirowise programme and the Environment Agency.

However, more action is needed if sustainable production is to be mainstreamed in business practice. For example, we need to understand better why business does not always take up opportunities for resource efficiency or to respond to environmental pressures. We need to encourage process re-design, lean manufacturing and ways to use waste from one business as a resource for another, and to integrate sustainable development into all business support programmes. And we need to use regulation and economic instruments intelligently so as to promote cleaner, more competitive businesses.

The Government's approach will be based on the following key areas:

### **Specific resource efficiency**

From April 2005, landfill tax receipts will fund the new Business Resource Efficiency and Waste Programme. Over the next three years, £284 million of funding will be targeted to benefit business through:

- ▶ increased support from Envirowise and the Carbon Trust, and for green business and waste minimisation clubs
- ▶ the Waste and Resources Action Programme (WRAP), to develop new markets for 'difficult' business wastes, and via the National Industrial Symbiosis Programme to enable waste from one business to become an input for another
- ▶ the Department of Trade & Industry's (DTI) technology fund, to support research and development aimed at waste minimisation and management, and energy efficiency
- ▶ the Market Transformation Programme, to promote products which result in less waste
- ▶ Regional Development Agencies, to co-ordinate local delivery and to carry out strategic resource efficiency projects, and
- ▶ the Environment Agency, to tackle fly tipping and ensure a level playing field for business.



*Material recycling facilities, UK*

## Integration with wider business support

Sustainable production is not just an add on, but a fundamental part of business.

- ▶ **The Government will therefore be integrating it more strongly into DTI's overall package of support for business and innovation: for example, through support for research and development and best business practice, and through DTI's innovation and growth research and development teams in key areas such as materials**

## Closing the resource loop

Product re-use, re-manufacturing and recycling offer many commercial opportunities, as well as environmental benefits. The Government will favour policies that advance these kinds of market, wherever they make good business and environment sense. For example, additional resources are being made available to initiatives such as WRAP and the National Industrial Symbiosis Programme under the Business Resource Efficiency and Waste programme as part of the wider drive for greater resource efficiency.

## Better regulation

The Government has recently launched a programme, with the Environment Agency and other stakeholders, to modernise environmental permitting. We are aiming for more streamlined systems which deliver a better environment and economic efficiencies for both businesses and regulators. The Government will ensure that wherever possible requirements are phased in to fit product life cycles so as to give the greatest scope for innovation to meet new environmental challenges and regulations.

The introduction of NetRegs<sup>17</sup> by the Environment Agency is also designed to help UK business, especially small businesses, to understand environmental regulations. It also provides practical guidance on how to comply with environmental law as well as advice on good practices.

## 4. Sustainable Consumption

There is huge potential for better products and production processes to deliver improvements without the need for behaviour change from consumers themselves. But there will also be a need for households, businesses and the public sector to consume more efficiently and differently, so that consumption from rising incomes is not accompanied by rising environmental impacts or social injustice. The challenge is big. But so too are the opportunities for innovation to build new markets, products and services.

Much current consumption, and business models based on it, remains unsustainable in the longer term under present technologies and supply patterns. It can be relatively comfortable to talk about sustainable consumption in terms of small behaviours like switching off unnecessary lights or recycling bottles. But our bigger, customary consumption habits pose more difficult issues. For example, the world as a whole could not sustain consumption patterns like those of Western Europe in air and car travel, water use, or diet.

<sup>17</sup> See [www.netregs.org](http://www.netregs.org)

We need to understand more about the social and cultural influences which shape our consumption choices, habits and impacts. For example, the rising levels of obesity highlight the complex interaction between social and cultural pressures and how, together with other factors such as income, they determine the food consumption patterns of families and individuals. Part of the challenge is to learn what lies behind these variations. From a public health perspective we need to tackle the overconsumption of 'unhealthy' food at the same time as we tackle the causes of inequalities in relation to food. And we need to address how consumption patterns link to environmental impacts across the whole life cycle of food products.

The Government's current plan of action is based around several important streams of work. These include:

- ▶ building an evidence base around the environmental impacts arising from households and how patterns of use can be influenced (see also Chapter 2)
- ▶ working on a new information service – 'Environment Direct' – which will offer public advice on the impacts of different goods and services and how to make the most sustainable consumption choices. It will fill an information gap for both individual consumers and procurement professionals, and expose the whole supply chain to information about the performance of goods and services. We will be consulting on how to take this forward, and if there is broad agreement we hope to have a service up and running in 2006
- ▶ through a refocused Environmental Action Fund, the Government is supporting voluntary organisations with community level projects which influence behaviour and will deliver sustainable consumption outcomes. We will look to use lessons from these projects to further improve and expand partnership activities of this kind which prove successful in changing consumption patterns. This includes making information available through Community Action 2020 – Together We Can help change consumption patterns on food, transport and other issues
- ▶ delivering a large-scale deliberative forum to explore public views on sustainable consumption and lifestyles (see Chapter 2), and
- ▶ the new Round Table on Sustainable Consumption, jointly led by the Sustainable Development Commission and the National Consumer Council, which is developing and building consensus around a practical vision of where and how we might aim to move UK consumption patterns, and of the implications for the traditional business model. The Round Table is due to report in March 2006; following its recommendations the Government will set out a plan for further action on sustainable consumption

## Environmental Action Fund (EAF)

Thirty-six projects have been offered Government funding for the three years 2005-2008, totalling £6.75 million, following the latest round of competitive bids for support from the EAF.

These projects cover the whole of England, and involve working with a diverse set of communities on a wide range of issues, which will help deliver sustainable consumption and production outcomes.

Projects being offered support include Envision's Schools and Colleges Programme targeting 16-18 year olds, Global Action Plans' Ecoteam initiative being expanded nationally and the Soil Association's 'Actions Organic' programme.

