House of Commons
Environment, Food and Rural Affairs Committee

Natural Environment White Paper

Fourth Report of Session 2012–13

Volume I: Report, together with formal minutes, oral and written evidence

Additional written evidence is contained in Volume II, available on the Committee website at www.parliament.uk/efracom

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Environment, Food and Rural Affairs Committee

The Environment, Food and Rural Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Environment, Food and Rural Affairs and its associated bodies.

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Committee staff

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Summary

The UK depends on the natural environment not only to supply food and materials but also to provide vital support services that ensure human well-being, such as processes to purify air and water, maintain the climate and breakdown wastes. These ecosystems services are worth billions of pounds to the UK economy—for example pollination provides nearly half a billion, fish landings some third of a billion and recreational visits to the countryside some ten billion pounds a year in benefits.

Defra’s White Paper *The Natural Choice* recognises that a healthy natural environment is the foundation of sustained economic growth, prospering communities and personal wellbeing, but the Government must do more to ensure that all Whitehall departments fully value nature’s benefits. This requires stronger leadership, not only from Defra but also from HM Treasury and the Cabinet, to effect the necessary culture shift amongst policymakers. The Cabinet Office must ensure that all government policy and legislation is proofed for consistency with the Government’s aspirations that the value of natural capital is fully reflected in decision-making. Successful delivery of the White Paper must be promoted across Government, with leadership from the Prime Minister and Deputy Prime Minister, as central to the Coalition Government’s fulfilling its commitment to be the “greenest government ever”.

It is disappointing that the White Paper’s laudable aims have not been integrated into government departments’ policies, including transport and planning and the Government must rectify this at the earliest opportunity. Guidance on implementing the National Planning Policy Framework must be provided to help planners and developers protect the environment in areas designated as Nature Improvement Areas. Certain Ministers have given a false impression about the impact of environmental regulation on the economy. Ministers must fully assess and communicate to the public the benefits as well as the costs of environmental regulation so as to prevent a perception that environmental protection is a drag on the economy. The Government should publish its response to advice from the Natural Capital Committee which should make an annual report to Parliament. Defra must publish an action plan drawing together the individual commitments in the White Paper setting out key indicators of success and a timetable for when these will be achieved.

The Government is unlikely to commit significant additional sums of public money to fund the up to £1 billion a year which the UK needs to ensure its ecological resilience. Defra should therefore set out how payments can flow from beneficiaries of ecosystems services, such as the supply of clean water, to those who protect and enhance these environmental systems. There are as yet few good UK examples of such schemes. The National Ecosystem Assessment’s wealth of evidence must now be used to help sectors such as the water industry to develop cost-effective methods of enhancing the natural environment’s ability to provide high quality water rather than building infrastructure to clean up supplies.

Biodiversity offsetting has the potential to deliver a considerable positive impact on the natural environment providing that enhancing biodiversity is the first priority. Defra must ensure that the long-term benefits from individual offset schemes are locked in so that
habitats are maintained for the future. Peat extraction destroys irreplaceable habitats and causes greenhouse gas emissions. The White Paper’s target of ending peat use by 2030 shows a lamentable lack of ambition and a review of progress must be brought forward to 2014.

There is some evidence that more people are reaping benefits from engaging with the natural environment but this is not the case for all groups. Defra must set a target for increasing public engagement with nature, and the Department for Health and the Department for Education must establish measurements which demonstrate the link between greater public participation in activities in the natural environment and improved health and educational attainment. Defra should reschedule efforts so that the coastal path around England is fully operational within 10 years.
1 Introduction

Our inquiry

1. In June 2011, the Government published The Natural Choice: Securing the Value of Nature—the first White Paper on the natural environment for twenty years. Its central theme is that a healthy, properly functioning natural environment is the foundation of sustained economic growth, prospering communities and personal wellbeing. The White Paper argues that this is why the economic and social benefits of a healthy natural environment should be properly valued, while continuing to recognise nature’s intrinsic worth.

2. On 14 July 2011, we announced our inquiry to examine the policies in the White Paper. We received 70 written submissions and held six oral evidence sessions, hearing from a range of organisations and individuals including the farming industry, the construction industry, NGOs and charities, local authorities and planners, and from Ministers from HM Treasury, the Cabinet Office and the Department for Environment, Food and Rural Affairs (Defra). In addition the Committee visited the Republic of Costa Rica in February 2012 and Pevensey in East Sussex in March 2012. We are grateful to all who gave us evidence in writing or in person.

2 Strategic direction of the White Paper

Genesis of the White Paper

3. The core policies of the Natural Environment White Paper (NEWP) reflect the Government’s belief that it is important to manage ecosystems in a more integrated fashion to achieve a wider range of services and benefits. The NEWP builds on the UK National Ecosystem Assessment (NEA), published in June 2011. The NEA contains a wealth of scientific evidence on the state of the UK’s natural environment and provides an overarching assessment of the benefits that nature provides to the UK. The Assessment found that societal changes including population growth, increased living standards, technological developments and globalised consumption patterns had reduced some

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1 Defra, The Natural Choice: Securing the Value of Nature, Cm 8082, June 2011 (Referred to as ‘NEWP’ in this report)
2 As above
3 Terms of reference can be found in the Committee’s press statement at www.parliament.uk/efracom
4 Rt Hon Oliver Letwin, Minister of State, Cabinet Office (responsible for Government policy advice) and Chloe Smith, Economic Secretary to the Treasury; Richard Benyon, Minister for Natural Environment and Fisheries (Defra)
5 NEWP p 7, para 1.7
6 Living with Environmental Change, UK National Ecosystem Assessment: Understanding Nature’s Value to Society, Synthesis of the Key Findings, June 2011 (Referred to in this report as ‘NEA’ or ‘UKNEA’)
7 NEWP p 7, para 1.4
ecosystems’ ability to deliver some services. Of the range of services delivered in UK’s eight aquatic and terrestrial habitat types, about 30% are in decline.⁸

4. Figure 1 below shows the decline between 1970 and 2009 in farmland bird populations—one of the key indicators of the health of UK ecosystems.

Figure 1: The UK Farmland Bird Index 1970–2009, calculated on data from 19 individual farmland bird species

Source: UK National Ecosystem Assessment, Synthesis of the Key Findings, p 8, figure 3

5. The NEA sets out a new way of estimating national wealth intended to take fully into account the value of natural resources. Central to both the NEWP and the NEA is the idea that both national and individual wealth is dependent on the environment, not only for the supply of food and raw materials, but also for the provision of vital underpinning services such as purifying air and water, breaking down wastes and maintaining the climate. The environment also provides recreation and health benefits to society. Figure 2 demonstrates the conceptual framework for the NEA showing the links between ecosystems, the services they provide, valuation of those services and impacts on human well-being.

⁸ NEWP p 7, para 1.6
Key aims of the White Paper

6. The NEA notes that many of the benefits provided by ecosystems are not reflected in market prices. For example clean and regular water supplies, climate regulation and outdoor recreation are not priced with regard to ecosystems. However, the Assessment notes that it is “easy to demonstrate” that the services of the natural world underpin billions of pounds of economic activity. Examples of UK annual values include:

- £350 million for fish landings;
- £430 million for biodiversity pollination services;
- river-water quality improvements worth up to £1 billion; and
- net carbon sequestration by woodland worth some £680 million.

In addition there are over three billion recreational visits to the countryside generating a social value in excess of £10 billion each year. In contrast, there are significant costs to the economy from activities which deplete ecosystems services, such as average annual costs of flooding of some £1.4 billion. Under extreme climate change scenarios these annual costs could rise to some £20 billion by 2060.

7. Drawing on the NEA’s analysis, the NEWP identified a need to recognise the value of nature across society, including by encouraging greater local action to protect and improve nature. The White Paper also aims to create a green economy in which economic growth and the health of natural resources sustain each other and in which markets, business and government better reflect the value of nature.

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9 NEA synthesis report p 42
10 UK National Ecosystem Assessment, Human Well-being: Economic Values from Ecosystems, Chapter 22, pp 1068–9
11 NEWP p 3, para 3
8. The NEWP contains 92 specific actions and sets out a range of policy levers to achieve its broad aims, including proposals based on regulation, on incentives and on markets for ecosystems services. Defra’s Minister for Natural Environment and Fisheries, Richard Benyon, told us that the NEWP was an “ambitious” paper comprising a “framework document of how we envisage valuing and enhancing nature way into the future”. The fledgling concept of developing markets for the services delivered by the natural environment is perhaps the most innovative and bold aspect of the NEWP and one which we consider in further detail later in this report.

Response to main themes in the White Paper

9. Most of our evidence supported the overall aims of the NEWP, particularly its aim to secure the value of nature in decision-making and its ambition to widen the public’s engagement with the natural environment. Leading experts on ecosystems services welcomed the NEWP’s publication. For example, Pavan Sukhdev, project leader for The Economics of Ecosystems and Biodiversity (TEEB), told us that he was “delighted” since the NEWP “met the need to map ecosystems services and attempt to put values on them”. He added that the UK was “within a few years of actually creating natural capital adjustments to be reflected in national accounts”. Chris Knight, from PricewaterhouseCoopers, told us that his organisation “strongly welcomed” the NEWP for its consistency with the private sector’s ecosystems services work and for putting the UK “within the dozen leading countries in the world” on this issue.

