

# Leading the field

Foundation trusts and their approach to the sustainability agenda



# The Foundation Trust Network

The Foundation Trust Network (FTN) was established as part of the NHS Confederation to provide a distinct voice for NHS foundation trusts.

We aim to improve the system for the public, patients and staff by raising the profile of the issues facing existing and aspirant foundation trusts and strengthening the influence of FTN members.

The NHS Confederation is the only independent membership body for the full range of organisations that make up today's NHS. Its ambition is a health system that delivers first-class services and improved health for all. As the national voice for NHS leadership, the NHS Confederation meets the collective needs of the whole NHS as well as the distinct needs of all of its parts through its family of networks and forums. The FTN is one of these.

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# Introduction

**Sustainability and the corporate social responsibility (CSR) agenda are becoming key priorities and objectives within foundation trusts, as they are for the whole NHS.**

This publication looks at the approach foundation trusts are taking on the issue and provides innovative and practical examples. This includes building a business case for sustainability, sustainability as a strategic priority and the impact of the Carbon Reduction Commitment (CRC). Explored throughout the report are the links

between the foundation trust governance model and the progress being made in becoming more sustainable organisations, particularly in terms of environmental impact. The influence of foundation trust members and governors in pushing forward this agenda is also considered.

# Background

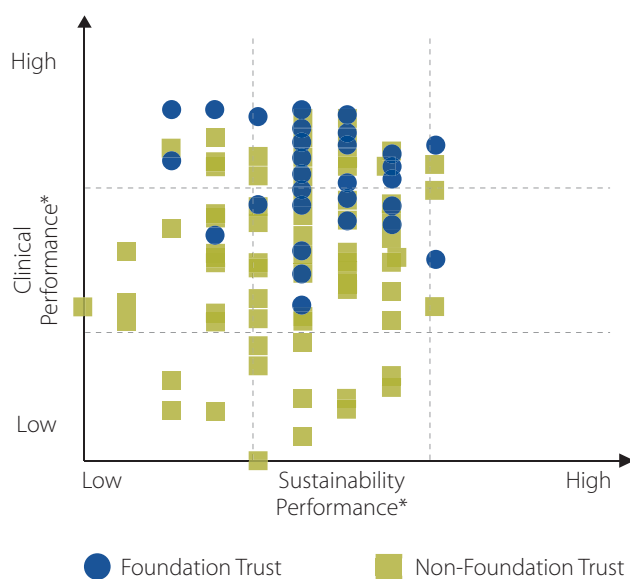
Regulators don't measure it, commissioning partners rarely ask for it, and patients don't fully recognise it, yet foundation trusts are leading the NHS on the sustainability agenda.

Across the acute care sector, foundation trusts rank the highest in terms of both clinical and sustainability performance. This is illustrated clearly in the figure below, where foundation trusts (represented by the blue circles) consistently score high on both clinical and sustainability performance measures. This is no coincidence. Well-managed and financially sophisticated hospitals, like the leading private sector businesses, see sustainability and the wider CSR agenda as important priorities, and are therefore integrating them across their organisations.

Not all foundation trusts have yet embraced sustainability equally. This is an expansive and complex agenda incorporating both the direct and indirect social, environmental and economic impacts of doing business. Managing such an

agenda requires leadership, transformational change and an appreciation of CSR. Foundation trusts, however, will have a key role to play in the sustainability agenda, not only as large consumers of energy but also as major employers in their localities. Commitments to sustainability should complement foundation trusts' core role in providing quality healthcare and their increasing role as an attractive and significant local employer, particularly in times of economic uncertainty. For this reason the FTN spoke to members in a wide range of roles in foundation trusts that vary considerably in their progress on sustainability. This publication aims to help illuminate the conceptual as well as practical issues that surround the modern sustainability agenda in healthcare.

**Figure 1: Foundation trust leadership in sustainability and clinical performance**



\*Sustainability Index score is an un-weighted average of the trust's normalised recycling ratio, waste, water, and energy use per occupied bed and site heated area (from 2008 ERIC data).

\*\*Clinical Performance Index score is an un-weighted average of the trust's annual Health Care Commission scores, complaints per occupied bed, and cleanliness audit performance (from 2008 NCC and ERIC data).

For more information about the index please see The Business Case for Sustainability at [http://issuu.com/mpacapstone/docs/business\\_case\\_nhs](http://issuu.com/mpacapstone/docs/business_case_nhs)

# Building the case for sustainability

The FTN surveyed members to understand what is driving the sustainability agenda in their organisation. It revealed a diverse number of drivers for sustainability and the importance of finding the unique combination that resonates in each trust.

