



House of Commons  
Environmental Audit  
Committee

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# Embedding sustainable development: the Government's response

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**Fourth Report of Session 2010–12**

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formal minutes and oral and written evidence*

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## Environmental Audit Committee

The Environmental Audit Committee is appointed by the House of Commons to consider to what extent the policies and programmes of government departments and non-departmental public bodies contribute to environmental protection and sustainable development; to audit their performance against such targets as may be set for them by Her Majesty's Ministers; and to report thereon to the House.

### Current membership

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Peter Aldous MP (*Conservative, Waveney*)  
Richard Benyon MP (*Conservative, Newbury*) [*ex-officio*]  
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### Powers

The constitution and powers are set out in House of Commons Standing Orders, principally in SO No 152A. These are available on the internet via [www.parliament.uk](http://www.parliament.uk).

### Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at [www.parliament.uk/eacom](http://www.parliament.uk/eacom). A list of Reports of the Committee in the present Parliament is at the back of this volume.

The Reports of the Committee, the formal minutes relating to that report, oral evidence taken and some or all written evidence are available in a printed volume.

Additional written evidence may be published on the internet only.

### Committee staff

The current staff of the Committee are Simon Fiander (Clerk), Edward White (Second Clerk), Lee Nicholson (Committee Specialist), Andrew Wallace (Senior Committee Assistant), Susan Ramsay (Committee Assistant), Emily Harrisson (Sandwich Student) and Nicholas Davies (Media Officer).

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# Embedding sustainable development: the Government's response

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## Sustainable development

1. Our First Report of this Parliament identified actions that the Government should take to make its policies and operations more sustainable, to achieve its aspirations to 'govern for the long term'<sup>1</sup> and be the 'greenest ever'<sup>2</sup>. That inquiry was set against the background of the Government's decision to withdraw funding by April 2011 from the Sustainable Development Commission, the Government's adviser and watchdog on sustainability. Our report,<sup>3</sup> published in January 2011, recommended creating a new minister for sustainable development, to 'sustainability proof' decision-making across Government, based in the Cabinet Office, who should hold departments to account when they fail to deliver on green targets. The report also identified new tools needed to appraise the sustainability of policies.

2. On 28 February, the Government published its 'vision' for embedding sustainable development—*Mainstreaming Sustainable Development: The Government's vision and what this means in practice*. On 18 March the Government sent us its Response to our First Report. We reported this to the House on 24 March and published it on our website. It is also appended to this report.

3. In our report in January we discussed the effects of the Government's plans for the scrutiny of sustainable development, including the potential impact on the role of our Committee. With the publication of its 'vision' and Response, the Government has provided further details on the intended architecture for sustainable development that were not available when we were undertaking our inquiry. On 31 March, we took evidence from the Secretary of State for the Environment, Food and Rural Affairs, Rt Hon Caroline Spelman MP, and from the Minister for Government Policy in the Cabinet Office, Rt Hon Oliver Letwin MP, on the implications of the Government's plans for the scrutiny of its sustainable development performance. This has drawn into sharper focus the issue of what this Committee's role will be within that changed landscape.

4. Reporting on the Government's sustainability performance over its first twelve months has generally not been favourable.<sup>4</sup> A number of organisations have questioned the slow progress on some programmes and identified barriers put in the way of some policies' implementation.<sup>5</sup> Most recently, media reports of inter-departmental battles over setting

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1 [www.number10.gov.uk/news/latest-news/2010/09/government-committed-to-the-long-term-deputy-pm-54956](http://www.number10.gov.uk/news/latest-news/2010/09/government-committed-to-the-long-term-deputy-pm-54956)

2 [www.number10.gov.uk/news/speeches-and-transcripts/2010/05/pms-speech-at-decc-50113](http://www.number10.gov.uk/news/speeches-and-transcripts/2010/05/pms-speech-at-decc-50113)

3 Environmental Audit Committee, First Report of Session 2010–12, Embedding sustainable development across Government, after the Secretary of State's announcement on the future of the Sustainable Development Commission, HC 504

4 Jonathan Porritt, *The Greenest Government Ever: One Year On*, May 2011; also eg <http://www.guardian.co.uk/environment/damian-carrington-blog/2011/may/12/green-government-spelman-fish?INTCMP=SRCH>

5 Open letter to the Prime Minister from various non-governmental organisations, 14 May 2011

the fourth carbon budget have also raised concerns.<sup>6</sup> The scrutiny of Government policy in these areas will be essential to help ensure progress continues to be made on this agenda. The purpose of this brief follow-up report is to elaborate further on our strategy for monitoring and scrutinising the Government's performance, and the implications for the resources we will draw upon, in the context of the further detail now available.

## The Government's vision for mainstreaming sustainable development

5. The Government's vision document and its Response to our report set out the following 'four pronged' approach to 'mainstream' sustainable development:<sup>7</sup>

- 'Ministerial leadership and oversight': The Environment Secretary will sit on key Cabinet committees, and a new Ministerial Steering Group will oversee delivery of new 'Greening Government Commitment' targets for departments' operations and procurement (replacing the Sustainable Operations on the Government Estate (SOGE) targets).
- 'Leading by example': New targets for departments' sustainable operations and sustainable procurement practices.
- 'Embedding sustainable development in policy': Defra reviewing departments' business plans for adherence to sustainable development principles, and the Minister for Government Policy subsequently reviewing such plans on a quarterly basis.
- 'Transparency and independent scrutiny': new Sustainable Development Indicators and frequent online publication of sustainability statistics in place of the previous annual reports on departments' performance.

6. We welcome the Government's intentions for mainstreaming sustainable development across Government. In particular, we welcome the enhanced role being given to the Cabinet Office. In our report we recommended the establishment of a minister for sustainable development, ideally located in the Cabinet Office, with the Cabinet Office leading on the sustainable development agenda.<sup>8</sup> The Government Response notes that Defra will retain a lead role in mainstreaming sustainable development, but also describes how Oliver Letwin and the Cabinet Office will play an important role in holding departments to account for their Greening Government Commitment performance and, with Defra, reviewing and challenging departments' business plans.<sup>9</sup> This greater role in the centre of Government is a potentially positive step in mainstreaming sustainable development. The challenge now will be for these ministers to provide the required strong leadership in this area.

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6 [www.bbc.co.uk/news/uk-politics-13343055](http://www.bbc.co.uk/news/uk-politics-13343055)

7 Defra, *Mainstreaming sustainable development: The Government's vision and what this means in practice*, February 2011; Appendix, p 12

8 HC 504 (2010–12), para 34

9 Appendix, p 17 (recommendation 5)

7. In our earlier report we called for a new Sustainable Development Strategy, which could link sustainable development into other policy themes including localism and climate change, and make clear the remits and responsibilities of all departments.<sup>10</sup> Instead, the brief vision document, 'builds on the principles that underpinned the UK's 2005 Sustainable Development Strategy'.<sup>11</sup> Without a new, single, strategy document, there remains a risk of departments having to rely on continuing direction and guidance from Defra and Cabinet Office ministers rather than being able to look to an enduring point of reference.

8. In the vision document, the Government frames its commitment to sustainable development in the context of the current fiscal position, with a vision of—

[...] stimulating economic growth and tackling the deficit, maximising wellbeing and protecting our environment, without negatively impacting on the ability of future generations to do the same.<sup>12</sup>

The focus on economic growth is echoed in the *Plan for Growth* review, published alongside the Budget on 23 March, which noted that in planning terms ministers 'will place significant weight on the need to support the economic recovery in related consent regimes'. Oliver Letwin highlighted to us that individual departments will have "differences of emphasis" and in the context of the *Plan for Growth* that meant striking a balance between employment and sustainability;<sup>13</sup> the key was to have a forum in which sustainability was considered as an integral part of debates on economic growth policies.<sup>14</sup> We recently reported on the position of sustainable development in the Localism Bill, where the debate has touched on such "differences of emphasis", and **we will continue to monitor the extent to which planning systems give sufficient priority to environmental and social aspects of sustainable development, as well as the economic dimension.**<sup>15</sup> While such trade-offs might sometimes be inevitable, we would hope that Government will seek out opportunities to maximise all aspects of sustainable development. This will be a crucial component in the Government's policies in pursuing a greener economy (paragraph 19).

## The scrutiny we will undertake

9. The success or otherwise of the Government's approach on sustainable development will only become evident as policies are formulated and as operations and procurements unfold. Whether the somewhat brief 'vision' and the dual Defra/Cabinet Office oversight will be sufficient to fully mainstream sustainable development—to deliver policies that take account of and balance impacts on society, the environment and the economy—will depend on how well those intentions are reflected in reality. It will depend, for example, on

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10 HC 504 (2010–12), para 78

11 Defra, *Mainstreaming sustainable development: The Government's vision and what this means in practice*, p 2

12 *Ibid.*

13 Q 15

14 Qq 20, 21

15 Environmental Audit Committee, Third Report of Session 2010–12, *Sustainable Development in the Localism Bill*, HC 779

the Secretary of State for the Environment's and the Minister for Government Policy's ability to influence other ministers in cabinet committees. Caroline Spelman told us that the two ministers had the opportunity on those committees to raise sustainability issues and identify where policies might otherwise compromise sustainability,<sup>16</sup> and that she was "there to ask the questions about sustainable development, and I assure you I don't hold back".<sup>17</sup> The success of the Government's approach will also depend on the rigour and depth of the challenge directed to departments in the quarterly reviews of their business plans.<sup>18</sup> As Oliver Letwin told us, "I don't think that any amount of sheer bureaucratic mechanics will solve the problems we are mutually trying to address; what we are trying to do is something that requires coherent strategy and political will".<sup>19</sup> Success will also depend on how effectively the ministerial steering group is able to help ensure that departments meet their 'Greening Government Commitment' targets. However, genuinely embedding sustainable development in Government cannot rely solely on individual ministers' current commitment; it will require more robust, and permanent, processes and tools within departments for policy design and operational management (paragraph 14).

10. For our part, we envisage undertaking key tasks that we hope will help hold Government to account for its delivery of this mainstreamed approach. The Environmental Audit Committee will continue to scrutinise the sustainability performance of Government on behalf of the House. In our earlier Report we drew a distinction between scrutiny that aids accountability to Parliament and scrutiny that assists Government in improving its performance.<sup>20</sup> Our work must focus on aiding Government accountability to the House. We are in no position to take on the full range of the scrutiny role that the SDC provided. The Government Response noted that the SDC's 'stakeholder-engagement and capability-building' functions have been transferred into Defra.<sup>21</sup> It is not our role to replicate those functions.

11. Under the Government's plans for mainstreaming sustainable development, the Department for Environment, Food and Rural Affairs and the Cabinet Office will review and sustainability-proof departmental business plans. The Government's aim is to 'make sustainable policy-making business as usual'; regularly reviewing departmental business plans 'to ensure that environmental, social and economic impacts are taken into account as far as possible'.<sup>22</sup> Defra's role will be "championing the cause with the expertise we have within the Department to analyse the work of other departments as expressed through their business plans, and proactively to promote sustainable development".<sup>23</sup> Defra will provide analysis on the Plans for Oliver Letwin and the Chief Secretary of the Treasury, who will hold departments to account through quarterly bilateral, "tough minded", review

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16 Q 16

17 Q 14

18 Q 8

19 Q 7

20 HC 504 (2010–12), para 64

21 Appendix, pp 11, 14, section 1 and section 4 (recommendation 3)

22 Defra, *Mainstreaming sustainable development: The Government's vision and what this means in practice*, p 7; Appendix, p 12, section 3; Ev 15

23 Q 14

meetings with the relevant departmental ministers on their business plans.<sup>24</sup> We asked the ministers about the transparency of the results of the business plan reviews. Oliver Letwin told us that this had not been “adequately discussed”, and undertook to consider further how the results might be made transparent.<sup>25</sup> **It is essential that the Government publishes details of the issues raised and the trade-offs made immediately after each review.**

12. **We intend to examine, across Government, both the business plan review process and individual business plans themselves, to assess the rigour by which policy options are appraised as well as the sustainability of the policies presented in the plans. That will involve examining the assistance Defra provides departments in drawing up policies in the plans,<sup>26</sup> as well as the role of the Treasury in the process (through the Chief Secretary’s involvement in the plan reviews). Where business plans involve new legislation likely to have significant impacts on sustainability, we will seek to examine those potential impacts in the legislative proposals.** The Localism Bill, on which we reported recently, is an early test-case.<sup>27</sup> We look forward to new procedural mechanisms that will allow select committees to scrutinise legislation and table amendments to Bills.<sup>28</sup> We expect to use these procedures when legislative proposals conflict with the principles of sustainability and to report as appropriate to the House when we consider amending Bills is required.

13. **We will also seek to monitor changes in existing legislation and regulations and examine these where they might dilute sustainability or significantly trade-off environmental or social development in pursuit of economic growth. In that context, we expect the Government to keep our Committee fully informed of plans for cutting regulations with possible sustainable development consequences, including those emerging from the Cabinet Office’s ‘Red Tape Challenge’.**<sup>29</sup> Such deregulation proposals should follow Government processes for producing impact assessments; a discipline we discuss below.

14. In our earlier report, we examined the tools for appraising the sustainability of policies and we called for reforms of the Green Book (the Treasury’s guidance on the appraisal of policies and programmes for Government departments) and impact assessments to be completed to ensure that social and environmental impacts of policies, in addition to economic impacts, are properly accounted for in Government decision-making.<sup>30</sup> The Government Response notes that Green Book supplementary guidance on the environment, subsuming the results of Defra work on valuing ecosystem services, will be published this ‘spring’.<sup>31</sup> On impact assessments, the ‘vision’ notes that further work will be

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24 Qq 5, 7, 23; Appendix, p 14, section 3.