## 5. Leading by example in what we do

Consultees highlighted the importance of the Government tackling the issue of sustainable consumption in its procurement of goods, services and buildings and our evidence on "changing behaviours" (Chapter 2) supports this view. The Government accepts this challenge.



Source: 3rd Avenue

### Sustainable public procurement

The UK Government buys £13 billion worth of goods and services each year. For the wider public sector this figure is £125 billion. The scale of this purchasing offers an additional policy tool to the traditional approaches such as regulation and economic instruments. Both in the EU and internationally, there is growing pressure on governments to make better use of their purchasing power in this way to deliver their policy goals, for example in areas such as environmental technologies and fair trade.

Efficiency is an essential feature of public sector spending: public money must be well-spent and not wasted. Better purchasing and the delivery of better services are an essential feature of achieving efficiency gains in economic, environmental and social terms. Improving the professionalism of purchasing activity across the public sector and the more widespread use of whole-life costing will go some way to achieving this. But we also need to examine ways to stimulate and enable whole-life accounting – where expenditure looks to achieve the best outcome for the public overall, irrespective of when or where costs and benefits fall.

Sustainable procurement – embedding sustainable development considerations into spending and investment decisions across the public sector – offers many opportunities including:

- ▶ avoiding adverse environmental impacts arising on the government estate and in the supply-chain by, for example, reducing waste and emissions

- ▶ making more efficient use of public resources, for example through reduced energy consumption and reduced packaging
- ▶ stimulating the market to innovate and to produce more cost effective and sustainable options for all purchasers, and
- ▶ setting an example for business and the public and demonstrate that government and the wider public sector is serious about sustainable development.

Taking these opportunities offers benefits in environmental, social and economic terms across the public sector, business and wider society. Within the UK, the Government is already using public procurement to deliver policy goals. For example, all central government departments and agencies actively seek to buy timber products from sustainable and legal sources. We have set targets within central civil government for more sustainable procurement in areas such as food, construction and a range of everyday products that meet minimum environmental standards (the so-called "quick-wins"<sup>18</sup>), taking forward the 2003 Report of the Sustainable Procurement Group<sup>19</sup>.

- ▶ **Whilst continuing our efforts to meet these targets across Whitehall, the Government will also examine ways to encourage other organisations to commit to them**
- ▶ **Our new goal is to be recognised as amongst the leaders in sustainable procurement across EU member states by 2009**

To achieve this goal the Government will:

- ▶ develop and maintain a robust evidence base on priority areas where sustainable procurement can deliver the most significant environmental and competitiveness outcomes by 2006
- ▶ develop through consultation further public sector procurement targets in priority areas as revealed by the evidence base; we intend, for example, to put in place a commitment to ensure that new fleet cars purchased by the Government will comply with the existing (and future agreed) European Voluntary Agreements for carbon dioxide emissions
- ▶ extend the range of mandated products meeting minimum environmental standards (the 'quick wins' list); improve compliance by public sector purchasers and enable suppliers to demonstrate compliance to these standards
- ▶ embed sustainable development into the existing Office of Government Commerce (OGC) and NHS Purchasing and Supply Agency and work with key markets and work with key public sector suppliers to raise their sustainability understanding and performance, using existing business support programmes where appropriate
- ▶ work with professional and academic institutions, including the Chartered Institute of Purchasing and Supply, to ensure that sustainable development considerations are embedded in procurement courses and qualifications, and that public sector procurers receive appropriate professional training

<sup>18</sup> [www.ogcbuyingsolutions.gov.uk/environmental/products/environmental\\_quickwins.asp](http://www.ogcbuyingsolutions.gov.uk/environmental/products/environmental_quickwins.asp)

<sup>19</sup> [www.sustainable-development.gov.uk/sdig/improving/partf/report03/index.htm](http://www.sustainable-development.gov.uk/sdig/improving/partf/report03/index.htm)

- ▶ develop the 'OGCbuying.solutions' pilot website on sustainable procurement<sup>20</sup> by 2006 into a comprehensive central resource for public sector buyers and suppliers (to sit alongside the proposed public website 'Environment Direct')
- ▶ develop key performance indicators for sustainable procurement activity through working across the public sector, business and other interested parties
- ▶ work closely with the European Commission to measure and assess EU environmental public procurement, in particular related to environmental technologies, with the aim of establishing an EU-wide benchmark target with which to encourage the average performance in 2010 to match that of today's best performing member state
- ▶ work with the Environmental Innovations Advisory Group to demonstrate how public sector purchasers can draw environmental innovations into the market by making a forward commitment through the procurement process, and
- ▶ take action to remove barriers to, and increase the opportunities for, increased sustainable procurement activity.
- ▶ **To ensure we make rapid progress in the most effective way, the Government will appoint in Spring 2005 a business-led Sustainable Procurement Task Force to develop a national action plan for Sustainable Procurement across the public sector by April 2006. The Task Force will build on the work of other bodies active in this field, including the Sustainable Development Commission, the Sustainable Procurement Group and the Strategic Supply-Chain Group.**

## 6. Catalysing change within the economy and key sectors

The measures above will be applied in all key areas of the economy and will have important implications for business.

It is not possible in this strategy to go into detail about specific products and services in individual sectors; however, we set out below how the Government will work with business on broader, cross-cutting measures, to complement those which have a more direct impact on the products and services that business provide. These are:

- ▶ policies to raise transparency, corporate responsibility and skills in business and other organisations, and
- ▶ how we aim to work with sectors with particularly significant environmental or social impacts. The Round Table on Sustainable Consumption will also have an important contribution to our work with some of these sectors

Finally, we explain how the Government is reviewing its strategy for dealing with waste across the economy as a whole.

