



**HEFCE's
corporate social
responsibility
report 2007-08**

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Introduction

1. The Higher Education Funding Council for England (HEFCE) distributes public money for teaching and research to universities and colleges. Working in partnership, we promote and fund high-quality, cost-effective teaching and research, meeting the diverse needs of students, the economy and society.
2. We employ 241 staff (full-time equivalent) at our main office, Northavon House in Bristol, which is leased from the University of the West of England. We also employ four staff at Centre Point, our small central London office, which primarily consists of meeting space and a 'hot desk' area.
3. As the primary funder of higher education in England, we believe it is important to operate in an environmentally and socially responsible way and, as part of this, to use our influence with the higher education sector to promote sustainable development. We believe that if we are truly to take forward the corporate social responsibility (CSR) agenda we need to embed it both in our strategic planning and in our corporate culture. For these core reasons, is part of the 'enabling excellence' theme in our strategic plan¹ and we intend this to be strengthened as we develop our strategic plan for 2009-2014.
4. To complement the publishing of data on our environmental performance since 2002-03, we published our first CSR policy² in January 2007. This describes our commitment as an organisation to conserve natural resources and reduce carbon dioxide (CO₂) emissions from energy use and travel, commits us to achieve certification to ISO14001 and considers our impact on the community and processes that affect our employee relations and the well-being of our people.
5. This year's CSR report shows how we believe we have acted on our commitment to CSR in the 2007-08 financial year and includes performance against the targets set out in our CSR policy. We recognise that we have further progress to make, so the report also sets out our plans for reviewing our current policy and targets. We would like to thank all our staff for their continuing support and efforts to improve our CSR performance.

What we are doing

6. This section includes a commentary on the CSR initiatives we have undertaken this year and progress against the targets set out in our CSR policy. This information is supported by numerical environmental performance indicators (EPis) which include data on CO₂ emissions, energy and water usage, waste disposal and waste recycling with carbon equivalents based on comparable estimates. These are contained in Annex A.

¹ 'HEFCE Strategic Plan 2006-11 (updated May 2008)', (HEFCE 2008/15). Available at www.hefce.ac.uk under Publications.

² 'HEFCE Corporate Social Responsibility policy and plan (2007)'. Available at www.hefce.ac.uk under About us/Corporate Social Responsibility.

Progress against quantitative targets

7. The following tables show our performance against targets set out in our policy. Our targets are for 2007-08, measured relative to a baseline year of 2002-03. Our performance against target is represented as follows:

- ★ Did not meet target
- ★★ Partially met target
- ★★★ Met target
- ★★★★ Exceeded target

	2002-03 baseline	2007-08 target	2007-08 actual	Progress	Performance against target
Reduce CO₂ emissions from our use of energy by 10%	144 tonnes	130 tonnes	142 tonnes	Reduced by 1.4%	★
Reduce our waste disposed to landfill by 60%	75.3 tonnes	30.1 tonnes	32.5 tonnes	Reduced our waste disposed to landfill by 57%	★★
Reduce our water consumption by 10%	2,613 m ³	2,345 m ³	1,248 m ³	Reduced our water consumption by 52%	★★★★
Increase percentage of staff using sustainable methods of commuting by 15%	34% of staff	39.1% of staff	47% of staff	Increased by 38%	★★★★

Progress against qualitative targets

Target	Progress	Performance against target
To achieve ISO14001, the standard for environmental management by March 2007 and thereafter to maintain this certification	ISO14001 achieved in April 2008	★★
To continue to ensure that all our suppliers are aware of our desire to deal only with organisations that act in a socially responsible way and in accordance with all relevant legislation	We are strengthening our procurement policy with CSR issues including, where relevant, the inclusion of CSR as part of our selection criteria listed in tender documentation (see paragraphs 19-20)	★★
To enable staff to continue to support at least one charitable organisation every year through voluntary fundraising activities and to give them the time and opportunity to participate in charitable events	Voluntary fundraising activities continue to be organised by Office Services and the Sports and Social Committee. In 2007-08 over £1,050 was raised for CLIC Sargent, a children's cancer charity. In addition, we held events that raised a total of approximately £310 for Sport Relief, Children in Need and Jeans for Genes. The Council has now committed to enabling staff to flex their hours to use two days a year for voluntary purposes	★★★
To continue to measure the well-being of our staff through the staff survey, ensuring that we continue to match or exceed the external benchmark on work-life balance	Our most recent staff survey results show high levels of satisfaction among employees on a range of questions relating to work life balance. For example, 81% of respondents agreed or tended to agree that they were satisfied with HEFCE as an organisation to work for. This compares favourably with an external benchmark of 73% ³	★★★★

³ Organisations whose commercial and financial performance is consistently above the average for their industry and who have a reputation for excellence in their management practices. Data provided by International Survey Research.