25 Q 24; Ev 15

26 Q 22

27 HC 779 *op cit*

28 Procedure Committee, Second Report of Session 2010–12, *Improving the effectiveness of parliamentary scrutiny*, HC 800

29 [www.redtapechallenge.cabinetoffice.gov.uk](http://www.redtapechallenge.cabinetoffice.gov.uk)

30 HC 504 (2010–12), para 48

31 Appendix, p 18, (recommendation 8); Q 27

undertaken by Defra and DWP to value social, economic and environmental impacts.<sup>32</sup> **We will continue to monitor the development of Green Book and impact assessment tools and guidance for policy appraisal, to ensure that they fully reflect the requirements of sustainable development, including the results of the work of the Social Impacts Task Force on wellbeing and of the Government Economics Service on the economics of sustainability which are intended to supplement the existing Green Book methodology.**<sup>33</sup> **In doing so, over the course of this Parliament we will examine their practical application on individual key policies in individual departments (complementing our examination of departments' Greening Government Commitment performance (paragraph 15)).**

15. The Government will no longer report annually on the sustainability of departments' operations and procurement performance (the last year's published data was for 2009–10), but will instead publish statistics online, along with mandatory sustainability reporting in departments' accounts from 2011–12.<sup>34</sup> It has also set out new 'simplified and streamlined' Greening Government Commitment targets,<sup>35</sup> including a target for departments' emissions reductions beyond the current 10% target. A new Ministerial Steering Committee, to be chaired by the Minister for Government Policy,<sup>36</sup> will oversee the delivery of these new Commitments.

16. Our predecessor Committees regularly examined progress against sustainable operations and procurement targets, and **we will continue that practice, with the assistance of the National Audit Office, by examining the online material together with the new information included in departments' accounts.** Previously, the Sustainable Development Commission played an important role in producing and analysing the Government's annual performance reports. **Under the new Greening Government Commitment system, we will examine the arrangements for validating and auditing the reliability of the data, as well as the usefulness of the data made available, the level of ambition in the new targets and the adequacy of performance in individual departments (complementing our scrutiny of sustainable policy-making in individual departments (paragraph 14)) including their performance against departmental carbon budgets. We expect the Government to provide details in the near future on when the new online statistical reporting will begin for the Greening Government Commitment targets. We will also examine the role of the new Ministerial Steering Committee, which will oversee the delivery of these new Commitments.**<sup>37</sup>

17. The Government is revising the Sustainable Development Indicators, the better to measure progress against sustainability commitments.<sup>38</sup> The revised indicators will seek

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32 Defra, *Mainstreaming sustainable development: The Government's vision and what this means in practice*, p 4

33 Defra, Business Plan, May 2011

34 Appendix, p 14, section 3. The Treasury submitted proposals for 'sustainability reporting' to the Financial Reporting Advisory Board, which agreed those proposals in May 2010. These require government departments' accounts to include data on emissions, waste, finite resources usage (water etc), biodiversity action planning and sustainable procurement. Departments will produce unaudited such reports for 2010–11, and audited reports for 2011–12 onwards ([http://www.hm-treasury.gov.uk/frem\\_sustainability.htm](http://www.hm-treasury.gov.uk/frem_sustainability.htm)).

35 Appendix, p 13, section 4 (recommendations 1 & 10)

36 Qq 16, 17

37 Appendix, p 13, section 4 (recommendations 1 & 10)

38 Appendix, p 20 (recommendation 11)

better to reflect wellbeing, and to 'enhance their relevance to sustainable development priorities and to steering policies'.<sup>39</sup> **We will monitor progress in developing the indicators, both in the context of policy development and their potential for measuring departments' sustainability performance.**

18. Through these various measures, discussed above, we intend to play a full role in scrutinising Government performance on sustainable development. Recognising the need at the time for a greater political focus on tackling climate change, our predecessor Committee explicitly undertook to put climate change at the heart of its work over the 2005–10 Parliament.<sup>40</sup> **In this Parliament our priority is to ensure that in a post-SDC world the Government makes progress on sustainable development. We will play our part in bringing greater transparency to the Government's sustainability performance, scrutinising but also complementing the Government's initiatives to increase the amount of information and data available to the public.**

19. Our priority on sustainable development comes at a crucial time, not just because of the Government's realignment of the sustainable development architecture in the UK but also because of the greater salience of this area internationally. Since the original Earth Summit in Rio de Janeiro in 1992, international work and developments (such as President Sarkozy's Commission on the Measurement of Economic Performance and Social Progress, the Millennium Ecosystems Assessment and The Economics of Ecosystems and Biodiversity) have contributed to advancing our thinking on sustainable development. The third United Nations Conference on Sustainable Development will take place in Rio in June 2012—the 'Rio+20' summit. The themes of Rio+20 will be the 'green economy in the context of poverty eradication and sustainable development' and 'institutional frameworks for sustainable development'. It will be vital that the Government uses the summit both to demonstrate the UK's continuing commitment to sustainable development and to learn from other countries how the UK's regime might be further strengthened. **We intend, therefore, to undertake two inquiries in the months ahead—on the Green Economy (the Government has indicated that its Green Economy Roadmap will be published in the near future),<sup>41</sup> and on the UK's preparations for the Rio+20 summit.**

20. **We will also monitor the development of issues affecting sustainable development in Europe. Our aim will be to scrutinise the UK's role in international negotiations and agreements, but also to examine how European legislation and regulations might significantly affect the progress of sustainable development in the UK.**

## The Committee's resources

21. In developing our focus on scrutinising sustainable development in this Parliament, discussed above, we have also considered the sources of support and advice available to us. The National Audit Office have provided invaluable assistance since the first Committee was established in 1997, and we welcome their continued commitment to provide support

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39 Appendix, p 20 (recommendation 11)

40 Environmental Audit Committee press notice, 20 July 2005

41 Defra, Business Plan, May 2011

for specific inquiries on a case by case basis.<sup>42</sup> We intend to explore links with the Network of European Environment and Sustainable Development Advisory Councils (a forum for European sustainable development agencies), of which the SDC was previously a member, and organisations and think-tanks in the UK being established to take forward thinking on sustainable development in the aftermath of the abolition of the SDC. We will foster greater links with academic institutions to make use of their expertise and research capacity, and will monitor social media forums to be able to take account of their discussions on sustainability. To help us do that, we have appointed as specialist advisers Farooq Ullah, formerly with the SDC, and Prof Tim O’Riordan a former SDC Commissioner.

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42 HC 504 (2010–12), Ev w79

# Appendix—Government's Response

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## **The Government's response to: The Environmental Audit Committee's report 'Embedding sustainable development across Government, after the Secretary of State's announcement on the future of the Sustainable Development Commission'**

### **1. Introduction**

The Government welcomes the Environmental Audit Committee (EAC) report on a subject that is crucial to our Programme for Government. We want to deliver growth and jobs, while at the same time “greening” our economy, protecting and enhancing our natural resources and ensuring greater wellbeing for all. This requires a horizon shift, looking to the long-term, whilst also addressing the short-term challenges we face. It has been particularly helpful to have the EAC's input at this stage, to help us finalise our plans to mainstream sustainable development (SD).

In line with the coalition Government's commitment to increasing the transparency and accountability of Defra's public bodies and to reducing their numbers and costs, the Secretary of State for Environment, Caroline Spelman announced on 22 July 2010 the intention to withdraw funding for the Sustainable Development Commission (SDC) at the end of the current financial year. As part of this announcement, the Environment Secretary jointly with Chris Huhne, Secretary of State for Energy and Climate Change, declared a commitment to play the lead role in mainstreaming the sustainability agenda across Government. With support from across Whitehall, Defra as lead on SD, has developed a new set of measures. This builds on existing tools and the good work done to date, by the SDC and others, but takes a new approach to achieve SD by embedding the principles throughout Government and making SD “business as usual”.

Committed and respected SDC Commissioners and staff, past and present, have made a significant contribution to the public and private sector's understanding and delivery of SD. Whilst we are taking a different approach in order to mainstream SD it is essential to capture and build on the SDC's specific experience in stakeholder engagement and capability building. This is why these functions will be transferred into Defra. We extend our gratitude and thanks to the SDC for its commitment to putting sustainability at the heart of Government policy since its creation in 2000 and for working with this Government over the last year to explore and identify new ways to move to a long-term, green and sustainable economy.

## 2. Our Vision for Sustainable Development

The coalition Government is committed to sustainable development. This means making the necessary decisions now to realise our vision of stimulating economic growth and tackling the deficit, maximising wellbeing and protecting our environment, without negatively impacting on the ability of future generations to do the same. These are difficult times and tough decisions need to be made. This Government believes in going beyond the short term with eyes fixed firmly on a long term horizon shift in relation to our economy, our society and the environment.

This refreshed vision and our commitments build on the principles that underpinned the UK's 2005 sustainable development strategy, by recognising the needs of the economy, society and the natural environment, alongside the use of good governance and sound science.

Sustainable development recognises that the three 'pillars' of the economy, society and the environment are interconnected. The Government has initiated a series of growth reviews to put the UK on a path to strong, sustainable and balanced growth. Our long term economic growth relies on protecting and enhancing the environmental resources that underpin it, and paying due regard to social needs. As part of our commitment to enhance wellbeing, we will start measuring our progress as a country, not just by how our economy is growing, but by how our lives are improving; not just by our standard of living, but by our quality of life.

## 3. Sustainable Development in Government

Good progress has been made in the last 16 years since the first UK SD strategy was published. However, the time has come to move SD beyond being considered as a separate, 'green' issue which is a priority for only a few Government departments. We agree with the SDC as quoted in the EAC report that *'Government has had mixed success in embedding sustainable development into policy and decision making processes. This is partly due to weak governance arrangements'*. That is why this Government is going to mainstream SD so that it is central to the way we make policy, run our buildings and purchase goods and services.

Support for mainstreaming SD is at the highest level in Government. The Deputy Prime Minister, Caroline Spelman and Chris Huhne announced on the 28 February 2011, a new approach for mainstreaming SD which in broad terms consists of providing Ministerial leadership and oversight, leading by example, embedding SD into policy and through transparent and independent scrutiny. New measures to support this include:

### ***Ministerial Leadership and Oversight:***

- A refreshed vision and commitment to mainstreaming SD, as above.
- The Environment Secretary will sit on key domestic policy Cabinet committees, including the Economic Affairs Committee, to enforce the Government's commitment to sustainability across policy making.

- A Ministerial Steering Group will oversee delivery of new Commitments for Greening Government's Operations and Procurement.

### ***Leading By Example***

There will be a step change in leadership, efficiency, transparency and accountability that will underpin the reform of Government's operations and procurement. In the first year of this Government we have committed to reduce carbon emissions from central Government by 10%, and to being more transparent on our performance; 19 departmental headquarters' buildings and No.10 now have real time reporting of energy efficiency data making data available for all to see on their websites. The new Greening Government commitments that will replace the targets on Sustainable Operations on the Government's Estate (SOGE) will take the scope and ambition of Government's challenge further, including being transparent on the carbon impact of our supply chain, and making procurement of goods and services more sustainable whilst continuing to deliver value for money.

Our vision means that we must take action to significantly reduce the impact we have on our environment: reducing our emissions of greenhouse gases, reducing our waste, reducing our water usage and making our procurement more sustainable. To reduce our environmental impact by 2015, the Government will:

- Reduce greenhouse gas emissions from a 2009/10 baseline from the whole estate and business-related transport;<sup>1</sup>
- Reduce the amount of waste we generate by 25% from a 2009/10 baseline;<sup>2</sup>
- Reduce water consumption from a 2009/10 baseline, and report on office water use against best practice benchmarks;<sup>3</sup>
- Ensure government buys more sustainable and efficient products and engages with its suppliers to understand and reduce the impacts of its supply chain.

Government's impact and ability to show leadership stretches beyond the headline commitments, for example through the way we promote and conserve biodiversity on our estate, and the standards we set for construction projects. Departments will be open and transparent on the steps they are taking to address these issues.

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1 Level of reduction to be confirmed in due course and will build on the existing 10% target which runs until May 2011.

2 This commitment will be subject to review to ensure that it is sufficiently challenging in light of the structural changes (i.e. reduced staff numbers and building closures) that will follow from the Spending Review. This will include further analysis of the costs and the benefits. The Government will also announce its ambitions for diverting waste from landfill following the outcomes of the Waste Policy Review to ensure that the ambition for Government's action on waste is consistent with that set for the household and business sectors.

3 For non-office water use departments will set their own water reduction targets focussing firstly on areas which are subject to water stress.

### ***Embedding Sustainable Development in Government Policy***

Departments published their business plans in November 2010 setting out their priorities and the actions that will help them deliver these. The plans demonstrate the importance given to long term SD by Government as a whole and set out a range of actions and commitments which will help deliver it. However, we want to go further and make sustainable policy-making business as usual, ensuring it is consistent across Government, reflecting economic, environmental and social impacts. As part of the new framework for embedding SD into policy making, Defra will work with the Cabinet Office and will take the lead responsibility for reviewing departmental business plans in relation to SD principles. The Minister for Government Policy will then hold departments to account through the quarterly business plan review process. Future business plans will be shaped by our new commitment to ensure that economic, environmental and social impacts are taken into account as far as possible.

### ***Transparency and Public Accountability***

We will measure and report<sup>4</sup> our progress through a new set of indicators on SD, building on past experience on SD and wellbeing measures and linking with developing national and international initiatives, including plans announced in November 2010 to measure the nation's wellbeing. We will introduce more frequent and up-to-date reporting of information and statistics online rather than producing annual reports on sustainability, and through Accounting for Sustainability, HMT will introduce connected sustainability reporting in 2011/12—bringing together reporting on expenditure and carbon reduction, waste management and use of finite resources. We welcome the EAC's renewed commitment to hold Government to account through scrutiny and appraisal of Government's performance, policies and our new overall approach.

### ***National and International Sustainable Development***

We will continue to work closely with our neighbours in Scotland, Wales and Northern Ireland, sharing approaches and best practice in SD, and we will look to our European partners, the Commission and Member States to exchange experiences and agree joint approaches on issues which go beyond the UK's borders.

Internationally, the recent negotiations in Cancun and Nagoya are prime examples of how the UK has led the way on this agenda working with key developing countries and through international organisations. We will continue to join up our objectives on mitigating climate change, with protecting biodiversity and reducing global poverty. This approach will play a role in the run up to the next Earth Summit in Rio in 2012—where the UN will focus on two international themes: on the role of the green economy and poverty eradication in the context of SD, and institutional frameworks for SD.