<sup>20</sup> See [www.sustainable-solutions.gov.uk](http://www.sustainable-solutions.gov.uk)

## Sustainable Organisations, Workplaces and Skills

Sustainable organisations – businesses, public bodies, Non-Governmental Organisations (NGOs) or trade unions – can be powerful drivers for more sustainable patterns of consumption and production.

For business, this goes well beyond philanthropy – sustainable businesses are usually more financially profitable. Some 85 per cent of studies on the subject show a positive correlation between environmental governance and/or events, and company financial performance<sup>21</sup>. Managing sustainability performance can improve risk management, identify cost savings, improve reputation and aid communication with shareholders and other stakeholders. Furthermore the challenge of sustainable consumption raises the corporate social responsibility debate to a whole new level, in which businesses must consider the implications, for their business model and product range, of a shift towards more resource-efficient and ethical consumption practices.

### Corporate Social Responsibility – The Government's Approach

The Government's vision for corporate social responsibility (CSR) is "to see UK businesses taking account of their economic, social and environmental impacts, and acting to address the key sustainable development challenges based on their core competences wherever they operate – locally, regionally and internationally."

The Government's role is to encourage and enhance CSR at home and abroad. In March 2004, we published for consultation a draft strategic framework on international CSR. In the light of responses, the Government will publish a final version in 2005.

To help support implementation of the Framework, the Government will establish an International CSR Advisory Group to help devise and implement a strategic approach to the critical task of assessing all of the impacts, positive and negative, economic, and social as well as environmental, of the operations of UK businesses across the world, together with an assessment of the effectiveness of the Government's work in encouraging improvement.

We continue to spread best practice, through initiatives such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the Voluntary Principles on Security and Human Rights, and through the International Labour Organisation. More details are available at the Government CSR website<sup>22</sup>.

Sustainable businesses are typically strongly driven by a set of values or guiding principles, such as those underpinning the UN's Global Compact. They also measure, manage and improve their sustainability performance, and the performance of their supply chains and products in the UK and abroad. Benchmarking metrics and key performance indicators can provide a means to compare organisations.

<sup>21</sup> Environment Agency, 2004, 'Corporate Environmental Governance'. Report by Innovest and the Environment Agency.

<sup>22</sup> See [www.csr.gov.uk](http://www.csr.gov.uk)

**The Government challenges the FTSE All Share and large private companies to report their performance in a transparent and meaningful way.** Some good progress has been made – 145 of the FTSE250 report to some extent on their sustainability performance<sup>23</sup>. To increase these numbers and improve the quality of reporting, the Global Reporting Initiative<sup>24</sup> provides a comprehensive suite of performance indicators, and we have produced a practical set of Environmental Reporting Guidelines<sup>25</sup>.

## Operating and Financial Review

From April 2005, the Government is introducing an enabling framework – the Operating and Financial Review (OFR) – so that listed companies consider sustainable development issues alongside financial information. Wherever companies face environmental risks and uncertainties, or social, community and employee issues, we expect their OFRs to report on policies and performance to the extent necessary for shareholders to assess the company's strategies and their potential to succeed.

So, for example, Directors will need to consider how their company is gearing up to operate in a carbon-constrained world, where UK carbon dioxide emissions will need to fall by at least 60 per cent over the next fifty years. In parallel, the Accounts Modernisation Directive will introduce requirements for large private companies to report on environmental or employee matters to the extent necessary for an understanding of the company's development, performance or position.

The Government is seeking to enable investors to engage more effectively in driving business change. As well as the OFR, we are working with big institutional investors, lenders and insurers. The London Principles Project<sup>26</sup>, a compendium of best practice including a proposed set of seven principles by which financial market mechanisms can best promote the financing of sustainable development, is an example of the City of London's leadership in this area.

The amendment to the Pensions Act 1995 requiring pension schemes to state the extent to which they consider social, environmental or ethical issues in their investment strategy will continue to raise the profile of socially responsible investment. And within the Charity Sector the new Statement of Recommended Practice highlights the need for charities to communicate with their stakeholders and the public how ethical considerations, which include sustainability considerations, influence their investment decisions.

The Government will also look at what can be done to empower individuals to make sustainable choices in how their money is invested. This could be helped by organisations offering employees a choice of an environmental or ethical fund for additional pension contributions.

For organisations generally, the institutional, accountability and other mechanisms will vary, but the values enshrined in corporate responsibility and citizenship are just as relevant. The Government wants to see greater uptake of robust and accredited environmental management systems (EMSs), such as EMAS, ISO 14001 and BS8555. Equally important is to enhance the standard of certification and improve the quality of EMSs so that they lead more predictably to performance improvements. Part of this is

<sup>23</sup> Salterbaxter/Context, 2004 'Directions: trends in CSR reporting 2003–2004'. Joint report by salterbaxter and Context.

<sup>24</sup> See [www.globalreporting.org/](http://www.globalreporting.org/)

<sup>25</sup> See [www.defra.gov.uk/environment/envrp/index.htm](http://www.defra.gov.uk/environment/envrp/index.htm)

<sup>26</sup> See [www.cityoflondon.gov.uk/Corporation/living\\_environment/sustainability/sustainable\\_finance.htm#lp](http://www.cityoflondon.gov.uk/Corporation/living_environment/sustainability/sustainable_finance.htm#lp)

ensuring that independent and accredited verification procedures are robust and applied in a consistent way.

The Government supported the SIGMA (Sustainability – Integrated Guidelines for Management) project<sup>27</sup> and its aims of providing clear advice and tools to help organisations manage and improve their contribution to sustainable development and improve environmental performance. The SIGMA Guidelines launched in September 2003 are also a key element in current projects being led by BSI<sup>28</sup> in the UK and ISO internationally<sup>29</sup> to examine a possible standard providing guidelines on social responsibility.