As the survey results in figures 2 (below) and 3 (page 5) show, service delivery, financial considerations and patient demand drive sustainability in the large majority of responding trusts, which shows a sophisticated commercial understanding of sustainability. Similar to leading private sector businesses, sustainability is not pursued as an end in itself but is rather leveraged to deliver the core organisational mission and better connect with consumers. The prevailing view in the private sector – that “wherever environmental, social or ethical issues can be addressed businesses have an opportunity to innovate, create value and attract more customers” – appears to be taking hold in commercially sophisticated trusts.<sup>i</sup>

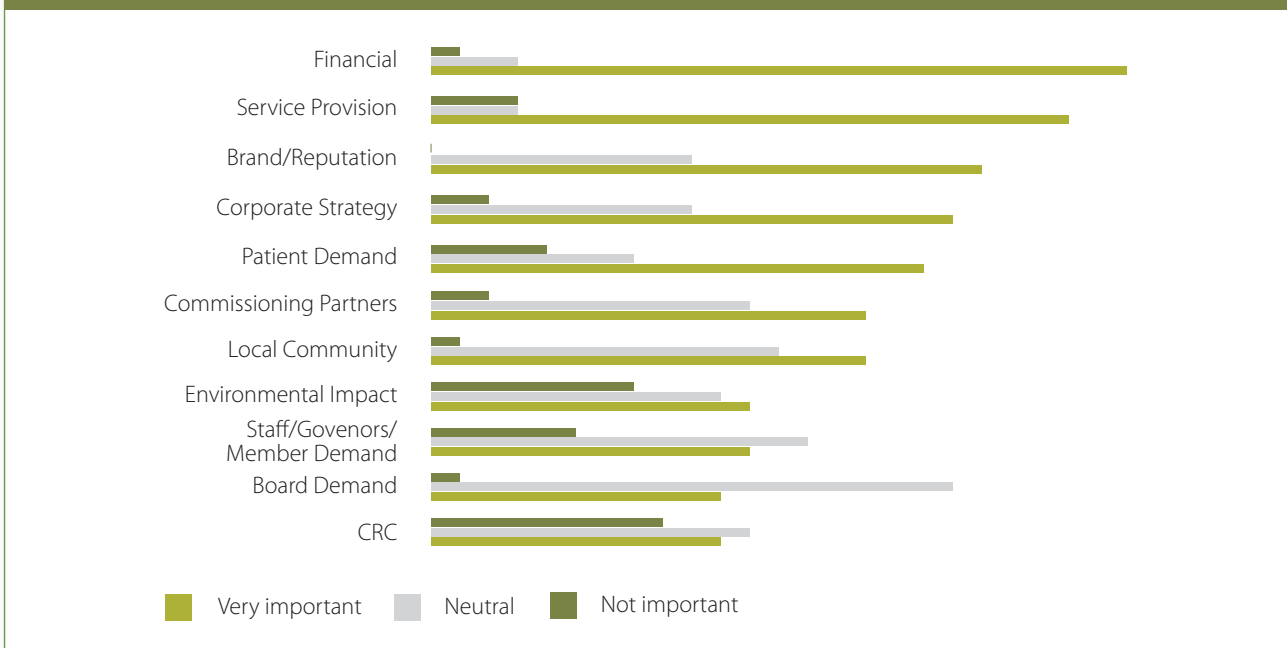
As **Trevor Payne of University College London Hospitals NHS Foundation Trust** explains it: “This is not just a tree-hugging friendly approach, this is part of doing business now.” **Bill McGill, of Great Ormond Street Hospital for Children NHS Trust** (an aspirant foundation trust) equally strips sustainability of its non-financial characteristics when he says, “my driver for sustainability here is about creating a children’s hospital”. These views mirror private sector perspectives, where in the U.S. 87 per cent of Fortune 1000 chief executives believe that sustainability is important for their company’s profits.<sup>ii</sup>

**Figure 2: What is the most important driver of sustainability in your trust?**



“Every member of staff needs to be a green champion in their own right.”

**Figure 3: How important is each driver of sustainability in your trust?**



Interviews with FTN members illustrated, however, that these primary motivations are often not enough to place sustainability high on the strategic agenda. Boards and staff see sustainability as distinct from operational priorities, although benefits could be realised through an integrated approach. As **Chris Parsons of Tees, Esk and Wear Valleys Foundation Trust** explains: “Sustainability is typically seen as an estates function. But actually this is the organisation’s problem, and every member of staff needs to be a green champion in their own right.” This is where more bespoke drivers of sustainability play an important role in building the business case for sustainability in foundation trusts.