10. The farming sector also welcomed the aims of the NEWP. It understood the perception that there was a tension between securing food production and maximising environmental benefits, but did not consider this to be insurmountable. The National Farmers’ Union told us that it was pleased that the NEWP recognised the “important role that farmers play as managers and stewards of the countryside alongside their vital role in achieving society’s ambitions to produce food and to protect water, wildlife and soil”.

11. Industrial organisations told us about the economic opportunities that the White Paper’s approaches might bring to their sectors. For example, Balfour Beatty told us that it saw the sustainability agenda as an “opportunity to grow our business in the green economy” provided that more sustainable outcomes were valued by customers, “including

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12 Q 269
13 The Economics of Ecosystems and Biodiversity (TEEB) project was established following a meeting of G8+5 Environment Ministers in 2007 which agreed to ”initiate the process of analysing the global economic benefit of biological diversity, the costs of the loss of biodiversity and the failure to take protective measures versus the costs of effective conservation.” www.teebweb.org
14 Q 2
15 Q 47
16 Q 3
17 Ev 98
18 Q 10, Ellie Robinson
local and national government”. However, some industrial sector witnesses were not convinced of the appropriateness of using the ecosystems approach with, for example, the Association of Electricity Producers considering there to be no evidence from other countries that it was currently a “viable basis for general regulatory or business decision-making”.

12. A small number of commentators criticised the NEA and the NEWP for placing a “price on everything and a value on nothing,” arguing that intrinsic values of nature would not be considered. The Campaign to Protect Rural England (CPRE) told us that it was important that “nature be valued in its own right”. Other witnesses were concerned about the impact of market approaches on the ability to protect the natural environment. For example, the Food Ethics Council told us that applying economics to natural services at worst perpetuated the dangerous conceit that markets would respect nature because of the value which had been placed on it. However, such views were very much in the minority.

13. We recognise that both economic and intrinsic values need to be taken into account in valuing the full benefits that nature brings to society. We welcome the White Paper’s ambitious aim of reflecting the value of natural capital in government policy-making and thus providing a more comprehensive set of data on which to conduct proper cost-benefit analyses. We further endorse attempts to apply new tools such as ecosystems services valuations to policy evaluation. We welcome in particular the White Paper’s recognition that protection and enhancement of the natural environment delivers economic as well as environmental and social benefits.

14. We finished taking evidence before Defra published the final report of the Independent Panel on Forestry in July. The Panel recommended that “society as a whole value woodlands for the full range of benefits they bring” and called on the Government to “pioneer a new approach to valuing and rewarding the management, improvement and expansion of the woodland ecosystems for all the benefits they provide to people, nature and the green economy”. We endorse this view. Defra should accept the Independent Panel on Forestry’s recommendation on valuing services provided by woodlands such that forest management which provides a range of ecosystem benefits is rewarded.

19  Ev 121
20  Ev w87
21  Infochange website www.infochangeindia.org/environment
22  Ev 87
23  Ev w15
24  Independent Panel on Forestry, Final Report, July 2012, p 7
3 Turning policy into practice

Strategy for delivery

15. Whilst the NEWP’s overall approach towards protecting and enhancing the environment garnered widespread support, much of our evidence expressed concerns about translating those approaches into practical policies and programmes. Witnesses from a range of sectors, including industry and environmental NGOs, referred to potential problems with ensuring delivery of the NEWP’s bold aims. For example, the Countryside Alliance told us that, if fulfilled, the NEWP’s aims would “ensure a healthy balance and a secure future for the natural environment”, but it believed that there was “no clear plan” or sufficient resources to ensure the White Paper’s objectives were delivered.

Action Plan

16. The NEWP contains 92 specific commitments but little information as to how they link into an overarching strategy for delivering the large-scale ambition to embed the value of nature within decision-making. The Wildlife Trusts told us that the NEWP failed to provide a single framework within which all the new initiatives would be managed and that it provided no “clear indication” of how the various actions and commitments would be coordinated. In the organisation’s view this led to a “confusion of disparate concepts”.

17. The Minister told us that Defra produced a quarterly newsletter sent to all stakeholder groups to provide an update on progress. However, this document only includes descriptive snapshots of issues where there is progress rather than a structured report on progress against each of the 92 commitments. Whilst Defra’s website provides updates on specific strands of the NEWP (for example on progress on establishing Nature Improvement Areas) these do not link together to provide a means to track progress across the piece. Furthermore, many of the 92 commitments have no timetable for delivery, and for those that do it is not easy to find from public sources whether these deadlines have, or have not, been met.

18. We are concerned that Defra has not published an overarching action plan for delivery of the White Paper’s aims, nor has it produced a timetable for delivering each of the White Paper’s 92 commitments. There is a danger that such a piecemeal approach to implementation will lead to the White Paper failing to deliver its full benefits. We therefore recommend that Defra publish a timetabled action plan for delivering each of the White Paper’s commitments, to be reported on quarterly with an explanation for any slippage in meeting deadlines.
**Targets**

19. Some witnesses criticised a lack of specific targets in the NEWP. For example, the RSPB told us that there should be a target to improve the status of all priority species in England by 2020.\(^{29}\) Wildlife and Countryside Link considered that the Government should set measurable outcomes for recovery of vulnerable species and habitats and mechanisms to deliver them.\(^{30}\) The organisation Plantlife also wanted “firmer commitments” to protect specific threatened or rare wildlife species,\(^{31}\) and the Woodland Trust argued for a target to double woodland cover in the next 50 years.\(^{32}\)

20. We recognise that a plethora of targets can dilute effort and create an unhelpful focus on fulfilling targets rather than achieving broad aims. However, if Defra, other government departments, partner organisations and the wider public are to know that success has been achieved, then outcomes need to be clearly, quantifiably defined. There is a commitment in the NEWP to develop a set of key indicators by “spring 2012” to track progress on its ambitions but this has yet to be published.\(^{33}\) We are disappointed that Defra has failed to meet this commitment. **We recommend that Defra identify a number (perhaps ten in total) of key input and outcome measures for its main ambitions of valuing natural capital, ensuring ecological resilience and engaging the public in the natural environment. The department should report progress against these in its Business Plan. Furthermore, Defra should explicitly identify the outcomes it expects its arm’s length bodies to contribute to delivery of the White Paper’s aims.**

**Cross-government commitment**

21. The NEWP agenda will only be delivered through actions across Whitehall. The key departments are Defra, the Cabinet Office and HM Treasury, but other departments including the Department for Communities and Local Government and the Departments for Health, Education and Transport also have important roles. The NEWP’s goals also need to be achieved in the UK’s Overseas Territories, which have a significant part to play in improving global biodiversity. Witnesses were concerned that this overseas aspect had not received sufficient attention. The RSPB considered it “astonishing” that the NEWP failed to make the “stretching commitments” necessary for the UK to meet its international obligations, given the large percentage of endemic species in the Overseas Territories.\(^{34}\)

22. We took evidence from the Economic Secretary to the Treasury, Chloe Smith, and the Minister of State in the Cabinet Office, Rt Hon Oliver Letwin, on the roles of their departments in implementing the NEWP. In the White Paper the Cabinet Office Minister

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\(^{29}\) Ev 85 Priority species are those set out in the UK Biodiversity Action Plan. A revised list was published in 2007 containing some 1150 priority species and 65 habitats

\(^{30}\) Ev 114

\(^{31}\) Ev w12

\(^{32}\) Ev w17 Note: Doubling woodland cover would require annual planting of some 15,000 hectares a year of new native woodland

\(^{33}\) NEWP p 66, para 6.5

\(^{34}\) Ev 84
of State for Government Policy is given specific responsibility for embedding sustainability across government with a requirement to review government departments’ business plans quarterly.\(^{35}\) However, witnesses told us that this approach would not provide sufficient scrutiny,\(^{36}\) and were concerned that the institutional framework for delivering the NEWP’s ambitions remained “unclear and unsatisfactory”.\(^{37}\) The RSPB, for example, urged the Government to clarify “where ultimate responsibility now lies and how departments beyond Defra will be held to account”.\(^{38}\) Some witnesses’ concerns went beyond simply doubting the ability of government departments to co-ordinate action, with, for example, Friends of the Earth considering that there were “contradictory policies” across Whitehall.\(^{39}\)

23. Many witnesses considered that too much responsibility for delivering the White Paper rested on Defra, with organisations such as the National Trust concerned that the NEWP message had therefore not gained “traction beyond the traditional natural environment sector”.\(^{40}\) WWF-UK noted that the Treasury had not been part of the NEWP central project team. They argued that this led to the impression that the green economy policy was an “add-on” to core economic concerns.\(^{41}\) Paul Wilkinson, representing Wildlife and Countryside Link, noted that Defra had made concerted efforts to bring together teams across Whitehall to draft the NEWP, however since publication there had been a “fragmentation of delivery”.\(^{42}\)