Several reports<sup>30</sup> have identified an economy-wide gap in skills needed to deliver more sustainable consumption and production. This is being tackled through the Department for Education and Skills’ Sustainable Development Action Plan described in Chapter 2. The Government has established a CSR Academy to support development of skills for corporate responsibility, and is working with professional bodies to integrate sustainable development competencies into their standards.

Many lasting changes in the workplace are delivered in partnership by employers, managers and workers<sup>31</sup>. Trade Union Congress (TUC) surveys<sup>32</sup> of union members have shown support for unions promoting good environmental practice.

- ▶ **To galvanise action, the Government is working with the TUC and the Trade Union Sustainable Development Advisory Committee (TUSDAC) to develop a Trade Union Sustainability Strategy**

### **Business Sectors**

The Government will also work more generally to build on work since 1999 with the **Pioneers Group** of trade associations and sector bodies to help them develop their own sector sustainability strategies. Eighteen sectors have now published at least initial strategies and there are several more in preparation.

The Government believes that this is a good basis on which to build but we now aim to intensify our work with business to increase our joint understanding of how to deliver long term decoupling in key sectors and to put in place measures to support that transition. This will involve examining the broader range of options available in specific sectors for achieving environmental outcomes and increased productivity from doing things differently, including:

- ▶ enhanced skills through formal training and/or awareness raising
- ▶ workplace initiatives inspired and led by the workforce
- ▶ business support programmes and grant schemes for eco-design, resource efficiency, innovation, and/or supply-chain management

<sup>27</sup> See [www.projectsigma.com/default.asp](http://www.projectsigma.com/default.asp)

<sup>28</sup> See [www.bsi-global.com/British\\_Standards/sustainability/index.xalter](http://www.bsi-global.com/British_Standards/sustainability/index.xalter)

<sup>29</sup> See [www.iso.org/iso/en/info/Conferences/SRConference/nwip.htm](http://www.iso.org/iso/en/info/Conferences/SRConference/nwip.htm)

<sup>30</sup> PIU report, Energy White Paper and Changing Patterns.

<sup>31</sup> See [www.sustainableworkplace.co.uk](http://www.sustainableworkplace.co.uk) for further information

<sup>32</sup> See [www.tuc.org.uk/sustainableworkplace/Prospect\\_Environ\\_lft.pdf](http://www.tuc.org.uk/sustainableworkplace/Prospect_Environ_lft.pdf)

- ▶ benchmarking, reporting and indicators
- ▶ identifying opportunities for better regulation
- ▶ sector specific fiscal instruments, voluntary agreements or trading schemes
- ▶ procurement policies, and
- ▶ product standards and/or labelling schemes.

Strategies should provide sectors with a framework to identify threats to the sector from unsustainable practices, and opportunities to benefit from more sustainable ways of working.

▶ **The Government will launch a new Sector Sustainability Challenge by summer 2005**

This will support selected collaborative projects focused on taking forward sectoral or supply chain initiatives to put Sustainable Consumption and Production into practical action.

The sectors outlined below are among those which have a particularly strong influence on the sustainability of goods and services consumed in the UK.

## **Retailers**

Retailers both shape the sustainability of their supply chains and determine the range of products and services available to consumers. Retailers also have a role to play in cutting down on energy, water use and waste in their own operations. The British Retail Consortium has already developed a sector strategy to identify impacts, set targets and monitor progress. Some retailers have also taken steps such as offering sustainably sourced products such as timber or fish, promoting fair traded goods, reducing hazardous substances in products, minimising packaging or participating in awareness raising campaigns.

The Prime Minister has said that, in future, consumers should expect that environmental responsibility is as fundamental to the products they buy as health and safety is now<sup>33</sup>. Environment Direct should help to highlight good and bad practice. We will also continue to work with retailers through, for example:

- ▶ WRAP and Defra working with retailers and local authorities to pilot new ways to encourage householders to recycle their waste at supermarkets
- ▶ working with retailers on environmental impact assessments of their products
- ▶ help from Envirowise for retailers to work in partnerships with key suppliers to improve business efficiency and reduce waste, and
- ▶ working with retailers and suppliers to prepare for the new European chemicals strategy.

<sup>33</sup> Prime Minister's Speech on Climate Change, 14 September 2004.

## Tourism

Tourism is one of the world's largest industries, accounting for nearly an eighth of global Gross Domestic Product. It is one of the more complex, cross-cutting areas of economic activity, with huge social and environmental interactions, that needs to be approached from the perspective of sustainable consumption and production. For example, it has massive potential to support the economic and social development of poorer countries. At the same time, there is a need to minimise the potential which tourism also has for damaging the environment and indigenous cultures.



*Ramblers on hillside looking over valley*  
Source: 3rd Avenue

The Government aims to build greater cooperation with the UK's outbound tourism industry and with international partners to promote more sustainable patterns of tourism globally. As a first step we have helped to set up the Travel Foundation, which is developing mechanisms through which tourism can make a positive contribution to local people and the environment.

We also recognise that a more coordinated and strategic approach is needed across government and industry. The Government is setting up new arrangements across departments so that the many dimensions of sustainable tourism can be better addressed, both for tourism within the UK and for UK tourism overseas.

Within the UK we seek a tourism sector which grows and thrives by actively embracing sustainable development principles. Regional Development Agencies develop and implement Regional Sustainable Tourism Strategies with the aim of mainstreaming tourism into their wider actions to achieve sustainable economic growth, through their Regional Economic Strategies. We will support their actions with the help of local authority Beacon Councils and private sector initiatives like the Green Tourism Business Scheme.

## Construction and construction minerals

The construction sector makes an important contribution not only in the use and management of resources, including minerals and wood, but also in shaping how we use them in our everyday life.

The **Code for Sustainable Buildings** (see Chapter 4) will establish new voluntary standards for resource efficiency. In addition, the Government will continue to demonstrate what can be achieved by good design and management through our Millennium Communities programme. Through our work with the Housing Forum, English Partnerships, and others, the Government will continue to actively promote the use of good quality Modern Methods of Construction which can offer resource efficiency through reducing waste, better levels of productivity, energy efficiency, and improved health and safety.