As figure 3 illustrates, a variety of other drivers can push the agenda forward. Respondents see the CRC, the environmental impact of their operations, board/staff/governor/member demand, local community engagement and commissioning requirements all as important drivers of sustainability in their trust. However, such drivers are not equally prevalent in each trust. As the case studies below show, each trust has a unique set of stakeholders and equally unique drivers for sustainability. Pushing sustainability to the top of the agenda means finding the pertinent combination of drivers that resonate in each trust.

“*The things that make us more effective and efficient have a major impact on our carbon footprint.*”

### Case studies: finding the unique drivers that really resonate

In 2008 **Sheffield Teaching Hospitals NHS Foundation Trust** and its local community were hit hard by large-scale flooding. The economic effects were substantial and caused £1m damage to the trust alone. This event, an increasingly common effect of global climate change, raised the profile of sustainability both in the trust and the local community, providing an opportunity to mainstream sustainability thinking in the community. This was a contributory factor in changing the trust's approach to sustainability.

**Tees, Esk and Wear Valleys Foundation Trust** is a large mental health trust with 5,000 staff spread over 150 properties and covering roughly 2,000 square miles, which creates enormous operational as well as environmental challenges. Transforming the way the organisation holds meetings, transports and procures goods, and uses its space, presents a huge opportunity to trim costs, create value and lessen environmental impact. As Chris Parsons from the trust explains, “the things that make us more effective and efficient have a major impact on our carbon footprint.” This unique challenge drives the sustainability

agenda in the trust and presents sustainability as an opportunity for the trust to excel in these areas. Transport issues in mental health trusts are more prevalent as many tend to be situated across various sites. There are opportunities here not only in terms of making sure all estates are efficient, but also in considering travel options and how to reduce the impact of travel to and between sites.

The **Royal Orthopaedic Hospital NHS Foundation Trust** has deep roots in its local community, as the land on which the hospital is situated was originally donated by the Cadbury family. The chief executive, **Penny Venables**, explained how the trust's relationship with the local community lent itself well not only to the trust achieving foundation trust status but also the efforts as part of the sustainability agenda. “We are a small trust with strong links in the local community and there continues to be a culture within the organisation of maintaining and developing those links. As part of this link with the local community our culture holds we need to give something back.”

# The foundation trust model

Foundation trusts are well placed to draw on a variety of drivers of sustainability. As public benefit organisations, they have a mandate to think holistically about value creation and sustainability provides an opportunity to do that.

As **Jeff Chinnock of Royal Devon and Exeter NHS Foundation Trust** explained: "People have been struggling to understand what a public benefit organisation means and trying to make a reality of it. The CSR and sustainability agendas give some ways into that, we're thinking that yes, we provide services to sick people, but we have a wider, broader impact on a wide range of issues. CSR and sustainability will help us go through this and bring some reality to what a public benefit company is." A number of interviewees explained that CSR and sustainability are essential in aligning public benefit with corporate and clinical success, which is at the heart of the foundation trust model.

**Guy's and St Thomas' Hospitals NHS Foundation Trust** provides an impressive example of how the CSR and sustainability agendas can bring the public benefit mandate to life. As **David Lawson** from the trust explains, "the issue of CSR is perceived to be very important because we're a major influence on the local economy, we're the largest organisation in terms of impact, and we serve two of the most

deprived boroughs in London. The importance here is that if we can invest more in the local area and limit our environmental impact, this has knock-on health benefits. If more people are employed then there is less risk of mental health problems, and many other connections like that. We believe we have a responsibility towards our local community." Indicative of the importance attached to the CSR agenda, the trust is introducing a social accounting framework and providing a number of key performance indicators in areas such as community engagement and local procurement. The board understands its local and wider impact as a central governance issue and plans to review progress quarterly.

Some interviewees noted that the foundation trust application process itself changed the mindset of the board and proved critical in moving forward the sustainability agenda. Without this opportunity, they believed it would have been difficult to convince the board that their mandate extended beyond the delivery of direct healthcare services.

Foundation trusts demonstrate a unique accountability to the local community via their board of governors, members and staff. This provides a lever for propelling the agenda and provides an opportunity for sustainability to influence trusts' activities. Foundation trusts would need to drive sustainability specifically from a local community mindset and Penny Venables explained how a combination of these accountability chains brought sustainability up the agenda in her trust, where increasing attention from staff, the board of governors and the hospital's old PPI Forum (when in existence) provided the agenda with real momentum.