Managing our environmental impacts

Energy and water

8. We purchase 'green' electricity where it provides value for money as we feel this helps to stimulate the market for electricity generation from renewable sources. It was available and good value for money for a one-year contract at our Bristol office from August 2002 to July 2003. Our supplier was unable to meet our requirements in the following years but in 2006-07 we secured a two-year renewable electricity contract to supply both our Bristol and London offices. This has been reflected in Performance Indicator (PI) 1⁴ for 2002-03, 2003-04 and 2006-07 as we have calculated our EPIs using guidelines⁵ from the Department for Environment, Food and Rural Affairs (DEFRA) which state that green electricity contracts should be zero-rated for carbon emissions. This year we have reduced our CO₂ emissions from energy use by 62 per cent compared to 2006-07 and 1.4 per cent compared to 2002-03.

9. We recognise that it is not always possible to secure a green electricity contract. Therefore, we are also reporting on our equivalent carbon emissions from energy use if we had been unable to purchase green electricity. If this had been the case, 2007-08 CO₂ emissions from the Bristol office would have been 11 per cent lower than for 2006-07 and the same as 2002-03. There was a small (less than 1 per cent) decline for the London office between 2006-07 and 2007-08.

10. We believe it is important to reduce our energy consumption as well as buying green electricity. So we increased our efforts during 2007-08 in this area. As a result we have reduced our energy consumption at Northavon House⁶ by 8.5 per cent compared to 2006-07 and 1.5 per cent compared to 2002-03. At this office we have implemented a number of initiatives to reduce energy consumption including:

- removing electric fan heaters
- replacing kettles and water coolers with hydrotaps which dispense boiling and filtered chilled water
- we now close the building on a Saturday; previously the building was accessible six days a week but only used by a small number of staff on a Saturday.

This reduction has also partly been achieved through the inclusion of energy efficiency criteria in the refurbishment specification for our London office. The refurbishment, completed in May 2007, resulted in increased use of natural daylight, the installation of energy-efficient lighting and lighting controls.

⁴ Contained in Annex A.

⁵ Guidelines to DEFRA's greenhouse gas conversion factors for company reporting (June 2007) are at www.defra.gov.uk under Environmental Protection/Business and the Environment/Environmental reporting.

⁶ We have not included Centre Point because energy consumption data is not available for 2002-03.



11. We are aware that the design of our main Bristol base is resulting in an energy inefficient building. We have undertaken a strategic review of this office and in 2008-09 we plan to implement a number of recommendations that are intended to further reduce our energy consumption. These will include replacing and upgrading the heating, ventilation, air conditioning and lighting with systems that have energy efficiency at the centre of the design.

Summary of energy performance at our Bristol office

	CO ₂ emissions having purchased green electricity (tonnes)	CO ₂ emissions if we had not purchased green electricity (tonnes)	Energy consumption (MWh)
2002-03 (baseline year)	144	314	800
2006-07	N/A	355	862
2007-08	140	315	788

12. We have reduced our water consumption by 6.8 per cent this year through initiatives such as installing flow restrictors on taps and low-volume toilet cisterns as part of the refurbishment of our cloakrooms. Since 2002-03 we have reduced water consumption by 52 per cent. The primary reasons for this large reduction are the identification and fixing of a leak and introducing flush controls on urinals.

Waste management

13. We have reduced the total amount of waste we produce (whether recycled or not) by 34 per cent and reduced the amount we send to landfill by 57 per cent between 2002-03 and 2007-08. Alongside this, we have significantly increased the proportion of total waste which undergoes recycling, to 53 per cent for 2007-08 compared to 28 per cent in 2002-03. Our initiatives aiming to reduce, reuse and recycle waste include:

- setting high-volume printers and photocopiers to print double-sided
- providing recycling schemes for paper, cardboard, plastic bottles and cups, glass and cans
- we have recycled all disused office computing equipment for the past four years. In 2007-08 we recycled 0.6 tonnes of computing equipment
- we are undertaking a pilot scheme in our Bristol office which aims to increase recycling by removing individuals' waste bins and installing an increased number of recycling banks alongside a general waste bin.



Our efforts to reduce waste and increase recycling have led to us reducing the number of external waste bins from three to two.

