

## **Annex 3 Supplementary Strategy Corporate Social Responsibility**

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## 1. Introduction

Since 1997, businesses have increasingly reported their Corporate Social Responsibility (CSR). CSR is a process whereby businesses and organisations take responsibility across their entire supply chain for the social, environmental and economic consequences of its activities. It then reports on these consequences and constructively engages with stakeholders including its staff. CSR is increasingly being recognised as an important link in the approach to sustainability,

As the agenda for sustainability develops, organisations will be under increasing pressure to take responsibility for issues that have traditionally been outside of their normal activities. Not only do we see this in regulation, responsibility will also be expected by a civil society.

The central concept of CSR is that individuals and groups have a stake directly or indirectly in an organisation and its activities. In the case of the Authority, direct stakeholders include Members, employees, waste collection authorities and residents of Merseyside as customers of our service. Our indirect stakeholders are wider communities beyond Merseyside, suppliers, public, private and voluntary sector organisations, Government, Non-Governmental Organisations (NGOs) and other affected parties.

Engagement with interested parties can provide insights that can be valuable to an organisation to improve their services and meet their obligations and responsibilities.

In 2000, the UK was the first EU country to appoint a Minister for CSR. The Government's aim is to work with all stakeholders to achieve its sustainable development goals by

- Raising awareness and creating an environment in which CSR can thrive;
- Taking a lead role internationally;
- Mainstream CSR into general business practice;
- Reaching a wider audience; and
- Tackling key sectors.

The drivers and benefits of CSR are highlighted below.

### **Drivers**

- The need to communicate and engage with the public, policy makers and key decision makers;
- Reporting on sustainable performance due to pressures from many different sources; and

- Once a sustainability strategy is in place, pressures will increase for requests to publish progress reports.

### **Benefits**

- Helps address strategic issues;
- Encourages partnership working;
- Sharing of best practice;
- Help identify key challenges;
- Enhances credibility; and
- Improves stakeholder engagement and dialogue

CSR covers all aspects and impacts of the Authority. It does not stop at the factory gate or the office door. It extends back down the supply chain and forward to the consequences in the marketplace for goods and services procured and supplied.

## **2. Organisational Benefits**

Good corporate responsibility can provide organisational benefits in seven key areas.

**Reputational management:** Reputation is critical to the authority's successful implementation of its activities. Reputation tops the list of intangible assets of most Chief Executive Officers.

**Risk profile and management:** Increasingly, organisations have to be aware of, and or respond to, a widening range of risks. To avoid risks to its reputation, the Authority needs to understand stakeholder concerns about both issues under their direct control, such as employment policies, and under their influence.

**Employee recruitment, motivation and retention:** The reputation of an organisation as a corporate citizen affects its attractiveness as a prospective employer.

**Learning and Innovation:** Corporate citizenship objectives for employees such as education, awareness and training, can assist personal self-esteem, worth and value.

**Competitiveness and market positioning:** The most comprehensive survey of consumer attitudes toward corporate responsibility, which involved 25,000 individuals in 26 countries, found that more consumers form their impressions of an organisation on the basis of its corporate responsibility practices than they do on brand or financial factors.

**Operational efficiency:** Focusing on corporate responsibility goals can lead to direct improvements of the bottom line – profit. In the case of the Authority, this can lead to better value for public money. For example, reducing waste arisings and not sending waste to landfill can save money, reduce environmental impacts and be of social benefit.

**Licence to operate:** The perception that stakeholders have of an organisation’s corporate responsibility performance can significantly affect an organisations licence to operate. Organisations with a poor reputation in this area (operational matters) can find themselves continually responding to criticism of their environmental and social performance. Conversely, those with a good reputation for corporate responsibility are more likely to be given a second chance in the event of problems.

### 3. The Authority’s current CSR status

The Authority ratified a corporate social responsibility policy in 2005 (see Appendix 3) and appointed a CSR coordinator in 2006. In 2007 sustainable development, sustainable procurement and environmental policies were also approved. Together, these policies have formed the basis of this sustainability strategy. Given that resources are now in place, the Authority is able to move forward on issues of sustainability and CSR, with greater commitment and direction.

To establish the current status of the Authority, desktop research generated a number of themes that are addressed by organisations that have adopted a CSR strategy. The themes are:

- Business Standards:
- Customers:
- Environment:
- Community:
- Employees:
- Suppliers:
- Ethics:
- Human rights: and
- Diversity

A review of the Authority’s position in relation to the above themes identified that there are sufficient, relevant policies and activities in place (with some amendments to be made) that would enable the Authority to undertake a strategic realignment so that policies and activities are coordinated within a corporate social responsibility strategy. The Authority’s strategic approach to corporate social responsibility will be as follows.

## **4. Taking responsibility**

As a key element of the headline sustainability strategy, it is important to gain commitment to CSR from the Members, Director and staff of the Authority. It will be important to involve all staff to develop and agree principles for corporate governance, aims and objectives in order for the strategy to be fully effective. These will cover areas such as:

### **4.1 Principles of Corporate Governance**

Corporate Governance is defined within the CIPFA/SOLACE framework document as ‘the systems and processes, and cultures and values, by which local government bodies are directed and controlled through which they account to, engage with and, where appropriate, lead their communities.’ It further defines governance as ‘...how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner’.