**Dr Sally Pearson of Gloucestershire Hospitals NHS Foundation Trust** described a similar opportunity at her organisation where a cohort of governors expressed an interest in sustainability. The trust would approach them directly when they wanted to discuss issues around sustainability or test an idea. Members and governors liked getting involved in this area as they felt they had more legitimacy there and could make a meaningful contribution.

This combination of a public value mandate, local accountability and commercial perspective presents a compelling business case for sustainability in foundation trusts. Interviewees argued persuasively that CSR and sustainability agendas are at the heart of the foundation trust model, providing the organisational and social benefits necessary to provide world-class healthcare.

*“ We believe we have a responsibility towards our local community. ”*

# A need-to-do, not a nice-to-do?

**“Sustainability is no longer something that’s just optional – it’s a must.”**

Interviewees revealed a consensus that sustainability is now a need-to-do activity. **Stephen Gardner of Tameside Hospitals NHS Foundation Trust** provides a common understanding of the situation: “I can see that it’s not something that’s going to go away. It’s not a fad. It’s not something that is going to shift on the political agenda to become less important. Regardless of the political regime, this portion of what we do is just going to get greater and greater.”

Despite, or perhaps because of this inevitability, foundation trusts revealed great trepidation over the organisational effects of sustainability and climate change. The price of waste, water and energy, new legislation, reputational risks, and the direct effects of climate change are seen as potentially crippling threats to the organisation. One interviewee recounted the trust losing a tender because at the time it could not demonstrate its sustainability credentials. Another described the costly process of reworking sustainability into a major capital development because it had previously failed the planning process on this account. For such reasons, sustainability is, as Trevor Payne explains, “not a nice to do anymore, it is essentially a must do, a must demonstrate, and a must evidence”. As such, sustainability and its related issues are beginning to appear on project and corporate risk registers.

The urgency of action is even greater when trusts move beyond the immediate planning cycle and think critically about value creation. Members agreed that demonstrating sustainability will

become an ever-greater source of value. Commissioning partners expect it, planning permission requires it, legislation demands it, and perhaps patients may soon begin to base their choices on it. From a commercial perspective, pursuing sustainability now and getting ahead of the cost curve is an essential component of providing high-quality healthcare.

In the commercial aspect of their role, foundation trusts can leverage sustainability in ways that private sector businesses do to become more effective. Forward-looking executives like Stephen Gardner, for example, see sustainability as a unique value proposition for foundation trusts. “I think there is an argument that sustainability is a genuinely new and different kind of value that we can create, and it’s not just the sum of a lot of other different things. As such it demands its own place on the agenda.”

Trusts with the foresight and commercial sophistication to understand the true value of sustainability see it as an essential component of their core mission. Bill McGill explained: “We do a lot of work on the environment, and we do it because it’s what makes sense to do. It’s become routine rather than something special. We think that this is the very minimum you should be doing just to do your job properly.”

Those trusts that don’t perceive sustainability as both a risk and an opportunity, and that don’t start making progress, interviewees cautioned, will face considerable problems in the future.

# Sustainability as a strategic priority

**There is a good case for defining sustainability as a strategic priority, giving it board-level responsibility and incorporating it into Quality Accounts.**

Its ever-increasing importance for clinical and financial performance, along with organisational resilience, means that all good organisations must consider sustainability an issue of corporate governance. Even for Fortune 1000 companies with little or no public mandate, sustainability is a key governance issue with board level responsibility in 59 per cent of companies and backed up by sustainability policies in 95 per cent of cases.<sup>iii</sup>

Making sustainability a strategic priority is also critical in elevating its importance across the organisation and moving it out of a wholly estates-related responsibility. As Stephen Gardner explains: "Once one gets it on the list of corporate objectives, it takes on a life of its own. It becomes something that gets more widely known about and gets more of the board's attention and so moves up the agenda. It is low on the operating framework for the NHS but for us, putting it into our corporate objectives gives it the same sort of footing as financial balance and hitting targets."

Due to the scale and complexity of the task, the importance of making sustainability a high-profile organisation-wide endeavour cannot be underestimated. Respondents consistently emphasised that organisational sustainability is a long-haul cultural shift that needs the support of all staff across the organisation. As **Kate Hinks of Calderdale and Huddersfield NHS Foundation Trust** explains, "this is a long-haul cultural shift. It's about people recognising the importance to their core business. It assumes a quality product, it's the

manner in which you deliver the product that encompasses this agenda." Outlining sustainability as a key strategic priority critical to the delivery of world-class healthcare is an essential step in gaining this cultural acceptance.