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4 Defra Statisticians will take the lead on this and will report annually on a high level set of indicators to provide an overview, linking with other initiatives, such as work on measures of wellbeing. The high level set will be supplemented by periodic (policy-specific) indicator reports, which will be developed by Defra Statisticians in consultation with statisticians in the relevant policy Departments.

#### 4. Response to Recommendations

The Government has taken careful consideration of the EAC's recommendations and conclusions. We agree with the essence of the report and recognise that the Government and EAC are clearly working towards the same objective. But have in some areas decided to take a different approach as we feel this will enhance our ability to fully mainstream SD in the way Government operates, procures and develops policy.

##### ***Government Leading by Example***

***Recommendation 1.*** *The Government produced a sustainable development 'Action Plan' in November 2010, which set out how it would make its operations and procurement more sustainable. The Government must now set out a clear architecture for sustainable development, which describes how these goals will be implemented and monitored, and how responsibility for the necessary actions will be distributed between departments. (Paragraph 14)*

***Recommendation 10.*** *The Government is reorganising the administration of the SOGE framework, and from 2011–12 a new system will replace the SOGE targets. This provides an opportunity, which the Government should grasp, to deliver the improvements in the coverage of the SOGE framework called for by the SDC, and to make the streamlining improvements sought by individual departments. (Paragraph 57)*

We agree with the Committee's recommendations 1 and 10 and have announced ambitious new Greening Government commitments to replace the SOGE targets. The targets have been simplified and streamlined with a focus on greenhouse gases, waste, water and sustainable procurement. The new commitments allow departments greater flexibility in delivery, a step that recognises the hugely varied Government estate and operations covered by these requirements.

At the same time as streamlining the requirements, we are expanding and clarifying the scope of coverage of our commitments. The new commitments will apply to all UK Government departments, their Executive Agencies and non-Ministerial departments in the UK. They do not apply to the estates and operations of the Devolved Administrations, their Executive Agencies and related bodies. To ensure that the reporting requirements are proportionate, these requirements will only apply to organisations with 250 full-time-equivalent (FTE) staff and floor space greater than 1000m<sup>2</sup>.

A phased implementation will be adopted to take account of the changes to the Non-Departmental Public Bodies (NDPB) estate driven by the review of Arms Length Bodies.

The Government is committed to being open and transparent with our performance against our sustainability commitments, so that the public and Parliament can hold us to account. All departments will need to submit plans for delivering the operational and procurement targets within the Greening Government Commitments to the Cabinet Office, which will performance manage pan-government delivery and publish regular progress updates. We will also establish a Ministerial steering group to oversee delivery of these new commitments for Greening Government's Operations and Procurement.

### **Working with others**

**Recommendation 2.** *We are unhappy with the way that the Government has consulted with the devolved administrations on the impacts to this shared body [the SDC]. We recognise that sustainable development is a devolved matter and that as a consequence the UK Government is entitled to develop and deliver policy independently. However, decisions which impinge on a shared strategy should not be undertaken lightly or unilaterally. (Paragraph 16)*

We have noted the EAC's view and were grateful for the opportunity to discuss this concern with you as part of the evidence for your report. As your report acknowledges, whilst the principles of sustainable development are shared across the UK, each Government is responsible for deciding its own approach to delivery, taking account of its own circumstances. We liaised with colleagues in the Devolved Administrations prior to making an announcement on the future of the SDC in July 2010. Whilst the UK Government has decided to take a new approach, we will continue to work closely with our neighbours in Scotland, Wales and Northern Ireland, sharing approaches and best practice in sustainable development. We will also look to our European partner countries to exchange experience and agree joint approaches on issues which go beyond the UK's borders.

**Recommendation 3.** *The Government has not committed to continuing the SDC's capacity building work, by for example embedding Defra staff in departments or undertaking further department-wide 'sustainability assessments'. The SDC has promoted sustainable development effectively through this work and has developed experience in this area which is at risk of being lost. There is still much to be done in developing capability across all departments. The Government must ensure that the SDC's experience is transferred into Government and that it continues to work with departments to develop the capability needed by all departments to improve their sustainability performance. (Paragraph 24)*

We agree with recommendation 3 of the report, that developing capability is a key issue. At the time of the inquiry we were working with the SDC to agree the transfer of functions into Defra; and it has been confirmed that this will include stakeholder engagement and some of its capability building work. We agree with the EAC that it is important that the SDC's experience in these areas is not lost and have now offered transfers to Defra, under the Cabinet Office Statement of Practice (COSOP) to four SDC staff. We look forward to working with these experienced colleagues to build on and improve the ways in which we work across Government.

We do not consider that embedding Defra staff into other departments is the most effective way of mainstreaming SD, and will instead be focussing our capability-building efforts on ensuring that existing tools, such as impact assessments, are applied consistently and effectively, and ensuring that SD is reflected in core policy training.

### **Embedding SD across Government**

**Recommendation 4.** *While Defra has the expertise to help departments become more sustainable, it is not the best place from which to drive improved sustainable development performance across Government. After many years with the policy lead in this area, a different approach now needs to be taken, to provide greater political leadership for the*

*sustainable development agenda. A new minister for sustainable development, ideally in the Cabinet Office, would provide a more effective base for driving action in departments. (Paragraph 34)*

We agree in principle that a new approach to embedding SD throughout Government is needed. The coalition Government is committed to mainstreaming SD to ensure that we have a sustainable approach in all policy decision making and behaviours. SD is the responsibility of all of Government; we do not agree that a new Minister for SD is the appropriate method for this. Defra will continue to lead the effort to mainstream SD with support at the highest level in Government, including Oliver Letwin, the Economic Affairs Committee and the Home Affairs Committee.

On 28 February we announced the Government's vision and commitment to SD and a new approach to mainstream SD across Government, through enhanced Ministerial oversight and greater transparency in the progress we are making against key indicators (through regular publication, online, of data). This framework gives us the means to deliver our commitment to improve the sustainability of our decision-making and operations and procurement across Government. These new measures, as outlined in section 3, complement a wider suite of current activity including the use of impact assessments and revision to Green Book guidance.

### ***The Role of the Cabinet Office***

***Recommendation 5.*** *An enhanced Cabinet Office role on sustainable development would need access to specialists and expertise to advise it and other departments on how sustainability could be better embedded in their decision making. Existing sustainable development experience in Defra should be transferred into the Cabinet Office, allowing it to assess the sustainability of departments' policy proposals, Business Plans and operational and procurement practices. (Paragraph 35)*

We agree to some of recommendation 5. There should be increased scrutiny of business plans to assess the sustainability of departments' policy proposals. Defra, enhanced by the transfer of capability from the SDC, will take the lead responsibility for reviewing departmental business plans in relation to SD principles and will provide expertise to No.10 and Cabinet Office to support their regular business plan appraisals. The Minister for Government Policy will then hold departments to account through the quarterly business plan review process. Future business plans will be shaped by our new commitment to SD proof business plans to ensure economic, environmental, social and impacts are taken into account as far as possible.

Cabinet Office will also fulfil the crucial role of performance managing pan-government delivery of the Green Government Commitments. All departments will need to submit plans for delivering the operational and procurement targets to the Cabinet Office, which will collate and challenge data, provide central support and publish regular progress updates.

### ***The Role of the Treasury***

***Recommendation 6.*** *A Cabinet Office lead would also need a Treasury ready to play a more committed supporting role, to use the sustainable development levers at its disposal. Treasury*

*buy-in to the sustainable development agenda is essential. It is in a position to exert real influence over other departments, including the possible use of sanctions against poor sustainability performers. (Paragraph 36)*

We do not agree that the Cabinet office is best placed to deliver SD, however as part of recommendation 6, we accept that SD is the responsibility of all Government and support from HM Treasury essential.

The Treasury will support green growth and build a fairer more balanced economy. Specifically its business plan sets out commitments to increase the proportion of revenue accounted for by environmental taxes. For example a consultation is underway on plans to introduce a carbon price floor by 2013. And through Accounting for Sustainability, the Treasury will introduce connected sustainability reporting in 2011/12—bringing together reporting on expenditure and carbon reduction, waste management and use of finite resources.

In addition, Government has made a number of announcements and policy decisions which will support delivery of the transition to a green economy—including the Green Deal, greater support for export of clean technologies and Defra's review of waste policies. In the Spending Review the Government committed £1bn for the Green Investment Bank with a commitment for additional significant proceeds from asset sales to help unlock the finance necessary to help move to a green economy.

***Recommendation 8.*** *The Government must complete its work without delay to integrate the findings of the Government Economics Service review of the economics of sustainable development into impact assessments and the Treasury's Green Book. The Government should provide a commitment that the Treasury's ongoing review of the Green Book will fully reflect these ideas, and that once revised the Treasury will monitor compliance by departments. (Paragraph 48)*

We agree with recommendation 8. Defra is in the process of developing Green Book supplementary guidance on accounting for the environment in policy appraisal, working with HM Treasury towards publication in spring 2011. This will bring together recent work published over the last few years by Defra on valuing ecosystem services and the development of practical guidance and tools for environmental valuation in policy appraisal. Impact assessment guidance relating to valuing environment impacts was published in February 2010 and can be found at: <http://www.defra.gov.uk/corporate/policy/guidance/index.htm>.

One of the recommendations of the Government Economic Service (GES) Review related to the development of a natural capital asset check. Defra is commissioning some scoping work to develop our thinking with a view to taking forward more detailed work during 2011, building on the results of the National Ecosystem Assessment. Further actions in relation to natural capital and appraisal will be detailed in the Natural Environment White Paper to be published in spring 2011.

### **Ministerial Leadership**

***Recommendation 7.*** *Top level political leadership must be brought to bear, and the Government should consider how it could add such new impetus to the sustainable*

*development agenda. A new Cabinet Office minister for sustainable development and the Prime Minister could be in the driving seat, and to encapsulate that high level commitment a Cabinet Committee with terms of reference addressing sustainable development should be established to oversee departmental performance and encourage more sustainable decision making across Whitehall. This would include Ministers from all departments, the new minister for sustainable development and perhaps the Prime Minister. (Paragraph 42)*

We agree with parts of recommendation 7, notably that top level leadership is important and commitment for our new approach to embedding SD must be at the highest level in Government. However we do not agree that a new Minister and Cabinet committee for SD are the correct vehicles for this. Rather, we have taken a different approach to ensure high level scrutiny and oversight of all departments policies and behaviours, through our refreshed vision and commitment to mainstreaming sustainability; the Environment Secretary's role on key domestic policy Cabinet committees, including the Economic Affairs Committee, to enforce the Government's commitment to sustainability across policy making; and through a Ministerial Steering Group that will oversee delivery of new Commitments for Greening Government's Operations and Procurement.

### ***Sustainable Social Development***

***Recommendation 9.*** *The social aspects of sustainable development need to be taken into account. The Social Task Force needs to deliver tools for embedding this in policy appraisal, and the Treasury must support this work and give a commitment to apply it. (Paragraph 49)*

We agree with recommendation 9. The need to account for the social aspects of policies when assessing SD has been recognised and this has led to wider cross Government work to ensure we identify and measure social impacts as systematically and consistently as possible. The UK's Social Impacts Taskforce,<sup>5</sup> co-chaired by Defra and DWP, has developed a conceptual framework to guide our work on understanding the relationships between the social impacts of policies, their effects on the UK's underlying produced, human, social and natural capital, and implications for wellbeing. This is an analytical framework designed to improve our understanding of the relationships between different measures of policy impacts; and to help us interpret the policy implications of the aggregate measures of wellbeing being developed by the UK's National Statistician. It will help us to develop the best advice for Ministers at the point at which policy choices are made.

Setting out the framework will also help to resolve some of the debates about terminology which beset this field, so that we can focus on the substantive issue of understanding how best to use analysis of social impacts in developing advice for policymakers. The framework is intended to be consistent with, and to complement, our existing framework<sup>6</sup> for developing advice to Ministers on the broad social costs and benefits of alternative policy and investment options. We have adopted a 'capitals approach' to assess sustainability in terms of whether the stock of wealth-creating and quality of life assets we pass on to future

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5 The Social Impacts Taskforce is tasked with developing better assessments of the social impacts of policy in appraisal and evaluation. It is chaired by Amanda Rowlett (Department for Work and Pensions) and Richard Price (Department for Environment, Food and Rural Affairs).

6 HM Treasury: The Green Book: Appraisal and Evaluation in Central Government, Treasury Guidance. (London, 2003).

generations is better or worse than what is available to us today, which is an important analytical component of mainstreaming SD.

### ***Sustainable Development Indicators***

***Recommendation 11.*** *Government must introduce a full set of indicators to measure sustainable development, including well-being, which can be used to develop policy. The Committee welcomes the Prime Minister's initiative to explore how a measure for this might be generated. But this must be done in a way that fully takes account of sustainable development principles ('happiness' may not always reflect sustainable development), while providing a practically useful tool for policy evaluation and decision making. (Paragraph 62)*

We agree with recommendation 11. We are working in line with the EAC's recommendation to introduce a full set of indicators to measure SD, including wellbeing. The existing SD indicators, which are highly regarded internationally, have been successful in helping people to understand the concept of SD and to summarise progress in a wide and diverse range of economic, environmental and social priorities. The indicators include a number of measures of wellbeing, introduced in 2007 to meet commitments made in the 2005 strategy.

Having led such pioneering work the UK was one of the first countries to produce an official set of wellbeing measures (as part of the SD indicators), we are keen to ensure that Defra continues to influence work in this field nationally and internationally, with the aim of there being measures that strongly highlight the link between SD and wellbeing and that help steer policy. In consultation with the SDC we have already undertaken a review of the existing 68 indicators in light of the 'Stiglitz Commission' and drawn up a provisional short-list of indicators which have the potential to serve as a 'headline' and supporting set of indicators. We shall be working with other departments to develop these further, particularly in terms of enhancing their relevance to SD priorities and to steering policies. Defra will then report on the indicators to give an overview and assessment of progress.