It is also important to encourage individual sectors to develop plans to work towards delivering sustainable development. Individual sector sustainability strategies have already been developed in civil engineering, brick, steel, cement and concrete. The Aggregates Levy encourages economy in the use of construction aggregates and more recycling of construction and demolition waste in place of new quarrying. Planning policy aims to minimise the impacts of necessary quarrying on the landscape.

## Transport

The design and use of transport is an important element of encouraging more Sustainable Consumption and Production. Chapter 4 outlines many actions on transport that will equally contribute to Sustainable Consumption and Production. For example, the Powering Future Vehicles Strategy<sup>34</sup> work on clean, low-carbon vehicles and fuels, and the activities of the Low Carbon Vehicle Partnership<sup>35</sup>. The development of our thinking on sustainable consumption, described earlier in this chapter, will also help us to understand what we can do to influence transport choices in the context of encouraging more sustainable lifestyles and business practices.

### Smarter choices – Changing the way we travel

The Department for Transport published a guide 'Making Smarter Choices Work' in December 2004 to help and encourage local authorities to recognise the potential benefits of "soft" transport measures and make them an integral part of their transport strategies, so reducing congestion and giving people genuine travel choices.

The research on which the document was based 'Smarter Choices – Changing the way we travel' was published in July 2004 and showed the benefits to be gained from a range of measures such as workplace and school travel plans, personalised travel planning, public transport information and marketing, travel awareness campaigns, car clubs and car sharing, teleworking, teleconferencing and home shopping.<sup>36</sup>

The Government has already put in place two key initiatives to take forward smarter choices:

- ▶ £50 million for 2004/5 and 2005/6 to help schools develop and implement travel plans, and
- ▶ £10 million over 5 years to transform Darlington, Peterborough and Worcester into sustainable travel demonstration towns.

The Government will also continue to promote the development of Freight Quality Partnerships (FQPs) by local authorities. FQPs are a template for industry and local government working together to develop more efficient, safer and cleaner means of local goods distribution. Over 40 FQPs have been established in England so far.

We will also work with the haulage industry to adopt more fuel-efficient practices. For example, the Government has announced a further year of funding (£3 million) for some of the most successful programmes under the Road Haulage Modernisation Fund.

<sup>34</sup> See [www.dft.gov.uk/stellent/groups/dft\\_roads/documents/page/dft\\_roads\\_506885.hcsp](http://www.dft.gov.uk/stellent/groups/dft_roads/documents/page/dft_roads_506885.hcsp)

<sup>35</sup> See [www.lowcvp.org.uk](http://www.lowcvp.org.uk)

<sup>36</sup> DfT, 2004, 'Smarter Choices' at [www.dft.gov.uk](http://www.dft.gov.uk)

## Food

Achieving more sustainable consumption and production of food is a major challenge. The production of food includes agricultural production, manufacturing, transportation of crops and products, storage, retailing and food services. Food consumption by the householder involves shopping trips, refrigeration/freezing, cooking and waste disposal.

When all environmental impacts are taken into account across the life cycle of goods and services, whether in the UK or abroad, food may be one of the most environmentally significant aspects of consumption. For example, consumption of food in the UK is responsible for global greenhouse gas emissions equivalent to 22 per cent of the UK's overall total.

Our strategy for sustainable food and farming<sup>37</sup> sets out how industry, Government and consumers can work together to secure a sustainable future for our farming and food industries, as viable industries contributing to a better environment and healthy and prosperous communities.

**In parallel, the Government is working with industry on a sustainability strategy for economic, environmental and social improvements in the wider food industry.** This will be the basis for longer term objectives for sustainability in the food industry.

## Environmental Industries

Innovative environmental technologies can bring new business opportunities, open up developing markets and enhance competitiveness, at the same time as helping to meet environmental objectives. Their potential to contribute to a sustainable economy and be a driver for new business and jobs is increasingly being recognised around the world.

In 2002, the global market for environmental goods and services was estimated at \$515 billion – comparable to the international aerospace or pharmaceutical markets – and forecast to be worth \$688 billion by 2010. We want the UK to be a leading player in this significant and rapidly growing market.

The UK environmental industry is a dynamic and growing sector which makes an important – and increasing – contribution to the economy. Data gathered in 2004 showed that companies identifying themselves as working in the environmental technology sector now have a turnover of around £25 billion, and account for around 400 000 jobs.

But the sector is facing increasingly stiff competition from suppliers both at home and abroad. To sustain its growth in the coming decade, the UK must improve its ability to turn new ideas and emerging technologies into more innovative, high value products, processes and services. We have launched a refocused joint DTI/Defra Environmental Industries Unit and tasked it with promoting the needs of the sector by encouraging innovation.

► **The Government will implement a package of measures to tackle barriers to the commercialisation of environmental innovations identified by the business-led Environmental Innovations Advisory Group by March 2006**

<sup>37</sup> Defra, 2002, 'Strategy for Sustainable Farming and Food: Facing the Future' at [www.defra.gov.uk/farm/sustain/default.htm](http://www.defra.gov.uk/farm/sustain/default.htm)

## 7. Sustainable Waste Management

The overall objective of government policy on waste is to protect human health and the environment by producing less waste and by using it as a resource wherever possible. Through more sustainable waste management – reduction, re-use, recycling, composting and using waste as a source of energy – the Government aims to break the link between economic growth and the environmental impact of waste. Business, consumers, voluntary organisations and local authorities all have a role to play.

The 'Waste Strategy 2000'<sup>38</sup> included a commitment for a "root-and-branch" review in 2010, with smaller reviews in 2005 and 2015.