A strategic approach to sustainability is also necessary to gain maximum organisational value. Interviewees frequently expressed concern that their trusts' approach to sustainability is technical, ad hoc, and incremental. **Tony Winter of Stockport NHS Foundation Trust** explains: "We don't necessarily join everything up; we don't draw all of the teams together. Each team does a lot of good work but we don't sell it and promote it as a whole." The result limits the value of sustainability for the organisation. Without clear indications of overall progress, sustainability becomes less valuable as a motivational, reputational and commercial good.

As explained in the recent FTN publication, *Making the Most of Quality Accounts*, sustainability and CSR have an important role to play in communicating organisational values and the perspectives and aspirations of stakeholders. Private sector businesses have pioneered the use of CSR as a communication mechanism, describing it firstly as an opportunity to engage and understand the views of diverse stakeholders, and secondly as a 'compass' for leading the organisation forward. The link between sustainability and quality healthcare provides a further reason for its pre-eminence in Quality Accounts.

Interviewees and health professionals agree almost unanimously that the things that make an organisation more sustainable will also make them more effective and efficient at delivering healthcare. *Making the Most of Quality Accounts* also explains that foundation trusts have a prerogative to measure and improve their wider environmental and community impacts. Sustainability and good corporate citizenship encompass this agenda. Its importance to ongoing commercial and clinical success makes it a matter of corporate governance and, as noted, a must-do organisational activity.

Yet the FTN survey (figure 3, page 5) results show that corporate strategy is not considered an important driver of sustainability in 38 per cent of responding trusts, and board demand for sustainability is considered very important in only 34 per cent of trusts. This indicates significant room for improvement. The most commercially aware and well-managed trusts will drive sustainability through the corporate governance and Quality Accounting frameworks, and will reap the rewards in doing so.

“*This is a long-haul cultural shift. It is about people recognising the importance to their core business.*”

# Making a calculated leap of faith

**The complicated relationship between sustainability and clinical and financial performance is, according to interviewees, a significant barrier to mainstreaming sustainability.**

As Jeff Chinnock explains: “The board is asking to what extent CSR can be equated with the public benefit issues that are part of what a foundation trust is. We are going to try to make that link but I would say it’s at an early stage right now.” Without such a connection, the sustainability agenda struggles to compete against other priorities.

Publications such as the *NHS Carbon Reduction Strategy* and recent Lancet articles provide unambiguous evidence of the relationship between health and sustainability. As Anne Coote of the King’s Fund summarises: “All the things that are good for sustainable development have, directly or indirectly, a positive impact on human health or efficiency savings.”<sup>vi</sup> Yet establishing these connections in accounting terms on a trust level is still very difficult.

This is not unique to foundation trusts. The leading private sector businesses grapple with the same problems. Ed Potter, Director of Global Workforce Rights at Coca-Cola, advocates the view held by many CEOs: “I don’t think that anyone has established the connection in accounting terms. Much of this is based in faith, and a belief that there is a clear connection. I’m absolutely convinced it

is there, but I can’t prove it.”<sup>vii</sup> Indeed, sustainability investments beyond quick-wins present challenges in accounting terms.

This, however, does not need to be an insurmountable problem. Leadership and vision must be used to support sustainability through these early stages. Chief executives and board members must look beyond the three-year planning cycle and purely tangible benefits. Leaders must communicate the real value of long-term intangible benefits of sustainability such as staff morale and retention, improved service delivery, better health outcomes, increased positive press and competitive positioning.

Leading trusts on the sustainability agenda that have already exhausted quick wins and inexpensive retrofit opportunities acknowledge the necessity of such leadership. Trevor Payne explains: “The energy schemes that have a big impact, the biomass boilers and things like CHP (combined heat and power), you’re typically looking at 3, 4, 5 year payback, minimum. So you need a board that’s got a vision to support that level of investment over that period of time. If you’ve got a short-term view, these are not things that you’re going to get into.”

“ *The sustainability agenda struggles to compete against other priorities.* ”

Trust leaders must take the calculated leap of faith made by leading private sector businesses, and acknowledge sustainability as an important end in itself. Tony Winter explains the power of such vision at his trust. “Our trustees see benefit in anything that ultimately delivers benefits to the patient. And that’s going deeper into things like BREEAM (environmental assessment method for buildings). While yes it is costly, what are the intangible

benefits that we can’t quantify so easily? When we add all these up, we get something really important. Our trust thrives because of this.”

Giving intangible benefits a real value in a performance-driven organisation is a difficult yet absolutely critical task in operationalising sustainability.