However, it is unlikely that these alone will be sufficient to identify how policies should be changed and whether policies are truly being successful. We believe that beneath the 'headline' and supporting set of indicators, we will need to work with departments to identify other more detailed supporting statistical measures that would help to breakdown, evaluate and steer policy development. Defra would then collate these measures and periodically publish reviews on particular themes.

Defra officials will also be working closely with the Office for National Statistics on the Prime Minister's initiative to develop a measure of wellbeing—in particular ensuring that this builds on Defra's earlier work in this field and can feed into wider work on SD indicators.

### ***Working with Others***

***Recommendation 12.*** *Government must make greater effort to engage with NGO and academic expertise in sustainable development, and assist such groups in scrutinising its work in this field. It must also be prepared to involve these bodies at earlier stages of policy development work, to assist it in developing more innovative ways of addressing sustainability issues. (Paragraph 73)*

We agree with recommendation 12. The transfer of stakeholder engagement function from the SDC will ensure that we continue to work effectively with interested parties from a wide range of groups and individuals including but not limited to NGO and academic expertise in SD. Our “SD Scene” electronic newsletter, and our web presence, will underpin further efforts to engage and involve a wider group of stakeholders.

Since 2006, Defra has contributed the major share of funding to the Sustainable Development Research Network (SDRN), which brings together more than 500 private and public organisations and over 2,000 individuals with an interest in sustainability both nationally and internationally. The network aims to facilitate and strengthen the links between providers of research and policymakers across government, promote SD in the academic and research community and work with funding bodies to encourage relevant research. It provides cost effective access to academic and business expertise, shares knowledge and disseminates best practice. Due to the cross-cutting nature of SD, Defra will seek funding contributions from other Government departments for the network to continue to build upon what has been achieved so far.

### ***Communicating the New Approach to Sustainable Development***

***Recommendation 13.*** *A new Sustainable Development Strategy should be developed to revitalise Government engagement on this essential foundation for all policy-making. It could link sustainable development into other overarching policy themes, like localism and climate change. A new Strategy should set milestones for the development of important sustainable development programmes including putting sustainable development more firmly in the Green Book and developing well-being measures. It should make clear the remits and responsibilities of all departments as well as the leadership architecture for sustainable development, including the role of ‘central departments’ and any new cabinet committee. It should also set out how the possible use of sanctions by those central departments could be used to encourage better performance by departments. (Paragraph 78)*

We do not agree that development of a new SD strategy is the right method for revitalising Government engagement on SD. The Government’s new SD vision and approach to fully embed SD throughout Government sets out our high level principles and strategy for the future. Our new approach has an emphasis on action, leadership from the top down and departments taking responsibility for their own performance in relation to SD. All of this is underpinned by our commitment to be open and transparent so that both public and parliament can scrutinise our progress. In particular we welcome the EAC’s commitment to scrutinise the Government’s sustainability performance, in particular on operations and procurement, and the appraisal of our policies and in our new overall approach.

# Formal Minutes

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**Wednesday 18 May 2011**

Members present:

Joan Walley, in the Chair

Peter Aldous  
Neil Carmichael  
Martin Caton  
Katy Clark  
Zac Goldsmith  
Simon Kirby

Caroline Lucas  
Ian Murray  
Sheryll Murray  
Caroline Nokes  
Dr Alan Whitehead  
Simon Wright

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Draft Report (*Embedding sustainable development: the Government's response*), proposed by the Chair, brought up and read.

*Ordered*, That the Draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 21 read and agreed to.

The Government's response to the Committee's First Report was appended to the Report.

*Resolved*, That the Report be the Fourth Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

Written evidence was ordered to be reported to the House for printing with the Report, in addition to the Government's response ordered to be reported for publishing on 24 March.

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[Adjourned till Wednesday 8 June at 2.30 p.m.]

## Witnesses

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**Thursday 31 March 2011**

**Rt Hon Mrs Caroline Spelman MP**, Secretary of State, Department for Environment, Food and Rural Affairs, **Rt Hon Mr Oliver Letwin MP**, Minister for Government Policy, Cabinet Office, and **Mr Mike Anderson**, Director General, Green Economy and Corporate Services Group, Department for Environment, Food and Rural Affairs

Ev 1

## List of printed written evidence

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1 Department for Environment, Food and Rural Affairs (Defra)

Ev 15: Ev 15

## List of Reports from the Committee during the current Parliament

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The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

### Session 2010–12

First Report	Embedding sustainable development across Government, after the Secretary of State's announcement on the future of the Sustainable Development Commission	HC 504
Second Report	The Green Investment Bank	HC 505
Third Report	Sustainable Development in the Localism Bill	HC 799

# Oral evidence

## Taken before the Environmental Audit Committee

on Thursday 31 March 2011

Members present:

Joan Walley (Chair)

Peter Aldous  
Neil Carmichael  
Zac Goldsmith  
Simon Kirby

Ian Murray  
Caroline Nokes  
Simon Wright

### Examination of Witnesses

*Witnesses:* **Rt Hon Mrs Caroline Spelman MP**, Secretary of State, Department for Environment, Food and Rural Affairs, **Rt Hon Mr Oliver Letwin MP**, Minister for Government Policy, Cabinet Office, and **Mr Mike Anderson**, Director General, Green Economy and Corporate Services Group, Department for Environment, Food and Rural Affairs.

**Q1 Chair:** Could I on behalf of the Committee give both you, Secretary of State, and Minister, and Michael Anderson, a very warm welcome to what we think is a really important subject; to a subject that we hope we will continue to raise the profile of, because we believe in this cross-cutting Committee that nothing is more important than putting sustainable development at the heart of Government. I think, to be fair to the Committee, it is important that I represent our views at the outset of this, that there is considerable dismay about the situation we now find ourselves in, in terms of resourcing of the sustainable development agenda. I have been asked on behalf of the Committee to convey that we do have concerns about where those resources, to provide the expertise and all the other functions, are going to be.

I wanted to start off by drawing attention to the fate of the genuine workers with integrity, who have worked for the Sustainable Development Commission, and the undertakings that were given at the time when they were transferred over to the SDC. I would start off by asking whether or not there is any further consideration that could be given to whether or not their redundancy in respect of 1 April could be changed, in order that people with expertise—when Defra absolutely needs expertise—whether or not those people could be accommodated and their redundancy date extended in order that there could be some role for them?

**Mrs Spelman:** Chairman, first of all, thank you very much for inviting us to come. I am very pleased to be here today and I think if you would allow me just to say, since this is the last day of the Sustainable Development Commission, I would like the opportunity to pay tribute to the work of Will Day and the SDC Commissioners, and the contribution of the Commission's staff. I know we are going to be discussing how we have gone about the mainstreaming, and I am confident we can give you reassurance on the point of the resources.

I think it is absolutely right to record that we do accept the Commission has played a key role over the past 10 years in getting us to the position that we are in today, wherein we are able to mainstream this very

important subject. Shortly I will be outlining—in the course of the questions I presume that you will ask me—how we intend to go about the mainstreaming process through the four principal elements of ministerial leadership and oversight: embedding sustainable development in Government, leading by example and transparency and independent scrutiny. No doubt that will come out in the questions.

In response to your specific question about the Sustainable Development Commission staff, as one of my regular meetings with the trades unions who come to Defra to speak to the Secretary of State about terms and conditions of everyone who is in our employ, I was able there to give some reassurance to those trade unions that we had offered some of the SDC staff the opportunity to come and work in core Defra. Two will be joining us, one after a period of maternity leave. We have reoffered places that were not taken up originally when we made that offer to SDC staff, so we have done what we can to encourage people who are eligible to transfer across, but I would ask Mike Anderson perhaps to explain a bit more of the detail about that if the Committee are particularly interested.

**Q2 Chair:** If you could, briefly, and also perhaps give us some idea of the cost of dismantling the SDC.

**Mr Anderson:** Yes, of course. Thank you, Chair. As the Secretary of State says, there was quite a long process that obviously was gone through when you have to close down a body, once the decision had been made to withdraw the funding. There was a lot of consultation with the unions and with the staff. The SDC started with about 70 staff, of which probably about half were permanent members, of which about 10 are in Corporate Affairs. So we then started talking to them about the functions we would be wanting to take over; capability building and stakeholder engagement were the two that were seen as the most apposite. That led to a discussion that probably about four jobs would be possibly subsumed within Defra. We advertised those to those staff remaining with the skills, and two people decided to take up that particular offer.

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Then we have gone through that process. We now have just issued compulsory redundancy notices to 24 people; two people—

**Chair:** If I could just interrupt there.

**Mr Anderson:** Yes.

**Q3 Chair:** My point was that, as I understand it, there were people who were originally working with Defra, who were transferred over to the SDC. They were effectively seconded. I know it is a technical point and I know we have a lot of ground to cover, but I am putting it to you that if there were goodwill on behalf of the Government, in order to get some of the expertise that would otherwise be lost, is there any way in which the concern about putting green issues at the heart of Government, that could be recognised and that could be considered within the negotiations that are taking place?

**Mr Anderson:** We have already done that, Chair, and in fact that is exactly what we are offering those staff who would like to apply under the Defra system of applying to join us, they can now do so if they wanted to in this period. They can now apply for jobs.

**Chair:** Perhaps we can keep a close watch on that.

**Mr Anderson:** So we can take that. The cost you asked as well. It is about £800,000 out of a total cost that—normally per year the SDC costs £4.15 million so the savings are very immediate.

**Mrs Spelman:** If I could add that Defra at the core does employ 29 people in the Sustainable Development Unit, and although we have significant strategic changes to make in order to accommodate the reduction in our resources, as required by all Departments—every Department, protected or non-protected—we will of course be paying attention to maintaining our capacity on sustainable development.

**Q4 Chair:** Moving on slightly, could I put it to you as well in what is going to replace and how is sustainable development going to be embedded, one of the issues has been that this Committee and its cross-cutting role, which has always been there from the outset, can take on this enhanced responsibility. There is this issue about where are the resources for that to come from. Would you have anything further to add to that?

**Mrs Spelman:** I would be very happy to respond to that in particular. When I spoke to the Chairman in July last year about our decision to abolish the Sustainable Development Commission, I proposed a four-pronged approach to mainstreaming of sustainable development, and I invited the Chairman of this Committee to consider the—I think—ideal role for an audit committee to hold Government Departments, including our own, to account for the progress they were making on sustainable development. There is a distinction between an organisation that is part of the Parliament and organisations that are part of Government.

The Department of course is part of the Government and we dispose of resources in order to run the Government. It is not for Government to tell Parliament how to organise itself, or indeed to dictate where its resources should come from, but I did—as I agreed with the Chairman—write to the Chairman

of the Public Accounts Committee to ask whether some of the 700 people employed by the National Audit Office, who are within the gift of the Public Accounts Committee Chairman, might be enabled to provide more support to this particular Select Committee. I have had a letter back from the Chairman of the Public Accounts Committee, who says that this will be possible on a case-by-case basis. So if the Select Committee were minded to interview the Secretary of State for Transport, who has quite a lot of elements within the Business Plan, where sustainable development is specifically—

**Chair:** Sorry, could I just cut you short there, Secretary of State?

**Mrs Spelman:** Yes.

**Chair:** That has always been the case for this Committee. This Committee has always played that role; has always been able to bring Secretaries of State from other Departments, and to have those resources from the National Audit Office on a case-by-case basis. Our concern is that there is an enhanced role. We are where we are, we all recognise that. We don't want to be negative about this but there remains an issue, despite the discussions that we have had with the National Audit Office as well, and even though they will give us resources, as they always have on a case-by-case basis, I think the point that we wish to make, resoundingly, is that that is no substitute for that expertise, but I think we need to move on in this current session.

Moving on then, I think you have set out your response to our Committee report, and I think the real issue is how Defra and how the Cabinet link up.

**Mrs Spelman:** Yes.

**Q5 Chair:** We want to know what your commitment and persuasiveness is going to when getting the Cabinet to agree policies, which are putting green issues at the heart of Government.

**Mrs Spelman:** This is a question that Oliver and I will both provide information on, from my perspective of Defra and the Minister of State for the Cabinet Office, obviously, from the perspective of cross-Government. So when we conceived of our four-pronged approach to mainstreaming of sustainable development, we saw two very clear roles for Defra as part of this: obviously we want to champion sustainable development across Government and provide that vision across Whitehall. There is significant expertise within Defra, as I expressed earlier. I outlined we have a unit dedicated to sustainable development, and it is in fact that unit that provides the analysis on business plans because it is trained to do so. We would provide this analysis to the Cabinet Office when they are undertaking the regular reviews of business plans with the successive Secretaries of State.

**Q6 Chair:** So that is going to be from resources within Defra to provide that analysis from Defra to the Cabinet Office?

**Mrs Spelman:** Absolutely. It is something we would do in our role of oversight of all Departments' business plans, and that is very important to us. We provided some very early analysis of the draft plans back in the autumn, and we obviously regularly

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review when the junctures in the business plans are coming up and sustainable development has been specifically mentioned.

In terms of how the Cabinet Office handles the business plans, I think it is probably better that a spokesman for the Cabinet Office talks about what it is like. I know from my individual perspective, we just had one of our reviews of our business plan with the Cabinet Office. These do take place regularly and they are tough.

**Q7 Chair:** I wonder if the Minister could address the issue that is, for example, how much of the detail is reflected in that? So it is not just about the business cases for each Department or the business plans, for example, I am thinking of the decision within DCLG and Treasury to downgrade the requirements and standards within the new home standards, in terms of environmental designs. How would something as detailed as that, for example, be reflected in the work, when you look at how you embed this in the Cabinet?

**Mr Letwin:** First of all, I should explain for the record, because these proceedings end up having a certain significance—

**Chair:** Of course.

**Mr Letwin:**—in my role as Minister for Government Policy, one of my tasks, alongside the Chief Secretary of the Treasury, is to review the Departmental business plans. This is not on behalf of the Cabinet Office, which has its own business plan, which indeed I also review. It is a slightly odd position that I am, so to speak, camping in the Cabinet Office. I am not a representative of the Cabinet Office for this purpose. The second thing I should say is that I don't think that any amount of sheer bureaucratic mechanics will solve the problems we are mutually trying to address. What we are trying to do is something that requires coherent strategy and political will. I am going to describe to you some mechanics, but I don't want you to go away with the idea that I think that because we have some mechanics set up that that solves the problem; walk away and then we pro forma conduct a set of mechanical exercises. That will not do the job at all.