24. Mr Letwin acknowledged that no single department could muster the “necessary forces to ensure that the rest of Whitehall pays attention” and noted that No. 10 and the Cabinet Office had a central role to play in holding departments to account.\(^{43}\) He told us that he was going through departmental business plans to look “in every case” at whether sustainability had been “built-in in an appropriate fashion”.\(^{44}\)

25. We questioned the Ministers about how application of NEWP principles would affect decision-making—for example on projects such as the High-Speed 2 rail project.\(^{45}\) However, Mr Letwin did not address this point directly. His evidence focussed on how government departments’ in-house environmental performance was improving but did

\(^{35}\) NEWP p 43, para 3.40
\(^{36}\) Ev w56
\(^{37}\) Ev w13
\(^{38}\) Ev 85
\(^{39}\) Ev w20
\(^{40}\) Ev 107
\(^{41}\) Ev w59
\(^{42}\) Q 93, Paul Wilkinson
\(^{43}\) Q 219
\(^{44}\) Q 221
\(^{45}\) Q 225 Note: GreenLINK, representing organisations active in the parks and green space sector, highlighted the High-Speed 2 rail link and the expansion of regional airports as examples of conflicting messages around economic growth and the balance with social and environmental gains. Ev w74
not address how departments could embed sustainability principles within their decision-making and specific policy development.\footnote{Q 223, Mr Letwin}

26. The White Paper is a Government publication for delivery across all departments. However, the document confines itself largely to general principles rather than identifying specific commitments to be placed on non-Defra departments. \textbf{We are disappointed that the Government has failed to integrate the approaches in the White Paper into key policy areas such as planning and transport and that this has limited the actions undertaken so far by departments other than Defra. We look to the Government to remedy this at the earliest opportunity.}

27. Both Mr Letwin and Ms Smith’s comments on valuing natural capital focussed principally on publication of supplementary guidance to the Green Book.\footnote{HM Treasury, \textit{Accounting for Environmental Impacts: Supplementary Guidance}, February 2012} The Green Book is the Treasury’s guidance for central government, setting out a framework for the appraisal and evaluation of all policies, programmes and projects. Ms Smith told us that “every official discussion that deals with the cost/benefit analysis of [infrastructure] decisions does draw on the [Green Book] guidance”.\footnote{Q 225} Mr Letwin told us that Impact Assessments were being enforced “more aggressively than previously”.\footnote{As above} However, he also noted that, just because the guidance had changed, it did not mean that the Government had “somehow cracked it”.\footnote{Q 267} He recognised that it needed a cultural shift to get people not simply to “tot up [costs] on cash registers” but to recognise that building natural capital has “quantifiable, rigorously assessable effects” on economic and social prosperity.\footnote{Q 238} Defra officials also emphasised that the NEWP’s green economy approach was “very much part of the Government’s overall growth agenda”.\footnote{Ev 1, Peter Unwin, Director General, Environment and Rural Group, Defra}

28. We welcome publication of the supplementary guidance to HM Treasury’s Green Book on accounting for environmental impacts and Ministers’ reassurances as to its importance. However, we are not convinced that there is a clear plan to embed its application firmly across Whitehall. We have seen little evidence of the cultural change required if officials are fully to adopt wider approaches to economic valuation. \textbf{We recommend that HM Treasury require each government department to undertake an inventory of the natural capital assets it controls, or that its policies have an impact on, so as to provide an evidence base for their decision-making.}

29. \textbf{We further recommend that Defra, with HM Treasury and the Cabinet Office, lead an inter-departmental programme of training on the use of ecosystems services approaches in Impact Assessments.}
30. We further recommend that HM Treasury undertakes and publishes an assessment of the use of the supplementary guidance to the Green Book by all government departments within 12 months.

31. HM Treasury should provide this Committee with an update on all of these issues in 12 months’ time.

Regulation

32. The Government has been conducting a widespread review of regulation under its Red Tape Challenge programme. The Environment Theme Proposals stemming from this review were published in March 2012. Of 255 regulations, 132 are to be improved, mainly through “simplification and consolidation”, 70 will be kept since they “uphold important environmental protections,” and 53 “obsolete” regulations are to be removed. Alongside this there is to be “smarter implementation on the ground”.

33. The Government announced in the November 2011 Autumn Statement a specific review of the Habitats and Wild Birds Directives. The Chancellor of the Exchequer said that:

> I am worried about the combined impact of the green policies adopted not just in Britain, but also by the European Union … if we burden [British businesses] with endless social and environmental goals—however worthy in their own right—then not only will we not achieve those goals, but the businesses will fail, jobs will be lost, and our country will be poorer.”

This review reported in March 2012 and concluded that:

> In the large majority of cases the implementation of the Directives is working well, allowing both development of key infrastructure and ensuring that a high level of environmental protection is maintained. However, some cases do encounter delays, although the Habitats and Wild Birds Directives may only be one contributory factor.

34. The Review identified four key areas where change would improve the implementation of the Directives for the benefit of both the economy and the environment:

- Facilitating nationally significant infrastructure projects;
- Improving implementation processes and streamlining guidance;

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53 Defra, Red Tape Challenge—Environment Theme Proposals, March 2012
54 As above, p 1
55 The air quality and emissions chapter in the Environmental Theme Proposals states that the impact of existing legislation is to be reviewed over the coming year, with table 1 setting out initial proposals
58 “Autumn Statement; policies at a glance”, The Telegraph, 29 November 2011
59 Defra environment webpages www.defra.gov.uk/habitats-review/
• Improving the quality, quantity and sharing of data; and
• Improving the customer experience.

35. The Review also committed to assessing how a move could be made towards a broader ecosystems approach, for example by “examining its role in helping to make strategic choices about mitigation and compensation where a number of projects are impacting on the same area”.

36. The Minister responsible for Government policy advice, Oliver Letwin, told us that “environmental regulation is there for a purpose” and that having been through “all of it, it is necessary as regulation”. He wanted, however, clearer guidance on the regulations since these could be made a “great deal simpler while preserving every single one of the constraints that they rightly impose”.

37. We were heartened to hear from Ministers at the Cabinet Office that recent reviews of environmental regulation have found that the regulatory regime is largely fit for purpose. We regret that certain Ministers have given a false impression about the impact of environmental regulation on the economy. A robust evidence base is needed to enable government departments take account of both positive and negative impacts of regulations. We recommend that reviews of regulation take an even-handed approach and that departments communicate both the economic benefits and costs of specific regulations.

4  Growing a green economy

38. Chapter 3 of the White Paper, Growing a Green Economy, states unequivocally that “economic growth and the natural environment are mutually compatible” and that sustainable economic growth “relies” on the services provided by the natural environment (i.e. ecosystems services). The key reforms proposed are:

• Establishment of a new independent Natural Capital Committee (NCC) to put the value of England’s natural capital at the heart of economic thinking;
• Inclusion of natural capital in national accounts to capture nature’s value in measurement of economic progress;
• Actions to support the creation of new markets for green goods and services (including establishment of an Ecosystem Markets Task Force); and

60  Defra environment webpages www.defra.gov.uk/habitats-review/
61  Q 230
62  As above
63  NEWP p 4, para 8
• Provision of new support and guidance for businesses to “promote the responsible use of natural capital”.  

39. Most witnesses were supportive of the need to take action, with the Country Land and Business Association pointing out the “large scale, pervasive market failure” on natural capital which needed to be rectified.  

However, our witnesses were less convinced that the NEWP provided a clear map for implementing such ambitions. Some witnesses expressed a desire for greater clarity on how working groups such as the NCC and the Ecosystem Markets Task Force will make a “tangible difference” to improving nature.  

Some witnesses suggested that membership of the NCC should be extended, for example to include local authority representation. Others recommended more formal reporting powers for the NCC, with the National Trust calling for an annual report to Parliament. It should be noted that the NCC has been established as a time-limited body due to end in 2015.  

40. It is too early to judge the impact of working groups such as the Natural Capital Committee and the Ecosystem Markets Task Force as they have only recently been established and are still setting out their work plans. Nevertheless, we recommend that Defra sets out with greater clarity the role of these groups, their methods of working and the protocol for publication of their advice, and most importantly, how government will respond to this advice.  

41. We recommend that Ministers publish a response to any advice from the Natural Capital Committee within three months of its provision, setting out the full reasons where the Government decides not to implement the NCC’s recommendations. We further recommend that the NCC makes an annual report to Parliament on its work and the implementation of its advice by the Government.  

Payments for Ecosystems Services  

42. The NEWP states that ‘payments for ecosystems services’ (PES) could be a valuable policy tool and that the Government has a role in “helping to raise local awareness of opportunities and reducing the costs of putting them into practice”.  

International experience  

43. Costa Rica in Central America is one of the few areas where a PES approach has been implemented, albeit with public funding. Between 1940 and 1990 the country’s forest cover

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64 NEWP p 35  
65 Ev 102  
66 Ev w20  
67 Ev 96  
68 Ev 108  
69 “Defra appoints Dieter Helm as Chair of Natural Capital Committee”, Defra press release, 21 March 2012. The NCC is a time-limited advisory body, rather than a Non-Departmental Public Body, and will be reviewed in 2014.  
70 NEWP p 39, para 3.26
decreased from 75% to 21% but this decline was reversed and cover increased to some 51% by 2000. This increase has largely been achieved by using a system of payments to farmers and landowners for the ecosystems services that they provide. A fossil-fuel tax provides 80% of funding, with the other 20% coming from the international sale of carbon sequestration from public protected areas.