► **The Government intends to present the conclusions of the first review by the end of 2005.**

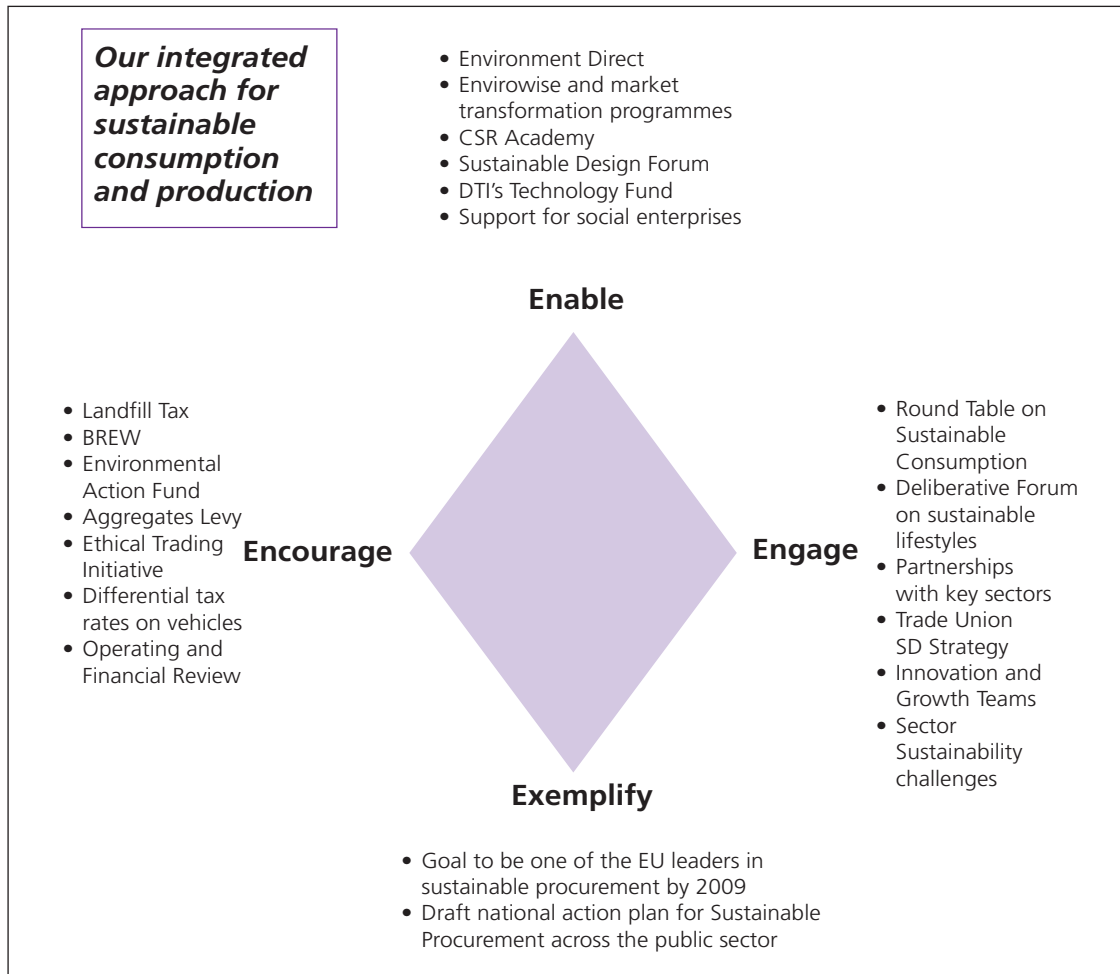
This review provides an opportunity to assess current policies and delivery mechanisms and to evaluate progress on outcomes. Through the review, the Government will be able to reassess assumptions that have been made about costs, growth in waste and potentially achievable recovery and recycling rates based on new data, advances in technology and a better understanding of environmental, economic and social impacts of dealing with waste.

We have already made progress on a number of fronts, but there is much more we can all do to prevent waste occurring at source and to make the maximum use of it as a resource. The Waste and Resources Action Programme will continue its work with retailers on waste minimisation and will take forward its initiatives on stimulating the market for recyclates.

► **The Government will engage with stakeholders in Spring 2005 on revised guidance on the definition of waste.**

A key objective of the revised guidance will be to help industry and regulators better to determine when waste has been fully recovered so that it ceases to be "waste" and is transformed into a resource.

<sup>38</sup> Defra, 2000, 'Waste Strategy 2000' at [www.defra.gov.uk/environment/waste/strategy/cm4693/index.htm](http://www.defra.gov.uk/environment/waste/strategy/cm4693/index.htm)



## 8. Evidence and indicators

Policies on sustainable consumption and production require a variety of evidence – for example, on the life cycle impacts of goods and services, on the links between environment and competitiveness, on individual values and behaviour, on the impacts of UK and EU consumption on other countries, and on the impacts of policy measures. Compared with some more specific areas, such as climate change, understanding of these issues is at an earlier stage. A key element of our strategy will therefore be to improve our evidence base, in partnership with others including the research community, business, consumer bodies and environmental organisations. This will include pulling together the range of existing research, including the work of the expert group to be established alongside our international CSR framework, as well as learning from on the ground, local projects.

### ► **The Government will be discussing and developing our plans with these stakeholders, beginning in spring 2005**

Key indicators of sustainable consumption and production include those which show the extent of 'decoupling' – how successful we are in breaking the link between economic growth and environmental damage. A number of the UK Government Strategy Indicators take the form of 'decoupling indicators' selected from a revised set of sustainable consumption and production decoupling indicators on which we consulted last year. The full set of revised 'decoupling indicators', to be published separately, will provide more detailed reporting than can be accommodated by the indicators selected here to support the UK Government Strategy.

The indicators listed below include all indicators within the UK Framework set that are relevant to sustainable consumption and production and in addition 'decoupling' and other indicators relevant to the priorities of the UK Government Strategy.