So first, if I may, in reply to your question, I will explain what the process is but then deal with your specific question as an example of the bigger issue of how we exert political will and how decisions get made. When the business plans were first put together, they were put together on the basis of the Coalition's Programme for Government that Danny Alexander and I had negotiated, and which the Prime Minister, Deputy Prime Minister, and eventually the Cabinet had adopted. Of course, the most important thing is what is substantively in there as a set of commitments. We tried to put it together in a way that would make—if it is all implemented—a very significant difference to the sustainability of Britain and to low carbon economy and to many ecological concerns.

The next question is: is what is in there being implemented, and the purpose of the quarterly reviews is primarily to make sure that that happens.

**Q8 Chair:** If I may just interrupt you. Before we move on to what is in there, how is it absolutely

implemented, could I ask how you liaise with the Secretary of State and the Department of Energy and Climate Change, for example, and also with the Deputy Prime Minister at that level, before we get into the detail, if I may?

**Mr Letwin:** So far as the drawing up of the business plans was concerned, each individual Department proposed its own business plan in the light of the Coalition's Programme for Government. So, to take your case, the Secretary of State for Energy and Climate Change put forward his proposed business plan. We then negotiated that with him and we ended up with an agreed business plan that was subsequently blessed by the Cabinet. Exactly the same thing was true of the part of the Cabinet Office business plan, which the Deputy Prime Minister is responsible for. So Secretary of State by Secretary of State they were negotiated out, starting from the Secretary of State and then with an iteration with us; Danny and myself, that is.

So then you have a business plan and you may want to raise questions about this, but my assertion is that, if you look across the business plans as a whole, they constitute, among other things, an enormously important programme for change to make Britain a more sustainable place. Then you come to the question: is it being implemented? Because there is no point in just having a business plan, what you want is the action on the ground and the purpose of the quarterly reviews is to go Secretary of State, again, by Secretary of State, through the actions that are listed there and the dates by which they are meant to have happened, and to prod where there are doubts about whether these things have happened. There is an apparatus in the Cabinet Office and No. 10 that enables Danny and myself to get some prior information about that, and to ask questions, much in the way that a Select Committee might do. There is also an apparatus—which I will happily describe if you want me to—of what happens if things aren't going forward, and so on. So there is a process that is designed to keep Secretaries of State up to the business plan and indeed, as we are in the course of doing now, to refresh those business plans as time moves on, because obviously the agenda of Government changes over time, as more problems arise and more challenges are met and further challenges are taken.

Moving to the question of the big decisions that lie within those business plans, and the detail that surrounds them of course as we come to them one-by-one. The way the decision gets made, if it is a big one, is in the relevant Cabinet Committee or through, finally, the agreement of Cabinet as a whole.

**Q9 Chair:** Who defines if it is a big decision? For example, take that example of lowering the standards for new home owners.

**Mr Letwin:** I was just coming on to that decision, yes.

**Q10 Chair:** How was that addressed in your process?

**Mr Letwin:** The way that the decision has been made on that is that it was decided by Cabinet as a whole to have a Growth Review leading up to the recent Budget, because we collectively took the view in

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Cabinet that we faced an immediate national crisis in the form of less growth and jobs than we needed, and we were determined, collectively, to try to increase that growth and those jobs.

That set in train a process that was chaired by the Chancellor, Vince Cable and myself, and which almost all of our senior colleagues attended in a series of meetings, going through ideas about how we could do things that would continue to meet our medium and long term goals, including, very importantly, our carbon goals and sustainability goals, but which would induce faster growth in the earlier years than we otherwise might have. That is a decision of that the Government—

**Q11 Chair:** Isn't that the heart of it? How would this Committee be in a position to support what the Secretary of State for Defra may wish to do to make sure that the environmental considerations don't get crowded out by the Treasury considerations?

**Mrs Spelman:** Yes. Could I point to the fact that as part of this Cabinet-wide discussion about what would be in the Growth Review, and the resources that the Chancellor would allocate at the time of the Budget, there was agreement for their very important presumption in favour of sustainable development at the heart of the planning system. This is absolutely pivotal for those of us that are determined to see the whole of Government make progress towards sustainable—

**Q12 Chair:** Isn't this a presumption in favour of growth?

**Mrs Spelman:** It is a presumption in favour of sustainable development. The Chancellor said it himself. It is there for the record in Hansard, and of course it is very important because, as you and I know, sustainable development covers economic, social and environmental, and it will be a very powerful tool at the very heart of the planning system. So in any negotiation between Cabinet Members in the run up to any Budget, as I am sure Members whose parties have been in Government would recognise, choices are being made by the Departments but we collectively make a decision, and there was collective support for the decisions that we made. I think the presumption in favour of sustainable development is very important, also in terms of the future of house building, planning and construction, because if you want to get a planning permission you have to be able to demonstrate it has taken account of the standard—

**Q13 Chair:** Do you have any regrets about lowering the standard for new build?

**Mrs Spelman:** It is not a question of having regrets. I believe that we will get an improvement in the standards of construction of house building in this country for a variety of reasons, not least because the planning system now has sustainable development at its heart. So why would you build buildings that were not sustainable?

**Chair:** Okay. We will move on to that.

**Q14 Neil Carmichael:** Can I pick up the point Joan was referring to earlier about this Committee's

capacity to probe and test sustainable development? I think it would be a good idea for this Committee effectively to be able to commission independent reports into performance government in sustainable development, and that would have a resource implication. It is something that I think Committee Members would be interested in, because it would facilitate us to effectively take a much more forensic approach to testing sustainable development. I was wondering what your views were on that?

**Mrs Spelman:** Once again, I come back to my distinction that your Committee is part of Parliament; we are part of the Government, and what we can't do is cross the line and say to you how you should decide it would all work. That would be inappropriate for a Government Department to do. It is for you to decide whether you would want to commission independent reports or not. I should imagine people would be quite happy to give them to you. I think you have tremendous power as an audit committee, I mean it is there right in the name. It is in its terms of reference to audit what the Government makes available transparently to you.

When I originally envisaged the four-pronged approach to mainstreaming sustainable development, I saw this as a very important part of it. I think it is something that will—as Oliver says—help all of us that want to see the whole of Government embrace sustainable development. This will be a very important part of it. Defra will play its part championing the cause with the expertise we have within the Department to analyse the work of other Departments as expressed through their business plans, and proactively to promote sustainable development. I was hoping to have a moment to be able to explain that, but I did in Defra oral questions outline to the House of Commons that on a regular basis we bring the other Departments into Defra for a cross-Government discussion of these issues. It has already yielded good results, in terms of making progress on sustainable development as we break down barriers between Departments and get genuine joined up working as a result. Finally, the final bit of the Defra involvement is I am now on the Home Affairs Committee and the Economic Affairs Committee and every time we discuss new policy within Government, come before these Cabinet Committees, I am there to ask the questions about sustainable development, and I assure I don't hold back.

**Q15 Neil Carmichael:** You have already anticipated one of my questions, so that is absolutely excellent. You are both on Cabinet Committees, so could you both explain how you are endeavouring to effectively pass on the message that sustainable development is important and also to check that it is happening and, effectively, to get the culture right because that is the key thing here, isn't it?

**Mr Letwin:** Perhaps it would help if I started the ball rolling as Caroline has just answered that. Let me give you one example, which takes us back into the question that the Chair was raising, about the Growth Review. The business of Government is, in part, one of trying to balance conflicting concerns. There is no

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point in our trying to pretend that Government has just one concern at any given time, it has a whole series. Inevitably, there are lots of people sitting round the table who properly represent particular interests that their Departments are concerned with, and of course there are also differences of emphasis about the relative importance of different goals at different times.

As I think back through the Growth Review, in which there was a lively discussion about how to balance out the urgent need to get jobs for our people and the incredible importance of making sure that, in the medium and long term, this country remained on a track to sustainability, I think those of us who were arguing the case for the long term to be particularly vivid in our minds, did extraordinarily well. The Chancellor ended up with the world's first Carbon Price Support mechanism, which is now leading to great complaints from many who think we have been far too green about it. He ended up by granting not £1 billion but £3 billion for the foundation of the Green Investment Bank at a time of extreme fiscal austerity. We preserved a whole series of things that some people in some places were writing articles from the outside saying we should get rid of as part of the Growth Review, and I believe the long term effect of the measures that we took was a balance; a proper balance, in which we bore properly in mind the need to make Britain a place that is sustainable.

That came about partly because Caroline and I and others were there, not just thinking about the economic considerations but also thinking about other considerations. That is a template for what goes on—again, I happen to sit on all Cabinet Committees because of my particular role, and I can tell you that right across the board these considerations keep on being debated. I am not trying to gull you into supposing, it would not be true—and you would know it would not be true—that always environmental considerations outweigh some other consideration. When we are engaged in warfare in Libya, I am not trying to tell you that we are purely thinking about the CO<sub>2</sub> consumed by our helicopters; we aren't. There is a constant balancing going on here and the voice of the environment is present over and over and over again. I think that is the point that matters.

**Q16 Caroline Nokes:** A Ministerial Steering Group is going to oversee the delivery of the new commitments for greening all Government operations and procurement. What role is that steering group going to play, and how is it going to interact with other stakeholders such as the Cabinet Office.

**Mrs Spelman:** Oliver is in the chair for that. So—

**Mr Letwin:** I should probably answer that as I am going to be chairing it. The role of this group is to make sure that what we have set out happens, and what we have set out is an ambition to move beyond the 10% reduction in CO<sub>2</sub> from our operations towards a 25% reduction, which is an ambitious enlargement of the goal.

In some cases, that achievement is easy because—as we know from the Green Deal in another setting—there are win/win cases where we can save money, save energy and save carbon all at once, and it is just

a question of trying to make sure that people are doing things, which they have very incentive to do in any event.

The reason for having the Committee rather than leaving it to people to get on with it is that not every case is as easy as that. First of all, there are quite considerable Government accounting issues that arise and which can get in the way—I think several Members of this Committee are aware of these—of rational decision-making, because you can't spend the money early even if you would save it later. Trying to get over that sort of problem is something that can happen only if all the relevant people around the room and you can talk it through and deal with the Treasury about it, and part of the role of this Committee is to do just that.

There are also some—not many, but some—corners of this domain where there are quite tricky policy issues: Department A would like to do X, which would reduce our consumption of energy, for example, but Department B doesn't want Department A to do that because it has a different agenda that X would conflict with. There is no way of dealing with that other than having both of them around, trying to adjudicate and trying to find a route through that achieves the goal, but at the same time deals with the problem that the Department that is resisting the move was raising. So those are the things that the Committee will do to make Departments report on how they are doing and make sure we are achieving our goal, to identify areas where there is either an accounting or Treasury issue or where there is an inter-departmental issue and then to resolve those.

**Mrs Spelman:** I wanted just to say that obviously I am new to Government and I don't know how the last Government did organise this, but I have been incredibly impressed by having the opportunity on these Cabinet Committees. I am on three. I am on the last one we just discussed, Home Affairs and Economic Affairs. Long before policy is going into the public domain, while it is still being thrashed through, it is just how possible it is to shape that and raise the issues. I think that it is done with a rigor that gives me confidence that we have the opportunity on every occasion to raise the issues of sustainability, and also to look at the unintended consequences where sustainability might otherwise be compromised. Oliver is on all of them, I am on some of them, but between us we cover all of them.

**Q17 Caroline Nokes:** Thank you for clarifying so early who is going to be chairing it. When do you anticipate it starting to meet?

**Mr Letwin:** Very soon indeed. The Diary Secretaries are currently engaged in the most difficult negotiation of all in Whitehall, which is to find the time.

**Caroline Nokes:** Thank you.

**Q18 Neil Carmichael:** Can I ask one or two questions about the Cabinet Committees: are there any plans to revise the terms of reference of those Committees to make sure that they do always consider sustainable development?

**Mrs Spelman:** The terms of reference of the Cabinet Committees are commendably short, and I think there

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is virtue in keeping them as they are. We haven't had any difficulty raising sustainable development at these different Cabinet Committees. It is expected that Oliver and I will do that. I don't think there is any need to alter the terms of reference, and in fact there may be very good reasons not to do that. If we start altering it for this then we will start altering it for a whole range of things, and it would lose the benefit of its simplicity.

**Mr Letwin:** I think that is right, but in addition I don't want you to think that Caroline and I are somehow lone rangers faced by a hostile firepower. The Secretary of State for Energy and Climate Change is an extremely powerful advocate of anything he chooses to advocate, and he strongly advocates—as you might imagine—these things on all occasions. The Deputy Prime Minister is a rather powerful feature in this administration, as indeed the Chairman of the Home Affairs Cabinet Committee, and he has extremely strong views about this.

The Business Secretary, although he is the Business Secretary, has very strong views about these matters and makes them known on many occasions. I could go around the room, except of course if I did I might identify too few.

**Chair:** I don't think we have time to go around the whole table.

**Q19 Neil Carmichael:** We have the picture and it is a very encouraging one because obviously it is a good thing that all Ministers are concerned about the environment, just as they are about the deficit. That is the sort of point that this Committee is very interested in, and I think you have made that very well, so thank you.

However, what I would like to ask next is: unlike this Committee where we have an excellent audience, Cabinet Committees do not have audiences. They conduct their affairs in private. Quite right, too, because of the complexities of Government, and the balance between various decisions, and all the rest, which Oliver has quite rightly reminded us of. That does raise the question, doesn't it, as to how we might find out exactly what is going on and how committed you are and how you are ensuring sustainable development is being applied. So do you have any thoughts on that?

**Mrs Spelman:** Obviously, the business plans are the key to the programme of work, over the whole period we hope for a full length Parliament. So you could work out from the business plans because times of starting and finishing particular activities is stated, so you will know when the Department is moving to start—its commencement for a piece of work, and all of that is completely transparent. Most of the work is sequential; some of the things are for the first session, some for the second session. So it is easy to see when Departments will be moving from working on one *White Paper* to working on another *White Paper*. Key to all of this is complete transparency.