44. Beyond the region some countries, such as the USA, have introduced PES schemes directly linking funding streams from beneficiaries to support the provision of natural environmental services (see case study below).

**US watershed management: the Catskill Mountains**

A well-documented PES case study is that of the Catskill Mountains, USA, where a 200 km² watershed protection programme has been established costing around US$1 billion over ten years. This programme, aimed at protecting the quality of 90% of the more than 1 billion gallons of fresh water used daily in New York City, costs significantly less than the cost of a water filtration plant. Some 93% of farmers participate in the scheme and water bills have risen by around 9%—rather than doubling as would have been necessary to pay for a new plant. The City authorities have set aside some US$300 million per year until 2017 to acquire upstate land to restrain development and prevent pollution.

**Payments for ecosystems services in the UK**

45. Witnesses told us that development of payments for ecosystems services was largely still at a theoretical stage in the UK and that much more work needed to be undertaken to develop robust practical measures. Paul Wilkinson, representing Wildlife Link, told us that “the ecosystem approach is quite embryonic, certainly in terms of the market for ecosystems services”. Chris Knight, from PricewaterhouseCoopers noted that a “translation from the theory of economic value of nature into economic instruments and financial incentives that get companies on board in delivering solutions to protect nature” was needed. The RSPB told us that “the limits to [PES] approaches must be acknowledged” since for many ecosystem services it was not possible to identify private providers and beneficiaries. It argued that without government intervention there will “always be some level of market failure”, hence there was a need for regulation and legislation. Furthermore, Water UK considered that environmental valuations using current methodology could provide “wildly misleading” assessments.

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71 Data from Fonafifo, Costa Rica’s National Fund for Forestry Finance
72 Earthscan, edited by Patrick Ten Brink, *The Economics of Ecosystems and Biodiversity in National and International Policy Making*, 2011, p 411
73 Q 89
74 Q 41
75 Ev 87
76 Ev w46
46. Some witnesses had suggestions for how the use of PES could be encouraged. Research Councils UK, for example, proposed “practical demonstration and feasibility projects”. The organisation considered that these should involve businesses, local authorities, environmental organisations, farmers, landowners, citizens and schools with tool-kits developed by those who understand these sectors’ needs and can provide a link between research and its application. In 2012, the NEA launched a follow-on phase which aims to further develop the evidence base and make it applicable to decision-makers across the UK. This phase will include the development of tools for the public, private and voluntary sector to enable them to make best use of the NEA’s evidence, including the development of a number of syntheses of the evidence for specific sectors.

47. Mr Benyon considered that, on the one hand, government and regulators can drive and create a market for ecosystems services (for example in water resource provision) but, on the other hand, governments can sometimes “create more problems than they solve” in creating markets.

48. There is already widespread adoption of a quasi-PES approach in the grants made to farmers to undertake environmentally-friendly actions under the Common Agricultural Policy (CAP). Pillar 2 payments (badged as Environmental Stewardship schemes in the UK) are used to reward farmers for activities such as hedgerow preservation, buffer strip development and encouragement of biodiversity in woodlands. However, agri-environment scheme payments provide recompense for income foregone, rather than paying the market value for the service. We discuss CAP issues further below.

49. Research from Costa Rica’s Centre for Tropical Agronomy Research and Teaching (CATIE) found that the vast majority of PES funding of schemes around the region to date had come from government sources, with very little coming from private sources. Many schemes are in fact similar to government grant schemes already operational in the UK (such as woodland grants and Higher Level Stewardship schemes). However, CATIE concluded that it was “very likely that the next couple of decades will present the second generation of PES schemes, with more direct payments between providers and users and more cost-effective and rigorous measurements of services provided”.

50. We welcome the White Paper’s bold vision for linking the provision of natural services to beneficiaries through the use of mechanisms such as payments for ecosystems services. We accept that it will be difficult to gain widespread agreement on values and to create funding streams from beneficiaries to service providers, including

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77 Ev w50
78 As above
79 UK National Ecosystem Assessment webpages, www.uknea.unep-wcmc.org
80 Q 294
81 Farmers’ payment for taking part in agri-environment schemes is based on the estimated ‘income foregone’ through carrying out the activity. For example, the income foregone through establishing a field margin would be based on the lost area that could be cropped
82 Bruno Rapidel, Fabrice DeClerck, Jean-Francois Le Coq and John Beer, Ecosystem Services from Agriculture and Agroforestry: Measurement and Payment, Earthscan, 2011. Chapter 18, p 393 in particular
farmers. However, this does not mean that it should not be attempted. The Government should establish staging posts towards a widespread adoption of payment for ecosystems services approaches.

51. We are concerned that there is no clear road map to integrate the evidence base of ecosystems services valuations (such as that as developed by the UK National Ecosystems Assessment) with the development of markets for such services. We recommend that the outputs from the next phase of the NEA be used to develop as a priority an action plan for the roll out of payment for ecosystems services approaches more widely in the UK. Defra should work with HM Treasury to encourage the private sector to engage in payments for ecosystems services schemes.

**Water sector**

52. Witnesses noted that the water sector had the potential for early development of PES approaches. Ofwat, the body regulating the water supply industry in England and Wales, told us that land managers could be offered better incentives to reward them for the delivery of public environmental goods “over and above the legitimate demands of the statutory and regulatory bodies.” 83 The NEWP provides a case study of the Sustainable Catchment Management Programme (SCaMP) being undertaken in North West England on 20,000 hectares of water catchment land owned by United Utilities. 84 This in effect uses PES to deliver water quality services to water customers with the beneficiary in this case paying a lower cost than would be incurred through more traditional hard engineering. This approach generates at least £3 of benefits for every £1 spent.

53. The need to meet regulatory environmental standards in water supply, combined with an industry structure based on geographic areas, predispose this sector to a PES approach. Large-scale schemes can be adopted, particularly on a river catchment basis, where a cost-benefit analysis of different approaches can establish whether it is cheaper to adopt upstream ecosystems solutions rather than construct hard infrastructure downstream. Ofwat has been developing a regulatory framework to support this, principally through a new ‘Totex’ method for establishing the costs which water supply companies are allowed to pass through to customers. 85 Previous price control formulae were considered to have a capital expenditure bias which could have led to companies being discouraged from adopting upstream operational approaches even where these were more cost-effective than installing downstream, hard engineering solutions to remove pollutants.

54. The Minister was enthusiastic about Ofwat’s approach in the last price setting round to “encourage water companies to engage with land managers upstream and work with them

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83 Ev w40
84 NEWP p 39
85 Totex refers to both capital expenditure and operating expenditure. Ofwat is proposing, from its 2015 price control period onwards, to move towards this whole-life costing, total expenditure approach to help address any real or perceived capex (capital expenditure) bias
to clean up water.” He considered this to be one example of where government “can drive and create a market, and we want to see much more of that.”

55. Given the potential benefits to the environment and to customers, Defra must give Ofwat clear guidance on how it can encourage water supply companies to adopt an ecosystems management approach, including the use of payments to land managers for implementing schemes that improve and protect water quality. We recommend that Defra and Ofwat ensure that within ten years the default approach to water quality improvement is the use of catchment improvements wherever practicable rather than ‘end of pipe’ solutions.

56. We recommend that Defra commissions, and publishes within 12 months, an assessment of the possibility of requiring licensed water supply companies to deliver specific benefits to the natural environment. These should include commitments to water quality standards in river catchments, biodiversity improvements, carbon emissions reductions and improved water flow management.

**Water Framework Directive**

57. The need to meet challenging Water Framework Directive targets on water quality provides a further driver for the use of PES approaches. The Government estimates the costs of implementing the Directive to be some £30–100 billion. Ofwat considered it “essential that the [Directive] is implemented as fairly and as flexibly as possible, taking full advantage of the possibility of allowing exemptions on the grounds of disproportionate cost”. The regulator drew attention to the “flawed way” in which, in its view, the Directive measures progress through a “one out, all out” rule. Under this rule, should water quality be substandard in any one of 37 categories (including aquatic life, biological or chemical composition of the water at any particular location) it is deemed to have failed to meet standards overall. According to Ofwat, this means that there is only likely to be a modest increase in the percentage of water courses in England and Wales meeting good ecological status under the Directive’s criteria.

58. We recommend that, in the lead up to the 2027 deadline for meeting Water Framework Directive targets, Defra establishes a robust dialogue to ensure that the European Commission recognises UK progress on improving water quality. In particular, agreement on what constitutes disproportionate cost must be reached as early as possible since, without this, scarce funds could be directed to achieving technical compliance which have only marginal impacts on water quality.

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86 Q 294
88 Ev w34
89 A third of water bodies missed out on ‘good’ status by only one out of 37 indicators. “Environment Agency pledges focus on sources of river pollution through state of the art technology”, Environment Agency press release, 27 October 2010
Flood control

59. Payments for ecosystems services approaches can also be applied to flood control. Slowing upstream water flow can be more effective and cheaper than installing hard flood defences downstream. The Slow the Flow project being operated by the Forestry Commission in Pickering, Yorkshire, is a successful example of natural flood control. Land management approaches such as increased tree planting have slowed the flow of water from the Pickering Beck and River Seven catchments before it reaches inhabited areas.