Transport

14. We are a national organisation and the nature of our work means HEFCE staff do a significant amount of travelling to visit institutions and attend events and meetings. Our policy on business travel is that staff should normally travel by public transport unless there are reasons why this is not practical or if there are other circumstances that would impede efficiency or effectiveness. CO₂ emissions from staff business travel have fallen for the second year in succession. Total CO₂ emissions for 2007-08 were less than 400 tonnes for the first time since our records began.

15. We encourage telephone and video conferencing and operate a video conference facility that is mainly used for meetings between our Bristol and London offices and with higher education institutions. This saves travelling between Bristol and London, and other destinations, for at least one person each time this facility is used. For 2007-08 the number of video conference meetings rose to 552. This is 14 per cent above the six-year mean and 70 per cent higher than in 2002-03, and results in part from the recent upgrading of our conferencing facility.

16. We run several initiatives to encourage staff to travel to work by sustainable means. These include:

- working with local stakeholders to increase sustainable travel options for HEFCE such as use of the University of the West of England bus service and being a member of the Bristol North Fringe Travel Forum
- we provide interest-free loans to purchase bikes and associated cycle equipment, free cycling training, Doctor Bike sessions to help staff ensure their bikes are roadworthy, cycle sheds and shower and changing facilities. This year we installed our third cycle shed to help accommodate the growing number of bikes and expect to have to install a fourth in 2008-09
- interest-free loans for staff to purchase bus and train season tickets
- we run a car share database to assist staff in finding car share partners and have dedicated car share parking spaces at the front of the Bristol office.

17. The success of these initiatives is demonstrated through 47 per cent of our staff now regularly commuting by sustainable means, compared to 34 per cent in 2002-03. This includes 10 per cent regularly cycling to work (6 per cent in 2002-03) and 19 per cent regularly travelling to work by public transport, compared to 11 per cent in 2002-03. But we have found it challenging to increase staff use of public transport further. A recent annual staff travel survey indicated that this is because some staff believe that public transport is expensive, unreliable and not convenient due to the frequency and routes of buses. We will continue to work with local stakeholders on these areas to try and overcome some of the issues.



18. We have been awarded a Silver Travel Plan Award from South Gloucestershire County Council in recognition of our efforts to encourage sustainable travel and are working towards achieving Gold.

Working with our suppliers

19. Whenever relevant we make prospective suppliers aware of our commitment to CSR and take this through the supply chain where we can. For example, we recently employed a stationery company not simply because it had the best range of environmentally friendly products, but also because it takes CSR seriously within its own organisation. We now add CSR to our selection criteria and balance this with value for money.

20. We support the principles of fair trade and only purchase fair trade tea and coffee for meetings through our catering provider. A 'fair trade cupboard' is operated in our Bristol office for staff to buy fair trade products including tea, coffee and biscuits.

Our people

21. We recognise that the greatest resource that we have is our staff. Talented and committed individuals are the key to our CSR efforts. Colleagues are encouraged to feed back on our CSR initiatives and to suggest new ideas.

22. We take care to promote an environment in which people feel appreciated and empowered. We believe that people work best when they feel rewarded – not just by external factors such as good pay, pensions and terms and conditions, but also by the internal factors that motivate them as individuals. Our commitment to fair reward is supported by our approach to pay. We ensure that our remuneration packages are competitive and match local market conditions. We operate an annual pay review process which ensures consistency and transparency. We endeavour to use our reward policy to help drive excellence and high performance throughout the organisation.

23. We have worked hard to secure a culture that supports, engenders and rewards learning. This is demonstrated by the fact that we have maintained our Investors in People status for over 10 years. We also won the 2007 London Excellence Award for People Involvement and Development. Assessors commented that we demonstrated an 'exceptional combination of purpose and vision'. This external recognition represents an outstanding achievement for the Council and is a powerful endorsement of our commitment to developing our staff.

24. Work-life balance is all about employers and employees working together to find out how they can both gain from a more imaginative approach to working practices. For us, the foundations of work-life balance are trust and respect for others and our approach to work-life balance is based on partnership, where managers and staff alike take responsibility for their work and behaviours to achieve our business objectives. The key to work-life balance is flexibility for both employer and employee. At HEFCE, this flexibility

includes part-time working, flexible working hours, the ability to work from home and other external locations, as well as compassionate, maternity and paternity leave. For example, we have a consistently high number of staff who have opted to work part-time for work-life balance reasons.