### A vision to support sustainability investments

**Nigel Myhill of Northern Lincolnshire and Goole NHS Foundation Trusts** understands that it is often difficult to support investments with longer or more uncertain paybacks. In a young financially-driven organisation, he acknowledges, it is challenging and even distracting to look beyond short-term costs.

In a previous post, his team pushed the board to consider a large renewable energy scheme with a six-to-12-year payback period depending on energy prices. They stressed the intangible

benefits of carbon savings, press, and leadership and gained the board’s approval. By the time it was built, the payback was down to eight years, and by the end of the first year it was down to six.

Evaluating the scheme on a purely financial basis would have doomed it to failure because of the uncertainty. However, the board had the long-term vision to support it because it was the right thing to do. This vision was absolutely necessary to equip the trust for operating in a carbon-constrained environment.

# Save money and carbon or save carbon and money?

There are enormous opportunities to save money and carbon simultaneously.

Low-cost demand management and retrofit opportunities are shown to be highly effective in cutting annual waste, water and energy spend. Yet providing an accounting justification for investments in carbon management plans and energy sub-metering – which do not in themselves have any immediate financial payback – is seen almost universally as a challenge.

Similarly, trusts that are well advanced in their sustainability programme worry that as win-win opportunities diminish, a value of carbon and other sustainability priorities will need to be established.

**Phil Brennan of Sheffield Teaching Hospitals NHS Foundation Trust** explains: “Are we trying to save carbon or are we trying to save money? What’s the key driver? The business case is significantly reduced when you take something to the committee where the commercial aspects aren’t there. We will soon get to this point as we tick off quick wins. I think that the metrics that we apply to business cases are going to have to change.”

Establishing an intelligent evaluation framework that maximises long-term benefits but also upholds short-term financial requirements is a difficult task. Our interviewees described this as an ongoing debate in their trusts. Michael Porter, strategy guru and professor at Harvard Business School, offers useful conceptual advice from the private sector. “The essential test that should guide [sustainability] is not whether a cause is worthy but whether it presents an opportunity to create shared value – that is, a meaningful benefit for society that is also valuable to the business.”<sup>viii</sup>

Understanding the full private, as well as public, value of sustainability is critical in pursuing such a strategy. Trusts that recognise the importance of carbon as evidence of good corporate responsibility, for example, will see it as an important shared value opportunity. As Chris Parsons explains: “We’re asking how we are going to demonstrate to our governors, our public, to our citizens really, who look to us to provide services that we are serious about what we’re doing around energy. It’s only then that we move from energy consumption to carbon footprinting.”

“Are we trying to save carbon or are we trying to save money?”

Interviewees also described the need to pursue sustainability on an opportunistic basis, where the right combination of drivers allow paybacks to be relaxed and the non-financial benefits to gain importance. Kate Hinks recounts a recent example: “We acknowledged that the solar panels would have a long pay back, but we had loads of roof space perfectly equipped for solar, so we saw it simply as a pragmatic thing to do.”

The first step in strategically pursuing sustainability and carbon reduction is to understand the full value of such actions to trusts in both tangible and intangible terms. The second step is actively seeking shared value opportunities that benefit society and the organisation simultaneously.

### Expanded evaluation metrics

**King's College Hospital NHS Foundation Trust** is a leader in sustainable procurement and supply chain sustainability thinking. Aware that 60 per cent of emissions come from procurement, they are working with the NHS Purchasing and Supply Agency (PASA) to map the carbon impact of doing business with each one of its myriad of suppliers and for the trust as a whole.

With this knowledge they hope to set annual carbon reduction targets. This will encourage carbon to be used as a differentiator in terms of looking at new contracts. Although carbon will not directly compete with cost or quality, it will help differentiate from two similar products.

This evaluation framework will help the trust meet carbon targets, encourage reductions in carbon throughout the supply chain, and even help ensure the highest quality products (as good quality is often correlated with low carbon intensity). It will also provide an extraordinary value to the local community by reducing congestion and carbon, and making local suppliers more competitive.

# Likely effects of the Carbon Reduction Commitment

The FTN survey shows that the CRC is considered a 'very important' driver for sustainability in 35 per cent of trusts, and 'not important' in 28 per cent of trusts.

These results (figure 3, page 5) suggest that the CRC is receiving a very different level of attention across the NHS.

The CRC presents an opportunity to raise the profile of the sustainability agenda in trusts. The annual upfront costs of the scheme are compelling finance directors to take notice and work with sustainability leads to understand the financial consequences and opportunities of the scheme. As Tony Winter explains: "Most trusts rely on the estates department to take care of all the environmental issues, but this is a bad habit that needs to be broken because of all the cash involved in the CRC."