Natural flood management: Pickering, North Yorkshire

The Pickering Beck catchment in North Yorkshire is the site of a project to explore how land management practices within an environmentally sensitive area can be modified to reduce flood risk.

Pickering has a long history of flooding and the town is particularly at risk from summer flash floods due to the steep nature of the catchment. The project also includes the neighbouring catchment of the River Seven, where the village of Sinnington is similarly at risk from summer floods. This slightly larger catchment has a larger floodplain and an even faster flood response. Its inclusion in this scheme extends the opportunity to demonstrate the benefits of larger-scale planting of floodplain woodland.

Previous land management practices which promoted rapid run-off and increased sediment flows in Pickering Beck are considered to have raised the risk of Pickering being flooded. Inappropriate cultivation of arable soils, overstocking and overgrazing of grassland, excessive moorland drainage, and poor river management are all thought to have increased the risk of downstream flooding.

The project seeks to demonstrate the role of best land management practices in correcting past problems and restoring the catchment’s natural flood attenuation capacity. There is also the potential to explore a number of ‘win-wins’, including expected water quality and biodiversity gains associated with better land management.

60. With schemes such as Pickering the exception rather than the rule for UK river catchments, there is potential for more schemes to be developed where physical characteristics allow. We recommend that Defra commissions further research on the development of schemes where the flow of water can be regulated more effectively by the use of ecosystems management. Defra should establish a series of pilot schemes across England and Wales before the end of this Parliament. These should include a focus on the potential for payments for ecosystems services to encourage landowners and farmers to adopt management practices which reduce the impacts of flooding on local communities.

90 Forestry Commission website www.forestry.gov.uk
Coherence with agri-environment schemes

61. With over 70% of England’s land area currently farmed, agricultural policies are central to environmental improvement. The NEWP recognises the major challenge of increasing food production while improving environmental outcomes.91 The acknowledgement was welcomed by the National Farmers’ Union (NFU) who told us that farmers were pleased that their important role in “achieving society’s ambitions to produce food and to protect water, wildlife and soil” had been recognised. The NFU considered farmers to be “at the heart of the environment” with responsibility for many of the “unique landscapes which people recognise, identify with and enjoy”.92 The food and drink industry, also welcomed the NEWP’s emphasis on the relevance of ecosystems to the green growth on which “food security ultimately depends”.93

62. The Government recognises the crucial role of the European Union’s Common Agricultural Policy (CAP) in enabling it to improve the environment at the same time as increasing agricultural competitiveness.94 The UK is considered to be one of the leading Member States in terms of providing environmental improvements through Entry Level Stewardship and Higher Level Stewardship agri-environment measures under pillar 2 of the CAP. In June we published a report on the proposals published in 2011 by the European Commission on Greening the Common Agricultural Policy.95 These proposals, which would come into effect during the next EU budgeting period of 2014–2020, entail replacing existing direct payments (known as pillar 1 payments) with a basic payment to farmers, topped up by an additional payment conditional on farmers respecting certain “agricultural practices beneficial for the climate and the environment” financed from 30% of the national pillar 1 envelope.96 In that report we referred to the importance of linking the CAP proposals to delivery of environmental outcomes since some 14 million agricultural holdings, covering some 50% of the EU’s land area, are given support under the CAP. We noted that the UK has already achieved a large measure of greening under the CAP by modulating 19% of pillar 1 funding to pillar 2 payments for agri-environment schemes. We recommended that membership of accredited schemes should qualify farmers for the proposed greening top-up payments so as not to undermine their success.

63. Some 68% of the utilised agricultural area in England and Wales is covered by an agri-environment measure. For such a significant programme, the NEWP includes few references to agri-environment schemes, but clearly there is potential for the broader themes in the White Paper, particularly on ecosystems services, to be applied to agricultural schemes. Indeed the Secretary of State, Rt Hon Caroline Spelman, told us that she hoped to see the EU move towards an ecosystems services approach, if not under this

91 NEWP p 23, para 2.45
92 Ev 98
93 Ev w25, Food and Drink Federation
94 NEWP p 63, para 5.20
95 Environment, Food and Rural Affairs Committee, First Report of Session 2012-13, Greening the Common Agricultural Policy, HC 170
96 Proposal for a Regulation of the European Parliament and the Council on establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy, COM (2011) 625 final/2
reform round of the CAP then in future iterations. Whilst this is a welcome sentiment, there are potential drawbacks with waiting for the next reform to adopt such approaches since, as we noted in our report, the EU’s proposed “one size fits all” approach is unlikely to deliver the desired outcomes. We recommended that Defra continue to press the Commission to develop a less rigid approach to ‘greening’ that would enable individual Member States the flexibility to decide measures that work best in their local environment.

64. If that flexibility is achieved, some elements of the Commission’s greening proposals could dovetail effectively with the NEWP approaches. For example, the Commission is proposing the mandatory introduction of Ecological Focus Areas (EFA) to cover some 7% of each farm’s eligible hectares as a precondition for receiving a greening top-up payment. However, the current proposals are too rigid in terms of how the EFAs are to be designated. A more flexible arrangement could allow EFA requirements to be delivered principally in ecologically important areas, including Nature Improvement Areas (NIAs), rather than requiring EFAs to be delivered at an individual farm level even where this removes agriculturally valuable land from production. This approach could have both food security and environmental benefits.

65. The Government must build a consensus with like-minded Member States to move towards a payments for ecosystems services approach. Alongside this, Defra should negotiate with the European institutions for sufficient flexibility to allow proposals for Ecological Focus Areas to be implemented at a national level in the most beneficial manner for both the environment and food security. We recommend that Defra provide the Committee with an update in six months on the steps it has taken.

Peat

66. English horticulture uses more than 2.4 million cubic metres of peat each year. Of this 99% is used as a growing media, some 69% by gardeners. Over two-thirds of all peat used in the UK is imported from other countries, including the Republic of Ireland and the Baltic States. Peat is effectively a non-renewable resource since peatlands take thousands of years to form at a rate of only 1 mm per year and extractors typically remove a layer around 22 cm deep. Reclamation schemes at previously worked sites have succeeded in creating attractive wetland areas, but they have not recreated peatlands. It should also be noted that peat extraction generates high levels of greenhouse gas emissions, including methane.

97 Environment, Food and Rural Affairs Committee, First Report of Session 2012-13, Greening the Common Agricultural Policy, HC 170 and Q 233
98 Environment, Food and Rural Affairs Committee, First Report of Session 2012-13, Greening the Common Agricultural Policy, HC 170, paras 16 and 17
99 Royal Horticultural Society website www.rhs.org.uk/Gardening/Sustainable-gardening/Peat-and-the-environment/All-about-peat
100 www.newleafpractice.co.uk/resources/peat.aspx Q 63 also refers
67. The NEWP proposed that there be a progressive phase-out of the use of peat, with a voluntary phase-out by 2020 for amateur gardeners and a final phase-out by 2030 for professional growers of fruit, vegetables and ornamental plants. A Task Force has been established to advise on how best to overcome the barriers to reducing peat use and a review of progress is to be undertaken in 2015, which will consider the use of “alternative policy measures if necessary”.\textsuperscript{101}

68. We received diametrically opposed evidence on the peat phase-out ambitions, with some witnesses arguing that a 2030 deadline was too short a timeframe which was not “supported by the available evidence”,\textsuperscript{102} whilst others wanted the “shortest timescale for complete UK extraction ending” and discouragement of overseas extraction.\textsuperscript{103}

69. Some witnesses including the RSPB had “serious concerns” with the proposed voluntary approach to phasing out the use of peat.\textsuperscript{104} Wildlife and Countryside Link told us that it was “unrealistic” for a voluntary approach to achieve the proposed targets and that they needed statutory underpinning. However the horticultural industry had reservations about the potential to develop feasible alternatives to peat and argued that “significant research is needed into the availability and quality of alternatives”.\textsuperscript{105}

70. Given that peat extraction destroys irreplaceable habitats and causes greenhouse gas emissions, there is a lamentable lack of ambition in the White Paper’s proposals to phase out peat use. We recommend that the Peat Task Force finalise an approach that ends the use of peat as soon as practicable and that a review of progress is brought forward to 2014.

71. We recognise that it is important to enable those growers still dependent on peat to minimise the economic impact of the phase-out on their businesses. Defra should undertake an awareness campaign that promotes those alternatives to the use of peat that are already available and to encourage the public to grow plants which do not require the use of peat.

5 Protecting and improving the natural environment: local delivery

Local Nature Partnerships and Nature Improvement Areas

72. The second chapter of the NEWP outlines methods for facilitating local action to protect and improve nature, including the establishment of new Local Nature Partnerships (LNPs) and Nature Improvement Areas (NIAs). The Government has committed pump-
priming funding of £7.5 million for 12 initial NIA areas and a further £1 million for the establishment of pilot LNPs.