25. We aim to promote the well-being of staff by ensuring they have the appropriate knowledge, skills and technology to do their jobs, and work in a safe and healthy environment. We offer health screening for all staff once every two years and cover the costs of a home cholesterol test, flu injections and annual eyesight tests. We have a fully equipped gym on site, of which all staff are eligible to become members for a small fee to cover the cost of fitness training, assessment and maintenance of equipment. We also monitor sickness absence. For individuals, the aim is to get early warning of any issues and to be able to support colleagues in dealing with any chronic health problems or returning to work after extended periods of sick leave. At the organisational level, we believe that sickness is a useful indication of staff satisfaction and wellbeing. Absence due to sickness at HEFCE is very low at 1.6 per cent compared to other organisations at 3.5 per cent⁷ for 2006-07.

26. We provide a confidential employee assistance programme which is available free to all staff and this year has been extended to partners. The external provider of this service can help staff with a wide range of issues such as bereavement and relationship, legal and financial problems.

27. Our Equality Scheme⁸ describes what HEFCE is doing to promote equality, both as a funding council and as an employer. Everyone in the Council has a responsibility to help implement our scheme and take action through their own work to promote equality and diversity. However, we have not made the progress we would have liked in increasing the diversity of our staff, so we have agreed a set of diversity aspirations and are now developing interim targets towards achieving these.

28. HEFCE recognises the Public and Commercial Services Union (PCS) as the trade union representing employees in negotiations concerning terms and conditions of employment. The branch at HEFCE has over 130 members and works closely with HEFCE management and our Human Resources department to improve working practices and terms and conditions.

29. A recent review of the Council's ethical culture⁹ by academics based at the University of Leeds concluded that HEFCE's published documents on ethics are fit for purpose, with no important ethical principles missing. The review also stated that interviews with staff provided 'an overridingly positive impression of a strong ethical culture'. The report also made a few suggestions for enhancement with respect to the ethical culture and HEFCE is considering the most appropriate action to take in response.

⁷ Recruitment and retention survey, 2006, CIPD.

⁸ 'The HEFCE Equality Scheme' (HEFCE 2007/01) can be read at www.hefce.ac.uk under Publications.

⁹ Ethics Review. Internal report undertaken by HEFCE's Internal Audit Service, 2008.

30. We believe that a strong culture at HEFCE results in financial benefits as well as supporting our staff. A report¹⁰ by The Reward Partnership in December 2005 stated that ‘if HEFCE didn’t have their culture and commitment of high performance, their pay bill would increase dramatically – probably by somewhere between £1.5 million and £2 million annually’.

In the community

31. We have recently formalised our arrangements for supporting volunteering by developing a policy which aims to encourage further volunteering and support colleagues to flex their working hours to undertake voluntary work. Staff currently participate in a range of volunteering opportunities including being a member of a school governing body and being a member of a local charity’s board of trustees.

32. We remain one of the few public bodies who are corporate members of the Woodland Trust, the foremost UK woodland conservation charity. We make staff aware of any special initiatives run by the Trust.

Working with the sector

33. We want to make sustainable development a central part of our strategy for the future development of the higher education sector. Our vision is that ‘within the next 10 years, the higher education sector in England will be recognised as a major contributor to society’s efforts to achieve sustainability – through the skills and knowledge that its graduates learn and put into practice, and through its own strategies and operations’. We published ‘Sustainable development in higher education’ (HEFCE 2005/28) in July 2005 following public consultation. It sets out our approach to promoting the sustainable development agenda and includes a strategic statement and action plan. We are consulting on an updated strategic statement and action plan on sustainable development in the higher education sector¹¹. The deadline for consultation responses is 5 September 2008 and we will publish our revised action plan early in 2009.

34. We recognise that all our policies could have potential sustainable development impacts, both positive and negative. We assess the impacts of all our policies, initiatives and significant projects for sustainable development, equality and diversity and regulatory burden. Through this assessment process we aim to identify potential negative impacts, take mitigating actions where possible and appropriate and, most importantly, to use opportunities to positively promote sustainable development and equality and diversity.

¹⁰ ‘Value of HEFCE’s culture’. Internal report undertaken by the Reward Partnership, 2005.

¹¹ ‘Sustainable development in higher education. Consultation on 2008 update to strategic statement and action plan’ (HEFCE 2008/18) can be read at www.hefce.ac.uk under Consultations.