### **Measuring our Progress – Decoupling impacts**

- **Greenhouse gas emissions\*2:** Kyoto target and CO<sub>2</sub> emissions
- **CO<sub>2</sub> emissions by end user:** industry, domestic, transport (excluding international aviation), other
- **Aviation and shipping emissions<sup>1</sup>:** greenhouse gases from UK-based international aviation and shipping fuel bunkers, and GDP
- **Household energy use<sup>2</sup>:** domestic CO<sub>2</sub> emissions and household final consumption expenditure
- **Road transport:** CO<sub>2</sub>, NO<sub>x</sub>, PM<sub>10</sub> emissions and GDP
- **Private vehicles<sup>1</sup>:** CO<sub>2</sub> emissions and car-km and household final consumption expenditure
- **Road freight:** CO<sub>2</sub> emissions and tonne-km, tonnes and GDP
- **Manufacturing sector<sup>1</sup>:** CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>2</sub>, PM<sub>10</sub> emissions and GVA
- **Agriculture sector<sup>1</sup>:** fertiliser input, farmland bird population, and ammonia and methane emissions and output
- **Service sector<sup>1</sup>:** CO<sub>2</sub>, NO<sub>x</sub> emissions and GVA
- **Public sector<sup>1</sup>:** CO<sub>2</sub>, NO<sub>x</sub> emissions and GVA
- **Emissions of air pollutants<sup>1</sup>:** SO<sub>2</sub>, NO<sub>x</sub>, NH<sub>3</sub> and PM<sub>10</sub> emissions and GDP
- **River quality\*2:** rivers of good (a) biological (b) chemical quality

## Resource use

- ▶ **Resource use<sup>\*1</sup>**: Domestic Material Consumption and GDP
- ▶ **Fish stocks<sup>\*1</sup>**: fish stocks around the UK within sustainable limits
- ▶ **Water resource use<sup>1</sup>**: total abstractions from non-tidal surface and ground water sources and GDP
- ▶ **Domestic water consumption<sup>2</sup>**: domestic water consumption per head
- ▶ **Land recycling<sup>2</sup>**: (a) new dwellings built on previously developed land or through conversions (b) all new development on previously developed land

## Waste

- ▶ **Waste<sup>\*1</sup>**: arisings by (a) sector (b) method of disposal
- ▶ **Household waste<sup>2</sup>**: (a) arisings (b) recycled or composted

## Other contextual indicators

- ▶ **Economic output\***: Gross Domestic Product
- ▶ **Productivity**: UK output per worker
- ▶ **Investment**: (a) total investment (b) social investment relative to GDP
- ▶ **Demography**: population and population of working age (contextual indicator)
- ▶ **Households and dwellings**: households, single person households, and dwelling stock (contextual indicator)

*Note some indicators are relevant to other parts of the Strategy and are also listed in other chapters.*

\* Indicator is included in the UK Framework Indicators

<sup>1</sup> Indicator is within the revised set of Sustainable Consumption and Production 'decoupling indicators'

<sup>2</sup> Indicator is similar but not the same as an indicator within the revised set of Sustainable Consumption and Production Indicators

## Role of Business in Sustainable Development

Business has a key role in sustainable development – by taking account of their economic, social and environmental impacts, tackling the key sustainable development challenges, and generating wealth and jobs. This runs through all four priorities and is highlighted in each of the chapters.

Business investment, enterprise and trading are essential in creating the wealth to tackle poverty and other social challenges at home and abroad. Government has an important role to play through active economic, social and environmental policies that support or stimulate action. But ultimately it is the action taken by businesses themselves that will deliver a supply of products and services that are clean, resource-efficient, and fair to employees and communities. These include:

- ▶ more systematic management of the impacts of their products and processes, of their transport and distribution operations, and of their supply chains
- ▶ building stakeholder confidence by being more open and transparent through reporting against meaningful key performance indicators and targets
- ▶ actively keeping customers informed through product declarations or labelling, and
- ▶ by communicating sustainability aims to the workforce and local community.

Organisations, individuals and the environment can also benefit from developing the potential opportunities for new business models. Service innovation, for example, can offer potential efficiency gains. Traditionally, business profits are tied to increased product sales. If suppliers instead supply a service, rather than a product, alternative opportunities for profit and reductions in resource use are created. A company could shift from selling barrels of chemicals, to selling the service the chemical is used for, such as cleaning or degreasing. An energy supplier could shift from selling energy to providing a warm home service. The approach is based on aligning the incentives of customer and supplier. Both can gain from cost reductions derived from improved resource efficiency.

### **British Gas – ‘here to HELP’**

*BITC Awards for Excellence 2004 – Big Tick winner.*



‘here to HELP’ is the first national integrated fuel and household poverty programme, involving private, public and voluntary sector partners, to be developed by an energy supplier.

The ‘here to HELP’ programme, initiated by British Gas in July 2002, brings together local authorities, housing associations and seven major national charities in delivering a ‘One Stop’ shop solution. The programme, which aims to reach half a million households, provides a comprehensive range of help for poorer households. The £150 million, 3 year programme is on course to deliver 40 per cent of British Gas’s fuel poverty energy saving target for 2002-2005. The integrated funding approach and economies of scale from working in concentrated areas is enabling the target to be reached at significantly less cost than traditional programmes.

To date, 295 000 homes have been identified, and 80 000 households had been surveyed. This has resulted in benefits assessments identifying £3.6 million in unclaimed benefits; which is a potential average increase of £1 400 per qualifying household a year. And public perception of British Gas as a socially responsible company increased from 53 per cent (in March 2003) to 71 per cent (by November 2003). – source: TNS SR Tracker.