73. The model for NIAs is based on the recommendations in Professor Lawton’s report *Making Space for Nature*.106 In this he proposes that interconnections be formed between habitats to create large-scale ecological networks.107 Professor Lawton has welcomed the speed with which the Government has moved to set up NIAs, which he helped to select.108 The 12 pilots across England were announced in February 2012. The pilots cover a range of habitats such as urban areas in Birmingham and the Black Country, agricultural marshes in the Greater Thames Area and farmland and former mining settlements in the Dearne Valley.109

74. Witnesses, including environmental NGOs, welcomed the NIA’s landscape-scale focus since they would create connected landscapes.110 However, we heard concerns about how NIAs would operate in practice, with many witnesses questioning the limited reach of the pilots. The National Trust told us that many more NIAs would be needed to “restore nature on any significant scale” and to avoid creating a “two-tier countryside”.111 Wildlife and Countryside Link queried how local delivery would be linked to national ambitions.112 Some witnesses also questioned the selection method for the pilot NIAs, with the UK Environmental Law Association criticising the use of a competition as “bizarre” since NIAs should be located in those areas that most needed attention.113

75. We received evidence welcoming the establishment of LNPs which are intended to be collaborations between interested parties, from both the public and private sectors, that will work together to protect and enhance the natural environment. However, some witnesses were disappointed that the Partnerships were not sufficiently linked to existing bodies such as Local Enterprise Partnerships (LEPs), arguing that stronger links would raise the profile of LNPs and better reflect the NEWP’s emphasis on economic as well as social and environmental benefits of the natural environment.114 Other witnesses were concerned that LNPs might duplicate existing work and divert funding from other projects,115 which would put pressure on NGO and third sector budgets.116

76. Some witnesses queried the lack of clearly defined aims for NIAs and LNPs and wanted to see specific criteria established for their success. The Woodland Trust recommended

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107 As above, para 2.2.3
109 As above
110 For example Wildlife and Countryside Link, the Campaign to Protect Rural England and the National Trust
111 Ev 106
112 Ev 114
113 Ev w91
114 Ev 89, Ev w108
115 Ev 97
116 Ev w18
that these should be set nationally and linked to key measurable ambitions within the NEWP, such as the creation of 200,000 hectares of priority habitat.117

77. We share concerns that NIAs and LNPs must have clear criteria for measuring their success. We recommend that Defra uses the pilot stage to clarify specific objectives for Nature Improvement Areas and Local Nature Partnerships and to set out how performance will be assessed. These should link to the approaches set out in Professor Lawton’s *Making Space for Nature* report—including the reduction in the number of threatened species, the improvement in the condition of degraded areas, and the extent of the joining-up of protected areas.

**Funding constraints**

78. *Making Space for Nature* suggested that total annual funding of the order of £600 million to £1.1 billion would be needed to ensure ecological resilience across the UK.118 The NEWP commits a total of £8.5 million of new public money to establishing pilot approaches. This led to criticism from a number of witnesses, including the RSPB which considered that there was “no convincing funding strategy” for delivering the White Paper’s aims. The Association of Local Government Ecologists (ALGE) argued that there was a “mismatch” between NEWP aspirations and the “diminishing availability of resources”.119 Furthermore, David Hill, Chief Executive of the Environment Bank, told us that there would “never be the funds available” to deliver the ambitions of the NEWP through the public sector.120 However, the CPRE noted that since £1 billion represented only 0.15% of government spending it should be feasible to deliver Professor Lawton’s recommended level of funding in the long term.121

79. In the context of constraints on local authority budgets, many witnesses were concerned about delivery of the NEWP’s aims at a local level. The Local Government Association (LGA) considered that the £8.5 million was insufficient,122 and the British Ecological Society told us that 46% of local authority departments responsible for biodiversity faced budget reductions proportionately greater than that for their organisation as a whole.123 The Woodland Trust recommended that local authorities should have protected budgets for delivering NEWP aims.

80. We accept that the Government is unlikely to commit significant additional sums of public money to such schemes as Nature Improvement Areas and Local Nature Partnerships. We recommend that Defra set out how the various approaches in the White Paper, including payments for ecosystems services, can be expected to contribute

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117 As above
119 Ev w116
120 Q 192
121 Q98, Ben Stafford
122 Ev 93
123 Ev w11 Survey conducted by the Association of Local Government Ecologists (ALGE)
towards the up to £1 billion needed each year to ensure ecological resilience. We recommend that, having assessed the lessons from the NIA and LNP pilots, Defra publish an action plan by the end of 2014 with identified funding streams to be spent on expanding programmes nationally.

Planning framework

81. We received evidence concerned about the lack of planning powers applicable to NIAs and LNPs. The National Planning Policy Framework (NPPF) published in April 2012 sets out the key principles under which planning decisions are to be made. It contains only minimal references to the NEWP approaches, including two brief references to NIAs and two to LNPs.124 Local plans will be able to reflect NIAs but the NPPF provides planning authorities with no specific additional powers over determining development within these areas.

82. The Landscape Institute told us that implementation of much of the progressive thinking in the NEWP was dependent upon the planning system. The Institute asserted that the draft NPPF failed to put the natural environment at its heart, despite government “advocating this approach in the NEWP and the rich evidence base contained within the UK NEA”.125 Concerns over the impact of the revised planning framework extended beyond the specific issue of NIAs and LNPs. There was a general concern that the draft NPPF was too biased in favour of development, and that this could have a detrimental impact, for example on non-designated countryside.126 Witnesses’ views on this were reflected in the statement by the Woodland Trust that the draft NPPF was “heavily characterised by the primacy of economic considerations above environmental ones”.127

83. We finished taking evidence for this inquiry before publication of the final version of the NPPF in April 2012. That version appears to have addressed many of the concerns raised with us about the draft version. Nevertheless, it is still too early for any clear precedents to have been set in the interpretation of the NPPF’s provisions. In the absence of government guidance on how the NPPF should be interpreted, there is continuing uncertainty as to the level of protection that can be enshrined in local plans for areas such as NIAs. The Department for Communities and Local Government is reported to have said it is unlikely to provide additional detail on implementation.128

84. It is disappointing that the opportunity was not taken to integrate the principles and policies in the Natural Environment White Paper within the National Planning Policy Framework. We recommend that the Department for Communities and Local Government publish guidance as to how planning bodies should take into account the

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124 Department for Communities and Local Government, National Planning Policy Framework, March 2012, see paras 117 and 157 (on NIAs) and 165 and 180 (on LNPs)
125 Ev w8
126 Ev w17 Non-designated areas refer to areas not within those areas given specific protections such as National Parks, Green Belt areas and Sites of Special Scientific Interest
127 Ev w17
128 “No detailed answers on NPPF warns official”, Planning Resource, 4 May 2012 www.planningresource.co.uk
benefits of the natural environment when determining planning applications. In particular this guidance should set out how planners and developers can protect the environment in areas designated as Nature Improvement Areas.

85. The Government must ensure that local planning bodies finalise their local plans which should demonstrate a link between the principle of protecting and enhancing nature and planning decisions.

**Biodiversity offsetting**

86. Biodiversity offsetting is the principle of compensating biodiversity losses at one geographical location, for example due to development on a greenfield site, by conservation activities that deliver measurable biodiversity benefits at another site. This approach has been successfully applied in the USA and Australia. In the USA biodiversity offsetting legislation has created biodiversity markets worth some $3 billion a year.129

87. The NEWP includes proposals for piloting voluntary biodiversity offsetting schemes. These pilots are at an early stage so we received little evidence on their likely impact. Many witnesses wished to see more details about how such offsetting schemes would operate.130 The President of the CLA, while not rejecting the concept of offsetting, thought that Defra should proceed “with caution”.131 David Hill, Chief Executive of the Environment Bank, told us that his company was in the process of developing a tradeable offsets scheme.132 He was concerned about the voluntary nature of the White Paper’s proposed system since this would lead to a “disjointed approach” and would not foster the type of market to allow trading of offset credits.133 He estimated that such a market could generate between £600 million and £1.2 billion a year.134 Other witnesses, however, welcomed the voluntary nature of the proposals as they considered that mandatory biodiversity offsetting could impose “potentially unwieldy bureaucracy” on industry and in particular the Small and Medium Sized Enterprise sector.135

88. Some witnesses opposed offsetting in principle. The Natural History Museum noted that “some ancient habitats are irreplaceable and cannot be offset”.136 The London Wildlife Trust considered that ecological assets would be “more vulnerable” since mitigation of negative environmental impacts would be carried out far from a development site.137 Another concern was the risk that the scheme could lead to undue geographic

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130 The Game and Wildlife Conservation Trust, Farming and Wildlife Advisory Group and Linking Environment and Farming told us that the sourcing of additional income through biodiversity offsets could bring serious potential threats from development. Ev w54

131 Q 128, Harry Cotterell

132 Q 198

133 Qq 190, 191

134 Q 194

135 Ev 125

136 Ev w54

137 Ev w22
concentration of habitats and species which could render them more susceptible to threats (such as disease, weather and climate impacts) than they would be exposed to under a more geographically dispersed pattern.