In accordance with the CIPFA/SOLACE framework, the Authority recognises the six core principles of good governance as follows:

- (i) Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
- (ii) Members and officers working together to achieve a common purpose with clearly defined functions and roles.
- (iii) Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- (iv) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- (v) Developing the capacity and capability of Members and officers to be effective.
- (vi) Engaging with local people and other stakeholders to ensure robust local public accountability.

To achieve the principles of good corporate governance, the Authority recognises the principles contained within the CIPFA/SOLACE Framework, against which it will aim to deliver good governance.

#### **Core Principle (i)**

Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.

Supporting principles:

Exercising strategic leadership by developing and clearly communicating the Authority's purpose and vision and its intended outcome for citizens and service users.

Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning.

Ensuring that the Authority makes best use of resources and that tax payers and service users receive excellent value for money.

**Core Principle (ii)**

Members and officers working together to achieve a common purpose with clearly defined functions and roles.

Supporting principles:

Ensuring effective leadership throughout the Authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.

Ensuring that a constructive working relationship exists between Authority Members and officers and that the responsibilities of Members and officers are carried out to a high standard.

Ensuring relationships between the Authority, its partners and the public are clear so that each knows what to expect of the other.

**Core Principle (iii)**

Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

Supporting principles:

Ensuring Authority Members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.

Ensuring that organisational values are put into practice and are effective.

### **Core Principle (iv)**

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

Supporting principles:

Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny.

Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.

Ensuring that an effective risk management system is in place.

Using their legal powers to the full benefit of the citizens and communities in their area.

### **Core Principle (v)**

Developing the capacity and capability of Members and officers to be effective.

Supporting principles:

Making sure that Members and officers have the skills, knowledge, experience and resource they need to perform well in their roles.

Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.

Encouraging new talent for membership of the Authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal.

### **Core Principle (vi)**

Engaging with local people and other stakeholders to ensure robust local public accountability.



#### Supporting principles:

Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.

Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the Authority, in partnership or by commissioning.

Making best use of human resources by taking an active and planned approach to meet responsibility to staff.

### 4.2 CSR Aim

The CSR aim is to

- **Broaden the Authority's vision by actively seeking opportunities to improve our social, economic and environmental contributions to the well being of the communities in which we operate.**

### 4.3 CSR Objectives

The CSR objectives are to

- **Assess the Authority's present impacts on its stakeholders, the environment and the communities in which it operates;**
- **The Authority's staff to agree a set of CRS principles; and**
- **Establish appropriate methods of disseminating information to different stakeholder groups.**

### 4.4 Key Authority elements of CSR

An organisation's CSR priorities will vary, depending on the nature of their impacts and the expectations of particular stakeholders. With respect to the Authority, issues are likely to arise in four key areas:

**Workplace:** Responsible employment practices have a significant impact on the productivity of the workforce. For example, diversity, work-life

balance and skills development are primary areas where organisations can gain mutual benefits for both employees and the organisation;

**Marketplace:** Pressure is being exerted from consumer groups and regulators to disclose details about manufacturing processes, product content, source of raw materials and disposal. The product or service an organisation delivers can have significant positive or negative impacts on society. The intangible value of corporate reputation has made CSR an increasingly important aspect of an organisation's marketing, advertising and procurement;

**Community:** Creating a relationship from which the organisation makes tangible gains through a community investment/support programme can embed a culture of 'making a difference'. The relationship which most is gained is the one from which the community gains too.

**Environment:** Many environmental issues occur closer to home and can have a significant impact on the local community, local employment and in particular the local ecology through energy, processes, transportation emissions, resources, waste and disposal. Additionally, environmental efficiency can also deliver major cost savings.

## 5. Principles to practice

**Reporting:** Each of the Authority's working sections shall report on important aspects of the social impact of their business in accordance with guidelines to be established.

**Insight and knowledge:** Good CSR management requires knowledge and understanding of societies, communities and cultures. On occasions social knowledge may be required internally, from consultants, authorities and non-governmental organisations. Social knowledge will be made available to relevant staff and training in social understanding shall be provided when appropriate.

**Anticipating issues:** To ensure that we act in accordance with our CSR principles and manage opportunities and risks, we shall seek to anticipate critical issues. Key stakeholders shall be identified, and when appropriate, be consulted.

**Social impact assessment:** To ensure the best possible management of long-term social consequences of the Authority's activities or when new projects are considered, evaluation shall take place to the extent social impact assessments should be conducted.

**Other businesses:** The Authority's CSR principles shall be promoted through business relationships.

**Indicators and targets:** This part of the section is likely to address existing issues for which widely used indicators are readily available (environmental, social). It must also be remembered that on occasions, new or evolving indicators may be needed or developed. It is essential prior to reporting to identify key impacts before selecting indicators. Targets in effect, demonstrate credibility and accountability.

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