**Mr Letwin:** Can I come in, and I hope this isn't impertinent since obviously you will totally decide on your own what you do and don't want to decide, and it is no business of ours to tell you. If I can put it this way without impertinence: we—Caroline and I—

would very much welcome it if you were to invite individual Secretaries of State to interrogate their business plans, not just in the sense of, "It says this, are you doing it?" That is in a sense the Public Administration Committee, and others. To take an example, there is a measure, which I passionately believe in, which is the high speed rail project; it is a very important part of sustainability for all sorts of reasons to do with air travel, and so on. Leave that aside for a moment, regardless of the Committee's views on it, clearly, given that the Government is committed to carrying it forward, it is of great importance that it should be done in a way that is maximally sustainable from an ecological point of view, carbon point of view, and so on.

It would help those of us who are most concerned to see this agenda embedded in everything we do for this Committee to interrogate the Department, about whether the way it is doing that meets those criteria, and that just stands for one of a dozen such things where we are committed to doing something and we are trying to press on making sure that it is done sustainably and the more the Committee does of that the easier for us it is internally.

**Chair:** I think the Committee is looking at ways in which there can be closer dialogue, for example other Parliaments have Secretaries of State before they go up to Brussels to negotiate, and there are opportunities like that, but it is about having the transparency to know the issues that are coming up. I think we need to move on.

**Q20 Zac Goldsmith:** The Sustainable Development Minister's subcommittee, which I think ran from 2005 to 2008, has been generally speaking regarded as a failure, including in the evidence given to us by the Sustainable Development Commission in one of our inquiries. So my question to you is: why do you think it was judged a failure—if indeed you do think it was judged a failure—and what will be different about the Ministerial Steering Group? Why is that likely to be more effective than the previous attempt by the previous Government?

**Mrs Spelman:** You are asking us about the previous Government, and I wasn't in it so I didn't see the Sustainable Development Minister's Committee in action. Maybe one of our civil servants did, but surely the point that we have just made is that I think the most important thing is to get everybody engaged in sustainable development, and one of the dangers would be sub-setting in some way so that you could corral it to the group of people, and only the group of people who are interested in the issue. Whereas what you want to get, you want to get it across Government, and the four-pronged approach that we are taking ensures that it will be across Government. I am sure that—

**Mr Letwin:** That is essentially the point, but I think what is very important is to distinguish between two things: there is this inter-Ministerial group, which we are setting up and I am going to chair, which has a very narrow remit but one I believe it will fulfil, which is to make sure that we achieve this 25% reduction in our own carbon emissions and our own use of water and all the other things that we are quite directly, as

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managers of central Government, responsible for. This we have an obligation to do and this we will do through that Committee. That is an incredibly important but administrative task. It is completely separate from the question—and I share Caroline's lack of knowledge of the precise details of the earlier committee, obviously, because we weren't in the Government—how do you get policy as a whole to be implemented in a way which makes Britain as a whole a greener place, and in my view that can't—at least I take a lot of persuading that it could be—done in a committee that is devoted to doing that.

Precisely going back to the questions that we were dealing with earlier, when you are dealing with the great questions of State: how do you get growth? How do you get fiscal arithmetic to tot up? How do you get public services reform and so on, you have to have that discussion with the big beast of Government; the Prime Minister is involved, the Chancellor is involved. Unless they are involved at that same time in a discussion about the consequences that the things we are doing will have for our ecology, the ecological considerations will be relegated to a committee of very much lesser importance. So the important question is: are—what Caroline describes as—mainstreaming this, which is, I know it is a jargon but it really means something here. It means: in the main stream. The serious crunchy decisions that Government is making month-by-month, are we having the voice of the environment there represented, arguing, not always winning but balancing, and that is what we are trying to achieve and I think we are achieving at the moment.

**Q21 Zac Goldsmith:** Would it be appropriate to ask Mike?

**Mr Anderson:** I could talk to that on balance, as I was one of the people, I suppose, in the last Government in some way, and it is precisely for the reasons that both the Minister of State and the Secretary of State have said, in that you end up with a body that agrees with itself not talking about anything that makes any difference in the end, and it ends up being populated by relatively junior people—as the Minister has said—again just agreeing. That is what happens when you set up a body to one side of the mainstream of what is going on in Government.

You could argue that that was one of the reasons why I think all of us would probably describe it as not a success, or that is another word for a failure. It was a failure because it didn't get to the heart of Government thinking; didn't have the Ministers that you need in there to make the decisions, and then it ends up with a disparate agenda that isn't quite the agenda where Government heads, and that is arguably why it wasn't I am afraid.

**Q22 Zac Goldsmith:** Can I add one further point. There was a general recognition from pretty much all the expert witnesses, the body of expertise and knowledge, in Defra on sustainable development but there was also a feeling, which I think was echoed in almost every session, that Defra as a Department lacks the clout to influence Treasury and other Departments. So the question is: in terms of the mechanics and the

structure, how is that expertise going to be driven through the other Departments, without having a central figure in the Cabinet Office, unless—the news we have just heard that you are going to be the Chair of the Committee, perhaps that is the answer. What is the relationship between the two areas of Government?

**Mrs Spelman:** As regards Defra, we have to be realistic that Defra is a relatively small Department in Government and one of the ways in which it attempts to punch above its weight is obviously to have influence. That is achieved by working very closely alongside all the other Government Departments and essentially offering a service, and I think it is very important that we have customer friendly attitude in our Departments. I said that on day one. We do offer a service to other Departments when they are thinking through how they apply sustainable development in the policy that they are intending to pursue, that we work with them. So working with the DCLG, for example, on its planning reform is something that we would regard as providing a service to them. So we have influence by working across Government.

**Q23 Zac Goldsmith:** That is the structure. I don't doubt that service is there and that the expertise is there, but—

**Mrs Spelman:** It is not going to be enough. It is not going to be enough.

**Zac Goldsmith:**—what pressure will there be on the Department for Communities and Local Government to accept the expertise or to absorb that expertise? What is the dynamic that will ensure that when they make their decisions they take into account the expertise that you provide?

**Mr Letwin:** Let me describe at least one part of that dynamic. Three months from now there will be another round of quarterly reviews of the business plans. I shall be sitting down with Danny on one side of the table, and then all of the Secretaries of State, one after another, on the other side of the table. Before I have each of those meetings, I shall sit down with Caroline or her officials and go through their analysis of those business plans, to see what it is they can tell me about things where they are worried that something may be being done in a way that could be optimised, and hasn't been optimised from an environmental point of view.

I shall take a note of this, have someone next to me who is taking a note of this, and then come into, with Danny, this meeting with the Secretary of State. Of course I shall previously have had conversations with Danny. We work together on these things as blood brothers. We will then interrogate. Caroline has been through this process.

**Mrs Spelman:** I have.

**Mr Letwin:** She knows what I am talking about. I don't mean that it is in any way impolite or difficult, but it is tough minded. We will interrogate the relevant Secretary of State and say, "Okay, the information we are getting is that you are doing a wonderful thing. It's here on your business plan, but we are also getting the information that, as a matter of fact, you are not doing it in a way that would optimise the environmental consequences. What is your

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explanation of this?" That leads to a conversation and of course the official machine inside the relevant Department will know that that conversation is on its way, so in my experience what happens is the relevant Department provides briefing for the Secretary of State to give an explanation, and that gives the Secretary of State the opportunity—this is the bit that really matters—to interrogate their officials and say, "Hold on, I don't think this briefing will stand up at the meeting, could we please go back and look at it". Then maybe the policy will change and that is where we get—

**Chair:** I think Zac Goldsmith may wish to come back to you on that perhaps in the detail in a second, but I just need to bring in Simon Kirby on a slightly different issue, at this stage.

**Q24 Simon Kirby:** It is a similar issue, quarterly business plan reviews. Is there a difficulty in assessing actions and dates? Is there a degree of subjectivity? Is it a very objective exercise? Secondly, you spoke about transparency, how would you publish the overall findings of different Departments as an indication of how the Government is doing in achieving its very laudable objective?

**Mr Letwin:** First of all, the business plans are a pretty detailed list of actions. It is a "to do" list. It is public and when we find the Departments have not performed the to do list on time that is public, when we make changes to the timings that is public and we are very transparent about it. That doesn't guarantee total success. The very last thing I want to suggest is that we are not human beings and we have no failings. The truth is that the whole point of doing this is that we all recognise that things do slip, but by being transparent in public choice theory terms we create an incentive to live up to it. That is the point of the exercise. Although many people have objections to various things the Government is doing, I think if you make any objective assessment you would have to agree—like it or don't like it—that we have done quite a lot in the last year. Part of the reason we have done quite a lot is because there is this constant, unremitting, transparent pressure to do it.

If the programme as a whole is—as I maintain it is—very conscientiously structured so that it achieves certain environmental goals, among other things, then pursuing it in that way makes a considerable difference.

However, you have raised a very good point, which I think we haven't adequately discussed, and it makes me think we should have further discussions about it, which is: in the light of this new set of arrangements, where we are going to be interrogating line-by-line whether the way in which something is being fulfilled that is in the business plans has been optimised from an environment point of view—it is an important further evolution—how are we going to make transparent what we have found to be the case in relation to that, so that we also create incentives for that to happen? I think that is a very good question to have raised, one I don't have an answer to here and we will go away and think about it.

**Mrs Spelman:** One of the advantages of the business plans coming together is that it enables pre-emptively

us, as Defra, having oversight of sustainable development across other Departments, to head off unintended consequences of policies that would clash together and be unsustainable. A classic example of this, and a good example of this, is that a very well green intentioned Department like DECC, which is very keen to see microhydropower, as they were preparing to launch in that direction and we saw they were going to do that, we in Defra have responsibility for populating our rivers and keeping them in populations of fish, saw that we would have to do something about avoiding harm to the fish stocks. We have worked together with DECC to find a way in order to divert the fish before they get minced in the microhydropower stations.

So that kind of collision might not have occurred without the cross-cutting role that Defra has as a champion of sustainable development right across Government. I know it is quite a small example, but it is quite a visual example of the kind of benefits that come from joining ourselves up. That was unearthed in one of these breakfast meetings of Ministers across Government, and I am confident that as we meet on a regular basis more of those will result in pre-emptive action before we find ourselves with something that might otherwise be unsustainable.

**Q25 Neil Carmichael:** That is a brilliant example of joined up Government at work, isn't it, mashing fish, or not mashing them, in micro?

I think it is absolutely excellent you review the plans and go back to the Ministers, and so forth, and test things out. That is a good encouraging aspect, but how much advice and support do Departments get as they are preparing their business plans?

**Mrs Spelman:** Right at the outset? The blueprint for a lot of these business plans were prepared while certainly—I can speak for my party who was in opposition. At the time I was shadowing a different brief and many months were spent thinking very carefully about if we formed a government what we would do, in what order, what were realistic timescales for starting and finishing these things. Because we formed a coalition we had to rework those business plans in the light of the Coalition Agreement, but precisely the desire to place sustainable development at the heart of the planning system was conceived in opposition and carried through into Government. Now my colleague at DCLG, through the Localism Bill and then subsequently through the publication of the National Policy Planning Framework, will be putting that very important thing right at the heart of the planning process. So a lot of this has been prepared for and long awaited by those of us that want to see sustainable development mainstreamed.

**Mr Letwin:** Yes, I think exactly as Caroline describes, that is the process to here. There will come a time, about 18 months to two years from now, when the great bulk—assuming it doesn't slip—of the actions in the business plans, and hence of the commitments made in the Coalition's Programme for Government, will have been completed. That isn't to say that all of the things that flow from them will have occurred, but the legislation will have occurred, the administrative

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changes will have been made and it will remain for things to happen on the ground as a result.

Therefore, we will no doubt need, at that time, substantially to refresh the business plans and create new to do lists. By that time of course we will also have the beginnings anyway of the report of the second part of the business plans, which is in a sense even more important, which is the measures of what has been so far achieved. In many cases of course these are long running measures and you won't know for many years whether they are succeeding, but in some cases you will know pretty quickly what is happening: we will begin to get measures, for example, of how far the Green Deal is getting done, rather than just being legislated for.

We will therefore be developing quite major new elements for business plans and I envisage that in that process as we do that we will use the very techniques we are describing here; we will be sitting down with Defra and asking the question: if it is proposed by Department X that it adds to its business plans the following six things, what are the environmental consequences of those? If they are not positive environmental processes in themselves, do they have environmental consequences? Do we need to watch out for them? How do we need to modulate it to make sure we watch out properly? So this expertise will be built into the formulation of the next round of the business plans.

**Q26 Neil Carmichael:** Excellent. I was struck earlier when you, Oliver, were talking about what the Chancellor had said about various things; the announcements he had made about the Green Investment Bank, which is obviously good news, and various other issues. That certainly demonstrates the power of the Treasury. So you would certainly say that the Treasury is very interested in sustainable development as well. We will take that as read. Are there any Departments that you feel might want to strengthen their interests in sustainable development?

**Mrs Spelman:** There is one thing I would love to say about that. I can't resist because I am so looking forward to it. I mentioned these monthly breakfasts that we have every four weeks with all the Ministers; the Treasury—

**Chair:** Ian Murray is going to come on to the Treasury in a minute.

**Mrs Spelman:** Okay, but they are going to come and present to the cross-cutting group of Ministers, at this breakfast, how in fact the *Green Book* can be used as a very important vehicle for embedding sustainable development. Justine Greening is the person who personally is going to come and present this. I think it is very important. She really understands very well that there is an economic, social and environmental dimension to sustainable development. That horizon shift view, which the Government has taken very much to its heart, she completely gets and expresses I think in a way that is very helpful for members of the public to understand how much the Government wants to mainstream, because a lot of the decision-making is about our kids' future. If we squander unsustainably the resources that we have today, they aren't there for our children and their children.