89. The biodiversity offsetting approaches set out in the White Paper have the potential to deliver a considerable positive impact on the natural environment providing that the first priority is that biodiversity is enhanced. However, it is essential that Defra designs an approach that secures long-term benefits from individual offset schemes so that habitats are maintained for the future. We recommend that Defra instigates regular monitoring to ensure that biodiversity benefits are being delivered and that a sufficient geographical spread of offset locations is maintained to minimise the impact of threats to species and habitats.

6 Reconnecting people and nature

90. The NEWP recognises the key role of the natural environment in promoting health and learning. Chapter 4 sets out proposals for removing barriers to outdoor learning, creation of a local ‘Green Areas Designation’, launching a ‘Muckin4Life’ campaign to offer volunteering opportunities, and health promotion schemes focussing on the natural environment. After the NEWP’s publication, the National Trust published work which concluded that experience of the natural environment before the age of 12 was essential in order for lifetime habits of engagement to be formed. In addition, the Cabinet Office has been co-ordinating work on measuring national well-being which the National Trust told us had the potential to “take nature from a fringe interest” to a “mainstream” issue. To establish the current state of engagement, the RSPB suggested that a baseline should be established for children’s involvement in nature activities.

91. None of the evidence we received disputed the basic contention that there were benefits to be had from reconnecting people with nature. Witnesses’ main concern was how to achieve this reconnection. The Woodland Trust, for example, wanted to include outdoor learning in the national curriculum; the Field Studies Council suggested the ‘pupil premium’ could be used to fund outdoor learning; and the National Trust and the Ramblers wanted to link positive health outcomes to increased public engagement with

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138 NEWP Chapter 4, pp 46 – 49. The National Planning Policy Framework specifies that local communities through local and neighbourhood plans should be able to identify for special protection green areas of particular importance to them. By designating land as Local Green Space, local communities will be able to rule out new development other than in very special circumstances. Muckin4Life provides information via a tailored website to enable people to identify volunteering options in the natural environment. www.defra.gov.uk/muckin4life/

139 “50 things to do before you’re 11 ¾”, National Trust press release, 21 May 2012

140 Ev B7

141 Ev B7

142 Ev w19

143 Ev w24
nature. The Soil Association emphasised the educational opportunities from children growing their own food.

There is evidence that prior to the NEWP being published some success in generating a greater public involvement with the natural environment had been achieved through existing approaches. For example, the National Trust has experienced a surge in visits to its premises in recent months and is anticipating some 18 million people will visit its properties in 2012. Furthermore, over 180,000 visitors participated in the LEAF Farm Open Sunday in 2011. However the picture is not uniform and there are sectors of society that are not being reached. A survey by Natural England showed a 13% decrease in visits by the English adult population to the natural environment in 2010–11 compared to the previous year. Financial constraints may also reduce the ability of individuals and organisations to undertake these activities.

Against this backdrop, the Countryside Alliance told us that there was a need for a clear plan for delivery and more resources. The Wildlife Trust was concerned about the capacity of NGOs and the third sector to engage volunteers. Furthermore Plantlife considered that untrained volunteers would not be as good as trained staff in leading outdoor activities. The RSPB concurred with this, noting that capacity is needed to manage volunteers. Other witnesses also had concerns about funding levels, with the Association of Local Government Ecologists (ALGE) noting that there was a diminishing availability of resources, including local authority ecologists.

A specific concern about the lack of appropriate skills was expressed by the Field Studies Council who told us that a “significant proportion” of schools provide no, or very little, training in fieldwork and the Government had made no assessment of teachers’ level of fieldwork training. The Countryside Alliance further told us that Defra’s “clear commitment” to learning outside the classroom needed to be endorsed by the Department for Education.
95. During our visit to East Sussex we visited an educational scheme operated by farmer Richard Benge of Millbank Farm near Pevensey. Mr Benge explained that Natural England provided him with £100 for each school visit to his farm to learn about all aspects of the farmed and natural environment. Poul Christensen, Chairman of Natural England, told us that organisations had had to resist pressure from Defra to remove funding for such schemes. The economics of the project were less important, according to Mr Benge, than the reward he found from contributing to educating children about farming and nature.

96. There is evidence that an increased focus in recent years on involving people with the natural environment is paying dividends but this work needs to be accelerated. We welcome the White Paper’s focus on local initiatives but many bodies, including NGOs, charities and local authorities, are facing budget constraints and need to be able to demonstrate measurable outcomes if they are to secure funding. We therefore recommend that Defra set a firm target for increasing public engagement with nature, such as the percentage of children of primary school age regularly engaging in nature activities.

97. We further recommend that the Department for Health and the Department for Education set out in their Business Plans appropriate outcome measures for health and education improvements through increased public engagement with the natural environment. The departments should jointly publish progress against these measures after 12 months.

Public access to nature

98. A number of witnesses highlighted a lack of focus in the White Paper on improving public access to the countryside. The Open Spaces Society noted that Defra had removed funding for annual permissive access payments from Higher Level Stewardship schemes under the CAP agri-environment scheme.157

99. Much of the evidence we received about public access commented on the need to fully designate the coastal path around England established under the Marine and Coastal Access Act 2009.158 Our predecessor Committee undertook pre-legislative scrutiny of the English coastal access provisions of the draft Bill in 2008.159 Their report noted that some landowners were concerned that they would incur costs from the coastal path crossing their land and local authorities also expressed concerns about the additional costs of designating and maintaining the path and its associated infrastructure.160 The former Environment Minister, Jonathan Shaw, told our predecessor Committee that he envisaged

157 Permissive access revenue payments cannot be included in new Higher Level Stewardship agreements. Where the provision of permissive linear routes or open access under an agri-environment scheme has proved to be of public benefit then Natural England and Defra are keen that permissive access should continue on a voluntary basis. www.naturalengland.gov.uk

158 For example Campaign to Protect Rural England


160 As above
the path being completed within about 10 to 11 years.\textsuperscript{161} The Welsh Coastal Path has now been completed around the whole coastline of Wales.\textsuperscript{162} The Welsh Assembly Government considers the path to be a considerable tourism and recreation asset bringing benefits to rural communities.\textsuperscript{163}

100. Most of the evidence presented to this inquiry urged Defra to move faster to ensure full establishment of the English coastal path.\textsuperscript{164} Rodney Whittaker, Chairman of the Ramblers told us that his organisation was disappointed that “only six parts of the coastal path are scheduled and timetabled” at the moment.\textsuperscript{165}

101. It should be noted that in addition to delivering a route around the coast, the public needs to be able to get easily to that route in the first place. Many of those living even quite close to the coast rarely visit it due to lack of public transport and lack of information. GreenLINK, representing organisations in the parks and green spaces sector, noted that access to natural spaces could be as “acutely problematic” in rural as much as in urban areas.\textsuperscript{166}

102. The lack of progress in designating the coastal path around England is disappointing. We recommend that Defra review, together with Natural England and local authorities, the timetable for designation and reschedule efforts so that the coastal path around England is fully complete within ten years. Defra should also provide us with an update on progress in one year’s time.

7 Conclusion

103. The Natural Environment White Paper sets out a large-scale, long-term and ambitious set of aims firmly founded on scientific evidence about the importance of valuing natural services and the benefits of reconnecting people with nature, for which Defra should be commended. However, Defra cannot afford to rest on its laurels since it will need to lead the effort across government to turn these ambitions into reality. The department will also have to convince all sectors of society about the potential benefits. Delivery at local and national level will require public sector support, in terms of both finance and knowledge, but it will only be through mobilising and harnessing market forces that the full benefits can be realised.

104. There appears to be a genuine will within Defra to pursue the key elements of the NEWP but we have not been assured that effective mechanisms have been established to maintain consistent progress, particularly in other government departments. Valuing the
natural environment must not be seen as an issue solely for Defra. HM Treasury and the Cabinet Office have a vital role to play in ensuring that the aims of the White Paper are fully achieved. This will require changes in process but more importantly in culture since the deadweight of a ‘business as usual’ approach across government is a significant barrier to overcome. We are concerned that some statements from non-Defra departments reinforce a public perception that environmental considerations represent a drag on economic development. The NEWP should be seen not only as the cornerstone of the Government’s environmental programme, but also as vital for economic and social improvements.

105. We recommend that successful delivery of the Natural Environment White Paper be promoted across government, with leadership from the Prime Minister and Deputy Prime Minister, as central to the Coalition Government fulfilling its commitment to be the “greenest government ever.”

