

Consultation questions

The IIRC welcomes comments on all aspects of the Draft International <IR> Framework (Draft Framework) from all stakeholders, whether to express agreement or to recommend changes.

The following questions are focused on areas where there has been significant discussion during the development process. Comments on any other aspect of the Draft Framework are also encouraged through the questions.

Please provide all comments in English.

All comments received will be considered a matter of public record and will be posted on the IIRC's website (www.theiirc.org).

Comments should be submitted by Monday 15th, July 2013.

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Stakeholder group:	<input type="text" value="Report preparers"/>

If replying on behalf of an Organization please complete the following:

Organization name:	<input type="text" value="London Leading for Health Partnership (formerly leadership arm of NHS London)"/>
Industry sector:	<input type="text" value="Not applicable"/>
Geographical region:	<input type="text" value="Global"/>

Key Points

If you wish to briefly express any key points, or to emphasize particular aspects of your submission, or add comments in the nature of a cover letter, then the following space can be used for this purpose. Please do not repeat large amounts of material appearing elsewhere in your comments.

The NHS is a public sector organisation with a very demanding governance structure that requires organisations to comply with multiple mandatory reporting requirements to a range of stakeholders. Our inclusion in the pilot programme has been very beneficial, giving us occasion to review our reporting and governance processes, study Integrated Reporting as well as develop our own thought leadership around this key topic. We have also been able to share our learning with colleagues across the wider NHS and appreciate the opportunity the IIRC has provided at this crucial time of intense and increasing scrutiny for the NHS.

Key lessons have been in relation to the principles of Value, the Business Model and fostering a culture of integrated thinking. We look forward to the opportunity to engage further in the debate, contributing our public sector experience, particularly around social value and impact measurement.

Chapter 1: Overview

Principles-based requirements

To be in accordance with the Framework, an integrated report should comply with the principles-based requirements identified throughout the Framework in bold italic type (paragraphs 1.11-1.12).

1. *Should any additional principles-based requirements be added or should any be eliminated or changed? If so, please explain why.*

We think the principles based requirements as they stand are a very good starting point.

Interaction with other reports and communications

The <IR> process is intended to be applied continuously to all relevant reports and communications, in addition to the preparation of an integrated report. The integrated report may include links to other reports and communications, e.g., financial statements and sustainability reports. The IIRC aims to complement material developed by established reporting standard setters and others, and does not intend to develop duplicate content (paragraphs 1.18-1.20).

2. *Do you agree with how paragraphs 1.18-1.20 characterize the interaction with other reports and communications?*

Regarding the interaction of IR with other reports and communications, we recognise there will always be commercial sensitivities that limit disclosure or lack of available data and the wording seems appropriate. However, we believe there is a potential risk that organisations use this as a 'get-out' clause to avoid disclosure. We wonder, therefore whether it would be useful to introduce benchmarking/league tables, specific to industry sectors so that report users can gauge the level of voluntary disclosure and identify what may have been omitted. This might encourage compliance

Also, on the issue of 'accessibility' we would like to see organisations encouraged to use a web based platform with any additional information available immediately 'below' the IR. This would mean stakeholders would not need to go to other sites via 'links' and information would be completely integrated. We wondered whether an XBRL type system could be used so that users could more easily drill down to detail, and could 'customise' their reports by building it with only the information they'd want to see. XBRL would also impact hugely on the reporting and data collection process itself.

We were concerned that in para 1.19, the wording suggests something of a compromise with the IR being produced alongside others. Presented this way it raised the prospect of silo working again with documents being produced in tandem rather than in an integrated way and vital links and capital movements not being reflected holistically. [If we have misinterpreted this, it may be because of a lack of clarity in the wording in which case this could be reviewed]

3. *If the IIRC were to create an online database of authoritative sources of indicators or measurement methods developed by established reporting standard setters and others, which references should be included?*

If the IIRC were to create an online database of authoritative sources of indicators or measurement methods developed by established reporting standard setters and others, for the NHS it would be useful to see the reporting of the NHS Sustainable Development Unit which annually publishes reports.

Other

4. *Please provide any other comments you have about Chapter 1.*

Chapter 2: Fundamental concepts

The capitals (Section 2B)

The Framework describes six categories of capital (paragraph 2.17). An organization is to use these categories as a benchmark when preparing an integrated report (paragraphs 2.19-2.21), and should disclose the reason if it considers any of the capitals as not material (paragraph 4.5).

5. *Do you agree with this approach to the capitals? Why/why not?*

We found the approach to capitals extremely helpful in looking at an organisation's 'resources'. We have been introducing it to colleagues and stakeholders who, whilst not using it directly for integrated reporting, have used it for more integrated thinking and in developing business plans and annual operational plans. We felt that particularly the movements of capitals and the dependencies between them should be emphasised much more and should form an integral part of any annual report.

6. *Please provide any other comments you have about Section 2B?*

One comment we would have regarding the Business Model is that we see it as a more cyclical process rather than as a linear one which is suggested in the document/diagrams. The cyclical business model would include outcomes, impact, benefits [where this information is available and/or measurable] and review/analysis which would then link back to inputs.

Business model (Section 2C)

A business model is defined as an organization's chosen system of inputs, business activities, outputs and outcomes that aims to create value over the short, medium and long term (paragraph 2.26).