Interviewees also noted the power of the possible financial and reputational penalties to focus the minds of the board and executive team.

As **Jason Tudor of Calderdale and Huddersfield NHS Foundation Trust** explains: "If there's a penalty attached to something, it gets attention. The penalties in the CRC are far more likely to focus people's attention than just saying that we need to address carbon because it's something that we need to do."

Yet many interviewees expressed concern that their trust and others don't yet have a complete understanding of the programme and its effects. The NHS Confederation briefing accompanying this report, *The Carbon Reduction Commitment and the NHS: what you need to know*, aims to improve this understanding. This new knowledge can and should be used to move responsibility for sustainability out of one department, spread sustainability thinking throughout the organisation and establish it as a strategic priority.

“Most trusts rely on the estates department to take care of all the environmental issues, but this is a bad habit that needs to be broken because of all the cash involved in the CRC.”

# Riding the recession

Foundation trusts expressed both optimism and concern about the fate of sustainability as public budgets tighten.

On the one hand, many interviewees echo Phil Brennan's excitement that "there has never been a better time to get these issues out there". That's because organisations will need to refocus their attention on effective and efficient processes and delivery of care – sustainability presents a real opportunity for delivering these objectives. As Chris Parsons explains: "The things that make us more efficient and effective have a major impact on our carbon footprint."

On the other hand, many believed that sustainability funds might get raided to plug budget gaps in other areas, or the agenda might even be pushed aside entirely. Jeff Chinnock expresses concern that as budgets tighten "the environmental agenda will be seen as an add-on and not necessarily something that we do. Therefore it will get pushed aside maybe." Similarly, Bill McGill explains: "I firmly believe that when it comes down to it and there is no money for various things, sustainability programmes will get knocked on the head, unless there is legislation to protect them."

Interviewees provided evidence that the latter is already apparent. Tony Winter, for example, notes, "since last year, my energy efficiency budget has been cut in half because of the pressure we're under to reduce our costs. Now while it's still the right thing to do, we just don't have the money. It's all about what's do-able." A number of others mentioned

that recent sustainability progress was possible because of large annual surpluses. In the absence of these, sustainability resources also may wane.

Interviewees, however, cautioned that organisations that respond in this way do so at their own peril.

**Sue White of Sheffield Teaching Hospitals Foundation Trust** warns that "those organisations that plan to reduce carbon now will be the ones that survive. It's a win-win opportunity. It's difficult, and it's transformational change, but the economics lend itself to this kind of thinking."

It would be beneficial for trusts to make the case now for sustainability in hard financial terms. Specific sustainability funds must be protected in order to position organisations to compete in an increasingly carbon-constrained and sustainability-conscious society. As Sally Pearson explains: "Given the current economic climate, making progress on these things is getting harder. Things like the Salix scheme (a programme tailored to the needs of foundation trust hospitals, the primary focus of the work being to reduce carbon emissions under the control of the foundation trust such as heating, cooling and lighting) are helping us to preserve a budget for doing more and more programmes. In the absence of doing that, the danger is that any savings made from sustainability will be used to offset costs accrued elsewhere." Finally, leaders must support a long-term vision that includes wholesale transformational change.

As the prices of waste, water and energy continue to fluctuate, pointed legislation hits, carbon budgets meet their deadlines, and patients, staff and commissioners demand sustainability, those trusts who have failed to embrace the agenda will find themselves in a costly battle to provide basic services. Those that act now will reap both commercial and financial benefits.

Trusts must take ownership of the agenda, define why it is important, and use it to drive financial savings and clinical performance. This requires leaders that are committed to wholesale transformational change and are willing to

support a long-term vision even in the face of short-term centrally-driven performance expectations. As budgets tighten this will become ever more difficult, but so too will its importance.

Practical recommendations for riding the recession from interviewees include: ring fencing sustainability budgets; describing sustainability in hard financial terms; communicating the organisational benefits fully; establishing governance arrangements to monitor and support the agenda; and developing the metrics and evaluation frameworks necessary to embed sustainability across the organisation.

*“ My energy efficiency budget has been cut in half because of the pressure we’re under to reduce our costs. ”*

# Conclusion

**Interviewees provided many inspiring stories of real sustainability action in trusts.**

These stories spanned the organisation from local procurement, physical supply chain solutions, new evaluation metrics, corporate governance arrangements, and transportation policies. Indeed, foundation trusts have a unique opportunity through their membership to build wider and more effective partnerships in a way that other trusts do not. These are tempting to share but many interviewees suggested that this might miss the point.