Within the UK, businesses of all types face growing economic competition to develop new ideas, raise their productivity, and create new products and high-value services. And the intangible asset of corporate reputation is now a vital part of building and keeping market value, and is increasingly vulnerable to perceived failures in social and environmental responsibility. A business's bottom line is of course important – its fundamental goal must be to make a profit. But as the case studies of Business in The Community<sup>36</sup> award winners show such actions can have significant benefits in terms of enhanced corporate reputation, improved staff recruitment and retention rates, reduced costs and can offer a sustainable competitive advantage to differentiate businesses from others in the marketplace.

### **Kent Art Printers Ltd (KAP)**

*BITC Awards for Excellence 2004 – Big Tick winner.*



Kent Art Printers (KAP) is a family-owned printing company based in Chatham, Kent with 35 employees. Over the past 15 years it has:

- ▶ introduced alcohol-free printing, vegetable-based inks, and internet-based proofing
- ▶ extended recycling/reuse of waste, and sourced electricity from renewables
- ▶ promoted a healthy work balance with a single working shift and low overtime dependence
- ▶ organised regular school visits to the site as part of the science curriculum
- ▶ provided work placements opportunities for local schools, and a French Lycée in Poitiers
- ▶ sponsored awards schemes – such as those at the local art college, and
- ▶ supported local charities by donating staff time, printing & other resources.

KAP has benefited from its socially and environmentally responsible actions, through creating a 'niche' for itself as a green and socially responsible printer, who people want to work for and customers want to work with, and as an organisation that delivers a positive impact on the local community that is disproportionate to its relatively modest size.

### **Key actions and what Government will do to make them happen include:**

- ▶ **Sustainable design – enabling consumers make more sustainable choices by “designing it in”. We will set up a Sustainable Design Forum to mainstream sustainability into product design**
- ▶ **Expansion of the Market Transformation Programme into wider life-cycle issues of key products**
- ▶ **Giving stakeholders information about impacts – Environment Direct will give consumers information about products, and the Operating and Financial Review will mean business social, environment and community impacts are reported alongside financial information where necessary**

<sup>36</sup> Further information is available at [www.bitc.org.uk](http://www.bitc.org.uk) on a unique movement of 700 companies aiming to inspire and support business in continually improving its positive impact on society

- ▶ **Innovation to meet sustainability challenges and new regulatory requirements – we will integrate sustainability into our business support, and phase in regulation to fit product cycles**
- ▶ **“Selling sustainability” – we will launch a new sector sustainability challenge to trade associations and leading firms**
- ▶ **Sustainable investment – we will engage financial institutions to help drive business change**
- ▶ **Sustainable workplaces – the DfES Sustainable Development Action Plan, the Trade Union Sustainability Strategy and work with Sector Skills Councils will raise awareness, engagement and skills in the workplace**
- ▶ **Reducing greenhouse gas emissions. We will support this through measures including promoting energy efficiency and renewables**
- ▶ **Community impacts – engaging business in community strategies through initiatives such as the Business Brokers scheme and Corporate Challenge**
- ▶ **Contributing to regional sustainable development – guidance to RDAs on preparing Regional Economic Strategies will cover sustainable development**
- ▶ **International impacts – maximise the positive contribution that business can make to international sustainable development. We will set up an Advisory Group on measuring the impacts of UK companies and drive for a successful outcome on the trade and environment and trade and development elements of the Doha Development Agenda, and the inclusion of sustainable development in EU bilateral trade agreements**

#### **Strategic Supply Chain Group (SSSG)**

*Driving sustainable production and consumption through strategic procurement and supply chain management*

The Strategic Supply Chain Group brings together Senior Executives and Board level representatives, from a wide range of organizations, to consider environmental and sustainability issues in supply chains. It works to spread best practice through the supply networks of its members and is building links with organisations nationally and internationally.

Actions and outputs of the group include:

- ▶ a business case for Sustainable Supply Chain Management – for Chief Executives
- ▶ a risk management approach to sustainable supply chain management – guidance document for practitioners
- ▶ Sustainable Procurement Training – a series of one-day workshops for businesses and public sector organisations
- ▶ case studies of good practice in sustainable, cost-effective supply management  
Identifying key sustainable development issues in the global supply chains of members, and
- ▶ developing tools and techniques to manage significant issues, including: CO<sub>2</sub> strategies, fleet management, waste reduction through procurement, sustainable construction, innovative sustainable product design and benchmarking sustainable procurement.

## Social Enterprises

Social Enterprises are businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners. Successful social enterprises can play an important role in helping deliver on many of the Government's key policy objectives by:

- ▶ helping to drive up productivity and competitiveness
- ▶ contributing to socially inclusive wealth creation
- ▶ enabling individuals and communities to work towards regenerating their local neighbourhoods
- ▶ showing new ways to deliver public services, and
- ▶ helping to develop an inclusive society and active citizenship.

The Government's vision is of dynamic and sustainable social enterprise strengthening an inclusive and growing economy. They are already making a valuable contribution through local food initiatives, community transport schemes, fair trade products and recycling schemes.

**Bulky Bob's** is a real life example of 'joined up' service delivery. It shows how a local authority can achieve best value, improve services, tackle poverty and support the growth and sustainability of social enterprise. Launched in 2000, Bulky Bob's, a wholly owned subsidiary of the FRC Group charity, won a contract with Liverpool City Council to collect bulky domestic waste. The enterprise calls at more than 60,000 homes every year and aims to re-use, recycle and refurbish at least 30 per cent by tonnage of the items collected. The enterprise is committed to creating employment and providing training and has an 89 per cent success rate of getting people from long term unemployment into jobs.

Mike Storey – leader of Liverpool City Council

"With Bulky Bob's we are showing how a new social business can genuinely join things up. Residents get a much improved and reliable collection service. Families in need get decent cheap furniture. Unemployed people get jobs in collecting, sorting, re-cycling and selling. Everyone wins."