**Neil Carmichael:** Thank you very much, a very good answer.

**Chair:** I think we want to move on to the detail of the Treasury and the *Green Book*.

**Q27 Ian Murray:** Looking at appraising individual policies, obviously when Departments are putting together business plans and looking at individual policies, they are required to produce impact assessments derived from the *Green Book*, from the Treasury. So, looking at that particular instance, the Government Economic Service, back in 2009 reported that sustainable development was patchy across Government Departments, as Mr Carmichael has just prodded on. So how will you ensure that *Green Book* guidance on sustainable development and environmental impact is followed by all the Departments, in particular with individual policies?

**Mr Anderson:** Can I come in on that, Chair?

**Chair:** That is fine.

**Mr Anderson:** It is a technical area in principle but it matters on the politics as well. There has been a massive amount of work since that report between our economists, fed by our Chief Economist into the Treasury, and that has produced a whole set of supplementary guidance that is now within the *Green Book* on the environmental side. That is only the environmental side. We are also working on the Social Impact Task Force, also co-led by the Chief Economist at Defra, and that will add a framework for how, in the *Green Book* analysis as well, we are looking at the overall social impacts and social capital. This will end up, done correctly—and that is what you have to check and see where we are in that space—that the whole *Green Book* guidance, which all Departments do have to follow, and it is something that officials take very seriously when we are preparing impact assessments; all Chief Economists have to sign off impact assessments across Government, and they are all bought into. You have to have a strong economic analysis, a strong environmental analysis now, and strong social impact analysis. In fact, in this case, all Permanent Secretaries are held to account for the quality of the policy advice and evidence that goes to Ministers. So, from an official perspective, this is a deeply strengthened system now following on from the 2009 report. Obviously, the Ministers will want to comment on how they support that, but from an official perspective we are quite excited about that because we have developed a much more sophisticated intelligence system I think for policy analysis.

**Q28 Ian Murray:** Can I probe a little more on that then, because if there is a strong environmental purpose to the Treasury *Green Book* then why would the Cabinet Committees address individual business plans and send Ministers or Secretary of State back to the Department to have a look at individual policies, with regards to perhaps the fishing example you gave us earlier? If the environmental issues in the *Green Book* are so strong, then we wouldn't need that check and balance process, would we?

**Mr Anderson:** You will because the economic impact assessment will also be that strong, won't it, and the

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social, so there will be a balancing at official level on the policy being made that will lead to, "Okay, that is the decision we are going to make on how we want to take forward this policy". Then, when it goes up through the business plans and then goes into Cabinet Committees, and looked at by you, there is a lot of cross-checking going on of whether those factors have been looked at with the right degree of weight. As the Minister of State said earlier, one is going to sometimes win out against the other, and that is the reality. The point of mainstreaming is to do it from beginning to end, that all these factors are being looked at, both by the policy evidence people and by the politicians throughout it by the Government, so they are ending up with a better overall result in sustainable development. That is the point of what we are trying to get to here. So you are right to be right on that question.

**Mr Letwin:** That is right. It may help if I put it the way I have sometimes thought of it to myself. There is a question of culture and there is a question of judgement, and the culture shift is something that has to be built into the entire machine. If you like, that is the point of the changes in the *Green Book*. An awful lot of whatever gets to Ministers gets there because the machine is thinking in a certain way. So if the machine does calculations and thinks about policies, without considering environmental concerns, for example, then you very often never get to the Minister with something that presents a choice that the Minister can make a judgement about that is of the right kind. So you have to have the culture correctly aligned.

Having the culture correctly aligned so that the machine is always asking the question not just: is this economically feasible but what impact will this have on the environment? Will it destroy the long term sustainability of society, and so on? It does not spare you from the need to make the judgement, and ultimately you cannot delegate that to officials. That is what elected politicians are elected to make. That judgement very often—sometimes it is literally solvable through a technical device, the fish part, in that example. Sometimes it isn't. Sometimes the truth is you can have more of this or more of that and you can't have them both, and that is where the politicians have to make the judgement.

**Chair:** I am very conscious of time and I know that we need to move on to some other areas. I know the Secretary of State has to leave at 4.00pm, I understand.

**Mrs Spelman:** I am afraid so, yes.

**Chair:** I know that Zac Goldsmith wants to come back on one of those things, so I think we are going to have to try and get really compressed answers if we can.

**Mr Letwin:** That is really difficult.

**Chair:** Have you finished with that?

**Ian Murray:** I am happy to move on if we are struggling for time.

**Q29 Zac Goldsmith:** A very quick question: the Treasury and Defra working together at how to incorporate the natural capital into the books effectively. Is that something that is going to be an extension to the *Green Book* or is there another

mechanism that will be developed to enable that to influence decisions in each of the Departments?

**Mrs Spelman:** I am not sure who wants to answer this.

**Zac Goldsmith:** Maybe it is too big a question—

**Mrs Spelman:** No, we can answer this concisely.

**Mr Letwin:** I am very happy to have a first stab.

**Mrs Spelman:** Go on then, yes.

**Mr Letwin:** This is something I am completely passionate about.

**Mrs Spelman:** Me, too.

**Mr Letwin:** Yes, Caroline and I have had a lot of discussion about this. The first point, there is something fantastic that has happened, which I fear, Chair, is due to the previous Government, but we can take the credit. We can take the credit for it. That is that the National Ecosystem Assessment has been carried out. It is the most astonishing document. Well, "document" is the wrong word; treasure-trove, a vast data accumulation, the first of its kind in the world. It enables us to look at natural capital, not as a sort of pleasant theory that gets discussed in academic common rooms, but actually to ask: okay, so what is—something which a particular Member concerned will very much remember—happening to slow water, is it slowing down or is it speeding up? Where is it slowing down? Where is it speeding up? Where are water resources under stress? What are we going to expect to see if current patterns persist?

So there is now, for the first time, what the Quality of Life Policy Group would have dearly loved to have had in its possession five years ago, which is, a real assessment of what each of the ecosystems in Britain is like; where it is under strain; the extent to which it is under strain, and so on, a fantastic resource.

That gives us a possibility of translating natural capital into something meaningful, and what it means is trying to improve those ecosystems. It means building up the ecosystems and it gives us the possibility of actually valuing those ecosystems, in terms of what they deliver. The economists have done quite remarkable work, which I was initially quite sceptical about, which actually I think is serious; looking at various methods of valuing ecosystems, so that the Treasury mind, which always wishes to have quantitative analysis before it, will now be able to have presented to it something that says, "Okay, if you do this it looks like it is okay before you think of the ecosystem effects. When you look at the ecosystem effects you have a cost here, you have to take that cost off what you thought the benefit was and then you have a real capital account, financial capital.

I think this is a fantastically exciting development. It will take some while to play out fully through Government. I think we are nationally in the lead in the world on it and I think we can make it change—to go back to the previous question—the culture further so that every time somebody is thinking of a policy in Britain over the next 50 years they will quite naturally ask themselves the question: what is the effect of this on natural capital? Just as they quite naturally and quite unthinkingly now ask themselves the question: will this affect GDP in a certain way? If we can get that equivalence so that we are not just debating GDP, we are debating GDP and natural

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capital—while we are at it, wellbeing too, because the index there is coming forward—then we have a much more balanced approach to government.

**Mrs Spelman:** We are incredibly excited about this and it will be published after purdah. We are already in Scottish Purdah, and they are signatories to it, so we have to wait until after the elections in May, but we will publish it and our *Natural Environment White Paper* also—

**Chair:** We have two very quick series of questions from Caroline Nokes and from Simon Wright, and I am conscious of time.

**Q30 Caroline Nokes:** I know, and I will keep this very brief. I wanted to ask you about sustainable development indicators and particularly when you are expecting new indicators to come forward. Very interestingly, the 2005 document *Securing the future—delivering the UK sustainable development strategy* is now archived on the Defra website. What sort of message do you feel that is sending out, and how do you expect the sustainable development indicators to affect your work on policy assessment?

**Mrs Spelman:** A couple of things: again, this is cross-cutting so the Government's Chief Sustainability and Operating Officer, William Jordan, and his team in the Cabinet Office will challenge and support the Departments in their successful delivery. This will provide one single point of accountability for Pan-Government delivery to Ministers on this agenda. The Ministerial Steering Group also will succeed in the question of the old SOGE targets, a series of new indicators, but I think probably Oliver is best placed to talk about that transition process. It is within your remit.

**Mr Letwin:** Yes, let me step back because the Government is doing something that is enormously important—I mentioned in relation to the last answer briefly—which is to begin to ask the ONS to develop, because no one will believe politicians if they develop it, a serious internationally recognisable Index of Wellbeing, which we hope will become as much a matter of public discourse in Britain, as I was mentioning GDP is today. I hope it will chime with work that is now being done in other countries, so that it becomes part of an international apparatus. As part of the point about the GDP measures, everybody takes it seriously because everybody else has one and that is what we want to do with Wellbeing too.

The ONS is pretty far advanced in that work. We are of course extremely careful not to intervene in it, so we cannot be accused of being politically motivated but, by the same token, we are extremely interested in its progress and I have had various conversations with the ONS about it.

Now they are looking at different possible ways of that index working, and at one end of the spectrum there would be a composite index that tries to take account of a whole series of sustainable development indicators, as well as a whole series of subjective indicators. You would then have the index as the top of the pyramid and a series of indicators under it. Another possibility is a narrower index that focuses specifically on Wellbeing on the subjective side, and is then accompanied by a series of sustainability

indices. That discussion has to continue among the statisticians to the point where it is resolved before we know quite where we are, and I think it is important that we get to the end of that conversation and use indicators that fit that mould, because there is a better than fighting chance that, instead of what I think outside this room is still regarded as a sort of joke thing—I don't know whether there is a reporter here from *The Daily Mail*—I will venture my arm, so far as to say, that I doubt that *The Daily Mail* currently regards Wellbeing indices as top of the pops, but I think there will come a time when *The Daily Mail* will be reporting on the Wellbeing Index, as much as it is currently reporting on GDP; quite a claim. I think we can get there, and I think that is such a prize to get to that it makes perfectly good sense to let the ONS complete this and make sure it is absolutely academically rigorous so that it gets the buy-in of all the statisticians who are looking at it, and then gets taken really seriously by the people who are commenting on it and then it can spread more widely. I can't tell you how important I think that would be in the evolution of our politics.

**Q31 Simon Wright:** The Government's vision on mainstreaming sustainable development states that annual reports on sustainability will be replaced by up-to-date publishing of information and statistics online, to allow for the continual scrutiny of progress on performance, so what information and statistics specifically are you intending to publish, and who is going to check that that information is correct and reliable?

**Mrs Spelman:** Obviously, transparency is incredibly important to the Government and part of trying to restore faith in politics is to be completely transparent about performance. So, as far as we have discussed, the business plans are made public. They are on the website. Any changes to them are made public. Indicators will be published. Operations and procurement are made transparent. So right across the piece you will be able to see, and members of the public will be able to see, what progress we are making. The transparency of course for Government has a good effect of driving some of the Departments, which are not performing as well on these indices, to up their game. That is a good thing. It generates a virtuous circle of people in Departments consciously focusing on how to improve their performances because they are made public. I don't know if you would like to add to the—

**Mr Anderson:** That is right, but it connects also to the Minister of State's previous answer as well because we need an overall one, I think, is what you are saying as well, in some way, of how we are measuring the progress on sustainable development. So it is a combination of constantly updating the business plans; anyone can look at them; anyone can question us on them, but also trying to find a set of indicators that make sense for a more general sustainable development approach, and that is more difficult and that will take more time. I think we will move away—

**Chair:** I am very conscious of time.

**Mr Anderson:** Of course.

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**Q32 Peter Aldous:** A few questions on sustainable development and the planning system. How is the Government going to ensure that decisions taken at a local level take account of sustainable development?

**Mrs Spelman:** It is not really for Defra in the lead here, but I hope I made clear in an earlier answer that by placing sustainable development—a presumption in favour of sustainable development—at the very heart of the planning system, it is absolutely pivotal in all the decisions that are made. So if you put in a planning application for a development that would not be sustainable environmentally, socially or economically, then that is the criterion on which the application could be turned down. Colleagues at DCLG are very clear about that. That is something that they have taken on with huge enthusiasm and that combined with the new localism in the planning system, where power is returning to the local level, I think will allow people who are very close to where any planning decision is being made, to appraise that decision against that criterion, and I think it will be a very powerful tool in the planning system.

Often, if you think about it, in the past planning decisions were made based on other criteria without looking at their sustainability. How many times have we seen housing developments added to settlements, when the infrastructure could not cope with those developments and people—I include the settled community and the new community—both suffered as a consequence, through the lack of sustainability? So I think this is an incredibly important step forward in the planning system.

**Peter Aldous:** Thank you for that. Just—

**Chair:** Have you finished on that point?

**Peter Aldous:** There is one leading on from that particular point.

**Chair:** Yes, that is fine.

**Q33 Peter Aldous:** Obviously, that is taking into account individual planning applications, but sometimes there is a cumulative effect with the various local policies and planning permissions when they move on. Who will oversee that situation to ensure that the concept of sustainable development is taken into account?

**Mr Letwin:** I can explain that I think. The new neighbourhood planning system, which is being introduced by the Localism Bill, gives to neighbourhoods, parishes, towns, neighbourhood forums where there aren't parishes or towns, and the local population through a referendum, the ability to do genuine planning, which isn't the case at the moment. At the moment we have a system of development control. Now there will be the option of actually planning, in the sense of the community getting together and saying, "Okay, this is how we would like the place we are living in to look like and feel like".

Part of our reason for wanting to do that is our intense desire to localise power and part of it is to create more community, because as people talk about that they talk about all sorts of other things and that fosters a big society, but part of the reason is that we think that people when they come to do that will turn out to care a lot about what the place looks and feels like because

they are living in it. We have a sort of touching faith that people do care about where they are living in.

Therefore, we think that will tend to create, just by itself, a planning system that is much more ecologically sensitive. However, we are not risking this in any way because, in order to get approved, a neighbourhood plan will not only have to pass the referendum of the local people, it will also have to conform with the National Planning Framework, and the National Planning Framework—the best way to envisage it is as a massively boiled down but much clearer and much more ecologically driven set of principles and, wherever possible, incidentally, set of maps about what can and can't be done. So, for example, wild-life corridors, physical regeneration of habitats, sites of special scientific interest, and so on, will be contained in the National Planning Framework.