One commonly-cited barrier to sustainability progress is the need for established best practice before any programme can be adopted. While this is understandable in risk-averse public bodies, interviewees pressed that successful sustainability programmes cannot necessarily wait for such assurances and indeed foundation trusts have demonstrated progress without such assurances.

Those trusts that sincerely aim to pursue sustainability must commit themselves to lead by example. The intangible and tangible benefits will more than offset the costs of a well-designed sustainability programme, but leaders must take the calculated leap of faith necessary to realise these benefits. Reasons for inaction always exist but they are increasingly untenable.

All modern organisations, including foundation trusts, have significant accountabilities to their stakeholders that go beyond what they need to deliver in either their authorisation/licence (in regulated industries) and through their legally binding contracts. In the private sector this has become known over the past ten years as the

‘licence to operate’ that is created through the development of a social compact between an organisation and its stakeholders. At its simplest this means meeting the reasonable expectations that stakeholders have of corporate organisations to act as ‘good citizens’ and to take their social and environmental responsibilities seriously. As mentioned, the private sector has been focused on this for some time and most organisations now have an annual cycle of reporting their progress against these expectations. In the best companies this has led to integrated reports through which shareholders and stakeholders alike can view the way in which their interests, and any risks associated with these, are being balanced by the board.

It is inevitable that now the independence of the foundation trust model is being better understood, these stakeholder expectations will become more explicit. Many of these are already evident through the wider governance mechanism, and governors will be raising these issues. Others will come through regulatory demand and some will come as a result of wider political and social pressure. The question for foundation trusts will be how to meet these expectations while dealing with everything else on their agenda. Hence, the CSR agenda has to work with the core and grain of the organisation as a commercial enterprise and as a quality provider of public healthcare.

For further information on the issues covered in this briefing – please contact Mandip Kaur at [mandip.kaur@nhsconfed.org](mailto:mandip.kaur@nhsconfed.org)

# Acknowledgements

## Authors

**Dane Pflueger** – London School of Economics

**Mandip Kaur** – Foundation Trust Network

## Contributors – Foundation Trust (Acute)

1. Calderdale and Huddersfield

NHS Foundation Trust

**Kate Hinks**

*(Associate Director of Corporate Social Responsibility)*

**Jason Tudor**

*(Associate Director of Procurement and Supplies)*

2. Gloucestershire Hospitals NHS Foundation Trust

**Sally Pearson**

*(Clinical Director)*

3. Guy's and St Thomas' Hospital

NHS Foundation Trust

**David Lawson**

*(Director of Procurement)*

4. Northern Lincolnshire and Goole

NHS Foundation Trust

**Nigel Myhill**

*(Director of Facilities Management)*

5. Royal Devon & Exeter NHS Foundation Trust

**Jeff Chinnock**

*(Divisional Manager – Corporate Affairs & Communications)*

6. Royal Orthopaedic Hospitals

NHS Foundation Trust

**Penny Venables**

*(Chief Executive Officer)*

7. Salford Royal Hospital NHS Foundation Trust

**Jack Sharp**

*(Director of Service Reform & Business Development)*

8. Stockport NHS Foundation Trust

**Tony Winter**

*(Energy & Environment Manager)*

9. Sheffield Teaching Hospitals

NHS Foundation Trust

**Sue White**

*(Business Development and External Affairs Director)*

**Phil Brennan**

*(Director of Estate Management)*

10. Tameside Hospitals NHS Foundation Trust

**Stephen Gardner**

*(Director of Planning and Performance)*

11. University College London Hospitals

NHS Foundation Trust

**Trevor Payne**

*(Director of Estates & Facilities)*

**Peter Smith**

*(Carbon Director of Interserve)*

## Contributors – Foundation Trust (Mental Health)

12. Oxfordshire and Buckinghamshire

Mental Health NHS Foundation Trust

**Jonathan Horbury**

*(Director of Development)*

13. Tees, Esk and Wear Valleys NHS Foundation Trust

**Chris Parsons**

*(Director of Estates and Facilities Management)*

## Contributors – Aspirant Foundation Trust (Acute)

14. Great Ormond Street Hospital

for Children NHS Trust

**Bill McGill**

*(Project Director)*

# Further information

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## Foundation Trust Network

The Foundation Trust Network  
29 Bressenden Place, London SW1E 5DD  
Tel 020 7074 3200 Fax 0870 487 1555  
Email [ftn@nhsconfed.org](mailto:ftn@nhsconfed.org)  
[www.nhsconfed.org/ftn](http://www.nhsconfed.org/ftn)

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