Monitoring and review

35. Corporate social responsibility within HEFCE is overseen by a CSR steering group which reports directly to our Chief Executive's Group (CEG). The CSR steering group is supported by two sub-groups:

- the CSR implementation group, which has the remit for implementing initiatives to improve our performance
- the CSR data group, which is responsible for collecting and calculating data to monitor progress.

36. Progress is reported quarterly to CEG and our Board through the monitoring of our operating plan and subsequently on our website. Performance against this operating plan is published as part of the management commentary to our annual accounts. We also publish an annual CSR report (this document).

37. We are reviewing our CSR policy and targets to ensure that we are taking the best approach to make improvements in our CSR performance. Our revised policy will be published in autumn 2008.

Annex A

Environmental Performance Indicators

		Year	07-08	06-07	05-06	04-05	03-04	02-03
Carbon emissions from energy use and travel								
PI 1	Total emissions from energy use at HEFCE's offices	tonne	142	374	377	381	259	144
PI 1a	Total emissions from energy use at HEFCE's offices without purchase of green electricity	tonne	333	374	377	381	346	314
PI 1b	Total energy consumption	MWh	823	902	908	911	860	800
PI 2	Emissions from commuting and business travel	tonne	395	463	491	476	419	423
Waste disposal								
PI 3	Total waste disposed	tonne	68.9	65.1	72.9	61.4	83.6	104.9
PI 3a	Mass recycled	tonne	36.4	32.5	34.7	30.7	24.2	29.6
		% recycled	52.8	49.9	47.6	50.0	28.9	28.2
Water consumption								
PI 4	Water usage per member of staff	m ³	5.12	5.27	13.30	16.00	11.32	10.9
PI 4a	Water consumption	m ³	1,248	1,339	3,352	4,224	2,880	2,613
Personal footprint (HEFCE FTE)								
PI 5	Energy used	MWh	7.76	7.57	7.45	7.20	6.86	7.01
PI 6	Carbon emissions from energy and travel	kg	2,199	3,296	3,446	3,244	2,661	2,362
PI 7	Carbon emissions from waste disposal	kg	73.4	70.6	83.6	63.9	128.0	172.5
Video conferencing activity								
PI 8	Video conference meetings held		552	448	627	448	509	325

Notes to data table 2007-08

Carbon dioxide emissions

Performance indicator (PI) 1 includes carbon dioxide (CO₂) emissions associated with the use of gas and electricity at our Bristol office and electricity at our London office, rounded to the nearest tonne. Energy-related emissions from our London office represent less than 4.5 per cent of the total. Values for all years have been restated using the latest conversion factor from the Department for Environment, Food and Rural Affairs. PI 1a is included for comparison and shows what our CO₂ emissions would have been if we have been unable to secure a green electricity contract. PI 1b shows our energy consumption and demonstrates that we have reduced CO₂ emissions by reducing consumption as well as purchasing green electricity. Over the periods of our reporting, the cost of energy per square metre of office space has risen by 234 per cent at Northavon House (since 2002-03) and fallen by 24 per cent at our London office (since 2004-05). The method we have used for calculating the performance indicators relating to CO₂ emissions has been previously independently reviewed by the Edinburgh Centre for Carbon Management. No energy data is available for the London office in 2002-03 and 2003-04.

Waste disposal

The amount sent to landfill is the difference between PI 3 and PI 3a, which has reduced over the period from 104.9 tonnes to 68.9 tonnes, a reduction of 57 per cent.

Water consumption

PI4 and PI4a only include water consumption at our Bristol office. We have been unable to quantify the consumption at our small London office.

Personal footprint (HEFCE full-time equivalent staff)

Energy use and CO₂ emissions per member of staff (measured as full-time equivalents taken from the Annual Report and Financial Statements for 2007-08¹²) are an indication of the personal sustainable footprint of our employees. Energy use per member of staff has fallen since we began reporting five years ago. CO₂ emissions per member of staff from energy use at work and travel have fallen by 33 per cent (with accounting for green energy purchase; 9 per cent ignoring green energy purchase) since 2006-07 following previous increases. Emissions per member of staff from waste disposal have fallen steadily over the past five years, and are now 43 per cent of the level in 2002-03. Our waste recycling has led to a notional value of CO₂ emissions saved¹³ of about 200 kg per staff member.

¹² Our latest annual report is available at www.hefce.ac.uk under Publications.

¹³ Mass equivalent greenhouse gas emissions saved through recycling versus landfill disposal. Source: US Environmental Protection Agency (1998). 'Greenhouse Gas Emissions from Management of Selected Materials in Municipal Solid Waste'.