If you are the local neighbourhood, you will have the incentive as the neighbours to make your place as nice as possible, but in order to get what your vision is accepted it will also have to conform to national standards of what is ecologically appropriate. That combination of local power but within a national framework we think will transform the relationship between the planning system and our ecology. We think we might end up with a Britain that starts getting more ecologically friendly, and a nicer place to live in, rather than less and less so.

**Mrs Spelman:** The National Ecosystem Assessment is the powerful scientific tool that is new, which really gives you the information about the true cost of the natural capital in the place to which the planning decision applies, and lots of things would not have been built if we had had that in the past.

**Q34 Chair:** Must to interrupt Peter for the moment, isn't the concern as reflected in our localism special report that we did and reflected by many NGOs? If this is the case, what is the objection to putting sustainable development on the face of the Localism Bill, and what kind of discussions have there been with the Department for Communities and Local Government? There is a concern that there is going to be a disconnect—even though you say anything in the Localism Bill would have to be compliant to that overall framework, but what is the objection to having sustainable development on the face of the Bill so that it is in no doubt whatsoever?

**Mr Letwin:** I don't think it is a question of an objection. It is a question of where it becomes effective, and what the Localism Bill does is to set up the structure I was describing. Therefore, if the presumption of sustainable development is written into the National Planning Framework, the National Planning Framework being what governs the neighbourhood plans, it is inevitably written into every neighbourhood plan. That is the most effective way of making this be brought to bear.

**Q35 Peter Aldous:** One final point: the *Growth Review*, which was published alongside the Budget, set out that in planning consent regimes the Secretary of State, yourself, will place significant weight on the need to support economic recovery. What does this

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mean in practice and is there a conflict with the concept of sustainable development at all?

**Mr Letwin:** No, there is no conflict at all. The position we face is that because of the new system, which I was describing, being brought in through the Localism Bill, which we believe will have these very good effects and which, incidentally, we believe will also lead to more development but of a more sustainable kind. We think when people feel empowered to run things, decide things, determine things for themselves, they will more welcome that which is sensitive, in both ecological and social terms, than they do now where they are more inclined to set up machine gun nests to stop things happening because they are imposed on them from outside.

So we think it is a pro-development thing that is coming as well as a pro-ecological thing that is coming, but it is coming some years off in the sense that the Bill has to be passed; the National Planning Framework has to be developed; people have to start putting their neighbourhood plans together. There is quite a long process. In the meanwhile we pay a price as a nation for getting to a better system, which is that there is a transitional period during which there has been a certain gumming up of the works. It is unfortunate that this has coincided with a period when demand for housing is relatively low, because the economy is in a fragile state following the recession we went through, and where we very much want to see job growth in order to get the economy moving again.

Under those circumstances it is important that we try to get over the fact that local authorities have had a tendency during this interim period not to do very much and to wait until the new thing comes along. That is why this presumption about how the Secretary of State for Communities and Local Government would act in the interim has been placed there as part of the Growth Review. It is a way of trying to make sure that the fact that we are transitioning to a new system doesn't impede unnecessarily the growth now. That is why we have the presumption of sustainable development installed now too to make sure that it isn't just any old growth that will do, but rather only that which is sustainable.

**Peter Aldous:** Thank you very much.

**Q36 Chair:** I am really struggling. How can you have a presumption in favour of sustainable development when the sort of default position to any development is yes?

**Mrs Spelman:** I think you are putting some punctuation between the things that the—

**Chair:** I am trying to join it up.

**Mr Letwin:** The default position is that if something is a sustainable development the answer should be, yes, in the way those two things go together.

**Q37 Chair:** Does the Chancellor agree with that?

**Mr Letwin:** Yes.

**Mrs Spelman:** He said that.

**Mr Letwin:** Yes, that is why he said it was a presumption in favour of sustainable development. I know there has been a quite persistent effort to portray the Chancellor as if he and his Department were

somehow deeply opposed to the entire ecological agenda. This is not the Chancellor I know and love. This is a man who recognises that there is a balance here.

**Mrs Spelman:** I would like to add that the Treasury's plan—

**Chair:** Please do.

**Mrs Spelman:**—commits it to setting out a cross-Government framework for supporting strong, sustainable and balanced growth. You don't have to speak to the Chancellor for very long to say, "You wouldn't want unsustainable growth, would you?" He is having to clear up the mess of a period of unsustainable growth.

**Chair:** We are not going to turn this into an exchange on that basis. We are trying to be constructive.

**Mr Letwin:** Indeed, yes.

**Q38 Chair:** One quick question on that: what consultation have you had in terms of the European law and the strategic and environmental assessment? You have presumably been having discussions so that all of this is compliant?

**Mrs Spelman:** Absolutely, and as you know the Coalition Agreement makes very clear that the coalition wants to be a positive participant in Europe. We never leave an empty chair and we are seen I think—certainly by other environment Ministers in Europe—as providing some leadership in this area. We have a very good working relationship with a number of the commissioners. I interface with five alone. We certainly work very closely with them to make sure that we are compliant obviously with all directives, but also providing suggestions to the commission about how we might improve and enhance on those.

**Q39 Chair:** Staying with Europe at the moment. Do you think had you been before this Committee and we had perhaps discussed something like cloning, that the UK's position in Europe might have been different?

**Mrs Spelman:** Obviously, I read *The Daily Mail* article this morning and, with respect to one of the Committee Members, I think it is really important to understand the science. So Defra takes a science-led, evidence-based approach to all its decision, and the fact with cloning is that there is a complete ban on the sale of any food from a cloned animal. Once a cloned animal is cross-bred conventionally, it has the effect of setting the genetic clock to zero. So, while it is the case that there is no possibility throughout the EU of any food product of a cloned animal being sold or consumed, I think it is important to understand that the descendents of the cross-breeding with other animals do not produce novel foods, but the European Parliament is considering this issue and obviously it is a European-wide decision that has to be made. The UK's position is clear on this matter and it is the Food Standards Agency that actually oversees the question of being compliant with the European regime.

**Q40 Chair:** Unfortunately, we are almost up to full-time, so we are not going to go further down that route, but can I finally ask you in terms of the international agenda. It has been said to us by every

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single commentator, NGO, virtually everybody that we meet with, that RIO plus 20, and the route map to get there is going to be the most fundamental significant event that is taking place. I think the question is: what are you doing in the run up? We are already in the run up to it, and how is that going to affect everything else that gets done in a cross-cutting way?

**Mrs Spelman:** I am so glad you asked me that question because on Tuesday I will be with Mr Anderson going to Brazil, in order to work with the Brazilian Environment Minister and other Ministers within the Brazilian Government, on Rio plus 20. I think it is in all our interest, all of us who care passionately about sustainable development, to make sure absolutely that this is at the heart of what needs to be a success at Rio plus 20. I share very closely with Senora Teixeira a view that we need to join up what we do internationally on climate change, on biodiversity and on poverty alleviation. I know that the Brazilians are absolutely committed to having sustainability and to have the world's Ministers focused on the issue of sustainability when we come to Rio for the formal meetings. But in the interim we have given technical assistance to Brazil, we have had some of the officials from the Brazilian Government working within Defra to help them with these preparations and we are very much two countries that

will work in alliance to get a good outcome at Rio plus 20.

**Q41 Chair:** I can safely say that, in terms of the whole of Rio plus 20, international leadership on this was something that was established by the previous Government, and this Committee thinks that it is very important indeed. Certainly, as a Committee and as a Committee alongside other Parliamentarians as well in other countries, we look forward to there being an open, transparent process by which we can influence well in advance in a preventative role.

**Mrs Spelman:** Absolutely, and I would pay tribute to the work that went before on this, and to give assurances to the Committee that the baton has been passed seamlessly, and in Nagoya the UK was recognised in the leadership role that it has by being asked to be a facilitator of the negotiations between other countries, which led to a multilateral agreement. I think it is a very good suggestion of the Select Committee that we might work together towards trying to achieve the best possible outcome when the summit takes place.

**Chair:** We have had three minutes of extra time. So, can I, on behalf of the Committee, thank all three of you very much indeed for your time this afternoon.

# Written evidence

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## Supplementary written evidence submitted by Defra

### NOTE ON THE POSITION OF SDC STAFF

Approximately 60 staff were working for the SDC at the time of the July announcement. The majority had left by 31 March 2011 either because they were on secondment to the SDC from another organisation, had reached the end of their contract, found another role outside Government, taken voluntary redundancy, or transferred under COSOP (Cabinet Office Statement of Practice) terms into Defra or to Keep Scotland Beautiful (KSB).

Two staff were on secondment from Defra and will return to the Department. A further four SDC staff were offered transfers into Defra, of whom two accepted and joined the sustainable development unit on 1 April 2011. Two staff declined the transfer offer, and, as agreed with the trade unions, we offered two alternative roles working on sustainable development policy which we ring-fenced for SDC staff as a redundancy mitigation measure. No SDC staff applied for the roles. Three SDC staff were offered transfers into KSB, two of whom accepted, and two staff were offered transfers into the Welsh Assembly Government, neither of whom accepted.

24 SDC employees remained in post on Monday 28 March and 22 of those were issued with Compulsory Redundancy Notices on that day for departure on Thursday 31 March. Permanent employees will receive compensation in lieu of their six month notice period (CILON) (fixed term employees will receive three months CILON) plus compensation in line with Principal Civil Service Pension Scheme (PCSPS) terms.

The remaining two employees (the Director of Corporate Resources Manager and the Head of HR) have been deemed business critical to the administrative closure of SDC Ltd and we have agreed with them to delay issuing their notices for one and two months respectively so that they still receive six months CILON and are not at a financial disadvantage as compared to other SDC staff. The SDC Head of Finance is a Defra secondee and will continue in her role until the SDC final accounts have been prepared and audited, which we expect to be by July.

As a final redundancy mitigation measure and at the request of the unions, Defra agreed that permanent SDC staff with SD policy experience who were not in scope for either a transfer into Defra or to apply for one of the two ring-fenced roles would be offered the opportunity to apply for other roles in Defra until the end of May if they wished. Three staff were in scope for this, one of whom has accepted. The other two declined and departed to the same timescale as the other SDC staff.

We estimate that the total cost of winding up the SDC will be c£1.25 million, of which c£900k will be spent on compulsory redundancies and c£200k on voluntary redundancies. The remainder is other costs, such as the salaries of the business critical staff staying on to effect the administrative closure.

11 April 2011

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## Further supplementary written evidence submitted by Secretary of State, Defra

Thank you for your letter following up on certain issues that your Committee did not manage to reach during the evidence session. Oliver Letwin and I attended on sustainable development at the end of March. I have replied under the headings set out in your letter.

### WORKFORCE PLANNING

*In what ways will the structure of the Department and its NDPBs differ, from before, once the changes and cuts in Defra's budgets have been fully reflected—what is the blueprint you are aiming for?*

*Has Defra identified work streams that will have to be dropped in any restructuring?*

*How will any restructuring affect the Sustainable Development Unit and the work to embed sustainable development across Government?*

The Department is fully engaged in a restructuring process at present across the whole of the Defra network. We do not as yet have any particular "blueprint" in mind. We are in the process of completing our voluntary exit scheme for staff across core Defra and the Agencies and the NDPBs have embarked on their own programmes. We will need to take stock of our staff resource situation when this is complete. Programme Directors are currently reviewing their own resource requirements, and this includes the Green Economy and Strategy Directorate that currently houses the Sustainable Development Unit (SDU). It will be important to ensure that it is staffed appropriately for the challenges of mainstreaming SD. We will benefit in this from the skills of two SDC staff who have transferred into the SDU and one person previously on secondment to the SDC who has returned to Defra and is also now in the SDU.

## BUSINESS PLANS

*In the session on 31 March Mr Letwin indicated that the Departmental Business Plan assessment process could be made more transparent. What mechanisms are being considered to do this?*

*To what extent will the Business Plan assessment take account of the capability, in terms of staffing and skills, that will be required by other departments to deliver sustainable policies?*

As I explained at the Committee hearing the work to define the nature and process of the business plan assessment mechanism as part of the Mainstreaming SD package continues. We have been identifying a range of options to address the issue of transparency, and are considering these with the Cabinet Office. I will keep the Committee informed of developments once we have agreed a process with other Government Departments, and my officials will continue to update your Clerks at their regular meetings.

With regard to this work and other Government Departments, the assessment of business plans will be focussed on how well sustainable development is reflected in policy proposals/objectives. This will not take account of the capability required to deliver the policies, which will be for the Department in question to manage. However, as the lead Department on SD, Defra will work with Departments to help them assess the capability required, and to develop the skills needed to deliver the policies. Defra has led on this for some time and will continue to ensure that best practice is spread throughout government. With this in mind we transferred from the SDC into Defra some elements of their work in this area, along with one expert.

## EMPLOYMENT ISSUES

*To what extent have generic restrictions on the rights of staff in NDPBs to transfer to, or compete for, jobs in Government departments stopped ex-SDC staff being able to move to other Government departments?*

*Is anything being done by Defra to address such an issue?*

Defra and the SDC went to great lengths to consult Cabinet Office, the Civil Service Commissioners and National Trade Unions to see what Defra could offer in terms of transfers of employment to SDC staff, including through two meetings chaired by the Cabinet Office as part of the period of reflection. Defra ultimately offered four SDC staff the opportunity to transfer to Defra under Cabinet Office Statement of Practice (COSOP) terms. We also offered two posts in the SDU which we ring-fenced for SDC staff as a further effort to mitigate redundancies and enable staff and skills to transfer into the Department. These were not taken up.

We do not know the extent to which the Government-wide restrictions affected the decisions made by SDC staff, though some did express an interest in applying for posts in other Departments.

The guidance we received from both Cabinet Office and the Civil Service Commissioners was clear that staff in NDPBs have very restricted rights to move into other Government Departments. Defra chose to apply Exception 5 of the Civil Service Recruitment Principles in relation to the SDC by enabling specified individuals who were previously Civil Servants to have access to Defra internal jobs on permanent transfer. This therefore went beyond the usual principles applied.

10 May 2011

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