7. *Do you agree with this definition? Why/why not?*

see above

Business model (Section 2C) continued

Outcomes are defined as the internal and external consequences (positive and negative) for the capitals as a result of an organization's business activities and outputs (paragraphs 2.35-2.36).

8. *Do you agree with this definition? Why/why not?*

9. *Please provide any other comments you have about Section 2C or the disclosure requirements and related guidance regarding business models contained in the Content Elements Chapter of the Framework (see Section 4E)?*

Other

10. *Please provide any other comments you have about Chapter 2 that are not already addressed by your responses above.*

Chapter 3: Guiding Principles

Materiality and conciseness (Section 3D)

Materiality is determined by reference to assessments made by the primary intended report users (paragraphs 3.23-3.24). The primary intended report users are providers of financial capital (paragraphs 1.6-1.8).

11. *Do you agree with this approach to materiality? If not, how would you change it?*

Materiality is determined by reference to assessments made by the primary intended report users. We believe this should be extended to other report users not just investors. This could include those who have influence over an investors decision-making (as per the Stewardship Code).

Also, in the NHS we would want other report users to have a more active influence in determining content and to be involved in the process of determining Materiality. This might not apply in the same way to the private sector. We have many stakeholders with considerable influence which may/not be directly financial but which has huge impact on the organisation, the economy, society and the environment.

12. Please provide any other comments you have about Section 3D or the Materiality determination process (Section 5B).

Reliability and completeness (Section 3E)

Reliability is enhanced by mechanisms such as robust internal reporting systems, appropriate stakeholder engagement, and independent, external assurance (paragraph 3.31).

13. How should the reliability of an integrated report be demonstrated?

Reliability could be demonstrated by triangulating the information being presented with supporting evidence where appropriate and available.

We also believe the role of the report as an Agent itself should be considered in this sectors – ie the authors and readers of the report are mutually influenced by the Report and process itself.

14. Please provide any other comments you have about Section 3E.

Other

15. Please provide any other comments you have about Chapter 3 that are not already addressed by your responses above.

Chapter 4: Content Elements

16. *Please provide any comments you have about Chapter 4 that are not already addressed by your responses above (please include comments on the Content Element Business Model [Section 4E] in your answer to questions 7-9 above rather than here).*

We agree with the headings but would seek assurance that the benefits realisation elements of a report is not lost, i.e. with the report becoming more forward looking there is the danger of it becoming a PR exercise. In our determination to move away from reports that focus too much on the past (and were seen as irrelevant) important performance related information can be lost. The negative, alongside the positive, needs to be given appropriate weight.

Chapter 5: Preparation and presentation

Involvement of those charged with governance (Section 5D)

Section 5D discusses the involvement of those charged with governance, and paragraph 4.5 requires organizations to disclose the governance body with oversight responsibility for <IR>.

17. *Should there be a requirement for those charged with governance to include a statement acknowledging their responsibility for the integrated report? Why/why not?*

We believe a very senior individual within an organisation should sign off the report. This would encourage engagement and suggests accountability, but clearly much will depend on the wording of the statement.

18. *Please provide any other comments you have about involvement of those charged with governance (Section 5D).*

Credibility (Section 5E)

The Framework provides reporting criteria against which organizations and assurance providers assess a report’s adherence (paragraph 5.21).

19. If assurance is to be obtained, should it cover the integrated report as a whole, or specific aspects of the report? Why?

This is an area where private/public sector differs most and requires a separate set of criteria.
If assurance is against separate elements we are concerned there is a danger over time this would recreate silos.

20. Please provide any other comments you have about Credibility (Section 5E). Assurance providers are particularly asked to comment on whether they consider the Framework provides suitable criteria for an assurance engagement.

Other

21. Please provide any other comments you have about Chapter 5 that are not already addressed by your responses above (please include comments on the materiality determination process [Section 5B] in your answer to question 11 above rather than here).

Overall view

22. *Recognizing that <IR> will evolve over time, please explain the extent to which you believe the content of the Framework overall is appropriate for use by organizations in preparing an integrated report and for providing report users with information about an organization's ability to create value in the short, medium and long term?*

The Mid-Staffordshire Public Inquiry into failings at the Mid-Staffordshire Hospital reported on 'the failure of communication between the many agencies to share their knowledge of concerns' which demonstrated that organisations were not only not joined up but that the NHS as a whole worked in silos. The integrated thinking and models that have been introduced via the pilot programme have the potential to add significant value to how NHS organisations compile and present their annual reports in a way that will hopefully bring about more integration and less silo thinking, which has been at the heart of recent concerns, within the NHS. Key learning from the pilot has been for us that to move the NHS (as a whole and as an assembly of individual organisations) towards integrated reporting it would be crucial to engage NHS policy makers and those responsible for overarching governance within the NHS such as the Department of Health, Monitor and the NHS Trust Development Agency.

IR would also be of immense value to the NHS and the UK as a whole. It is the world's 4th largest employer, with a carbon footprint of 20 million tonnes and huge social impact. The integrated thinking that would come out of this style of reporting could only support it as it struggles with the challenge of delivering a sustainable service at a time of increasing demand and enhanced scrutiny.

Development of <IR>

23. *If the IIRC were to develop explanatory material on <IR> in addition to the Framework, which three topics would you recommend be given priority? Why?*

Other

24. *Please provide any other comments not already addressed by your responses to Questions 1-23.*

Please save the completed PDF form to your computer and submit via the IIRC website at www.theiirc.org/consultationdraft2013