106. We further recommend that the Cabinet Office Minister responsible for government policy advice, working closely with HM Treasury, oversee a cross-government campaign to raise the awareness of all who work within and with government of the value to the economy and society of the services delivered by the natural environment. This needs to go beyond the issuing of guidance and to extend its reach beyond central government department officials to business, local authorities and the third sector. The Cabinet Office must ensure that all government policy and legislation is proofed for consistency with the Government’s aspirations that natural capital values are fully reflected in decision-making.
Conclusions and recommendations

Response to main themes in the White Paper

1. We recognise that both economic and intrinsic values need to be taken into account in valuing the full benefits that nature brings to society. We welcome the White Paper’s ambitious aim of reflecting the value of natural capital in government policy-making and thus providing a more comprehensive set of data on which to conduct proper cost-benefit analyses. We further endorse attempts to apply new tools such as ecosystems services valuations to policy evaluation. We welcome in particular the White Paper’s recognition that protection and enhancement of the natural environment delivers economic as well as environmental and social benefits. (Paragraph 13)

2. Defra should accept the Independent Panel on Forestry’s recommendation on valuing services provided by woodlands such that forest management which provides a range of ecosystem benefits is rewarded. (Paragraph 14)

Turning policy into practice

3. We are concerned that Defra has not published an overarching action plan for delivery of the White Paper’s aims, nor has it produced a timetable for delivering each of the White Paper’s 92 commitments. There is a danger that such a piecemeal approach to implementation will lead to the White Paper failing to deliver its full benefits. We therefore recommend that Defra publish a timetabled action plan for delivering each of the White Paper’s commitments, to be reported on quarterly with an explanation for any slippage in meeting deadlines. (Paragraph 18)

4. We recommend that Defra identify a number (perhaps ten in total) of key input and outcome measures for its main ambitions of valuing natural capital, ensuring ecological resilience and engaging the public in the natural environment. The department should report progress against these in its Business Plan. Furthermore, Defra should explicitly identify the outcomes it expects its arm’s length bodies to contribute to delivery of the White Paper’s aims. (Paragraph 20)

5. We are disappointed that the Government has failed to integrate the approaches in the White Paper into key policy areas such as planning and transport and that this has limited the actions undertaken so far by departments other than Defra. We look to the Government to remedy this at the earliest opportunity. (Paragraph 26)

6. We recommend that HM Treasury require each government department to undertake an inventory of the natural capital assets it controls, or that its policies have an impact on, so as to provide an evidence base for their decision-making. (Paragraph 28)

7. We further recommend that Defra, with HM Treasury and the Cabinet Office, lead an inter-departmental programme of training on the use of ecosystems services approaches in Impact Assessments. (Paragraph 29)
8. We further recommend that HM Treasury undertakes and publishes an assessment of the use of the supplementary guidance to the Green Book by all government departments within 12 months. (Paragraph 30)

9. HM Treasury should provide this Committee with an update on all of these issues in 12 months’ time. (Paragraph 31)

10. We were heartened to hear from Ministers at the Cabinet Office that recent reviews of environmental regulation have found that the regulatory regime is largely fit for purpose. We regret that certain Ministers have given a false impression about the impact of environmental regulation on the economy. A robust evidence base is needed to enable government departments take account of both positive and negative impacts of regulations. We recommend that reviews of regulation take an even-handed approach and that departments communicate both the economic benefits and costs of specific regulations. (Paragraph 37)

**Growing a green economy**

11. It is too early to judge the impact of working groups such as the Natural Capital Committee and the Ecosystem Markets Task Force as they have only recently been established and are still setting out their work plans. Nevertheless, we recommend that Defra sets out with greater clarity the role of these groups, their methods of working and the protocol for publication of their advice, and most importantly, how government will respond to this advice. (Paragraph 40)

12. We recommend that Ministers publish a response to any advice from the Natural Capital Committee within three months of its provision, setting out the full reasons where the Government decides not to implement the NCC’s recommendations. We further recommend that the NCC makes an annual report to Parliament on its work and the implementation of its advice by the Government. (Paragraph 41)

13. We welcome the White Paper’s bold vision for linking the provision of natural services to beneficiaries through the use of mechanisms such as payments for ecosystems services. We accept that it will be difficult to gain widespread agreement on values and to create funding streams from beneficiaries to service providers, including farmers. However, this does not mean that it should not be attempted. The Government should establish staging posts towards a widespread adoption of payment for ecosystems services approaches. (Paragraph 50)

14. We are concerned that there is no clear road map to integrate the evidence base of ecosystems services valuations (such as that as developed by the UK National Ecosystems Assessment) with the development of markets for such services. We recommend that the outputs from the next phase of the NEA be used to develop as a priority an action plan for the roll out of payment for ecosystems services approaches more widely in the UK. Defra should work with HM Treasury to encourage the private sector to engage in payments for ecosystems services schemes. (Paragraph 51)

15. Given the potential benefits to the environment and to customers, Defra must give Ofwat clear guidance on how it can encourage water supply companies to adopt an ecosystems management approach, including the use of payments to land managers
for implementing schemes that improve and protect water quality. We recommend that Defra and Ofwat ensure that within ten years the default approach to water quality improvement is the use of catchment improvements wherever practicable rather than ‘end of pipe’ solutions. (Paragraph 55)

**Water Sector**

16. We recommend that Defra commissions, and publishes within 12 months, an assessment of the possibility of requiring licensed water supply companies to deliver specific benefits to the natural environment. These should include commitments to water quality standards in river catchments, biodiversity improvements, carbon emissions reductions and improved water flow management. (Paragraph 56)

17. We recommend that, in the lead up to the 2027 deadline for meeting Water Framework Directive targets, Defra establishes a robust dialogue to ensure that the European Commission recognises UK progress on improving water quality. In particular, agreement on what constitutes disproportionate cost must be reached as early as possible since, without this, scarce funds could be directed to achieving technical compliance which have only marginal impacts on water quality. (Paragraph 58)

**Flood Control**

18. We recommend that Defra commissions further research on the development of schemes where the flow of water can be regulated more effectively by the use of ecosystems management. Defra should establish a series of pilot schemes across England and Wales before the end of this Parliament. These should include a focus on the potential for payments for ecosystems services to encourage landowners and farmers to adopt management practices which reduce the impacts of flooding on local communities. (Paragraph 60)

**Coherence with agri-environment schemes**

19. The Government must build a consensus with like-minded Member States to move towards a payments for ecosystems services approach. Alongside this, Defra should negotiate with the European institutions for sufficient flexibility to allow proposals for Ecological Focus Areas to be implemented at a national level in the most beneficial manner for both the environment and food security. We recommend that Defra provide the Committee with an update in six months on the steps it has taken. (Paragraph 65)

**Peat**

20. Given that peat extraction destroys irreplaceable habitats and causes greenhouse gas emissions, there is a lamentable lack of ambition in the White Paper’s proposals to phase out peat use. We recommend that the Peat Task Force finalise an approach that ends the use of peat as soon as practicable and that a review of progress is brought forward to 2014. (Paragraph 70)
21. We recognise that it is important to enable those growers still dependent on peat to minimise the economic impact of the phase-out on their businesses. Defra should undertake an awareness campaign that promotes those alternatives to the use of peat that are already available and to encourage the public to grow plants which do not require the use of peat. (Paragraph 71)

Protecting and improving the natural environment: local delivery

22. We recommend that Defra uses the pilot stage to clarify specific objectives for Nature Improvement Areas and Local Nature Partnerships and to set out how performance will be assessed. These should link to the approaches set out in Professor Lawton’s Making Space for Nature report—including the reduction in the number of threatened species, the improvement in the condition of degraded areas, and the extent of the joining-up of protected areas. (Paragraph 77)

23. We accept that the Government is unlikely to commit significant additional sums of public money to such schemes as Nature Improvement Areas and Local Nature Partnerships. We recommend that Defra set out how the various approaches in the White Paper, including payments for ecosystems services, can be expected to contribute towards the up to £1 billion needed each year to ensure ecological resilience. We recommend that, having assessed the lessons from the NIA and LNP pilots, Defra publish an action plan by the end of 2014 with identified funding streams to be spent on expanding programmes nationally. (Paragraph 80)

24. It is disappointing that the opportunity was not taken to integrate the principles and policies in the Natural Environment White Paper within the National Planning Policy Framework. We recommend that the Department for Communities and Local Government publish guidance as to how planning bodies should take into account the benefits of the natural environment when determining planning applications. In particular this guidance should set out how planners and developers can protect the environment in areas designated as Nature Improvement Areas. (Paragraph 84)

25. The Government must ensure that local planning bodies finalise their local plans which should demonstrate a link between the principle of protecting and enhancing nature and planning decisions. (Paragraph 85)

Biodiversity offsetting

26. The biodiversity offsetting approaches set out in the White Paper have the potential to deliver a considerable positive impact on the natural environment providing that the first priority is that biodiversity is enhanced. However, it is essential that Defra designs an approach that secures long-term benefits from individual offset schemes so that habitats are maintained for the future. We recommend that Defra instigates regular monitoring to ensure that biodiversity benefits are being delivered and that a sufficient geographical spread of offset locations is maintained to minimise the impact of threats to species and habitats. (Paragraph 89)
Reconnecting people and nature

27. There is evidence that an increased focus in recent years on involving people with the natural environment is paying dividends but this work needs to be accelerated. We welcome the White Paper’s focus on local initiatives but many bodies, including NGOs, charities and local authorities, are facing budget constraints and need to be able to demonstrate measurable outcomes if they are to secure funding. We therefore recommend that Defra set a firm target for increasing public engagement with nature, such as the percentage of children of primary school age regularly engaging in nature activities. (Paragraph 96)

28. We further recommend that the Department for Health and the Department for Education set out in their Business Plans appropriate outcome measures for health and education improvements through increased public engagement with the natural environment. The departments should jointly publish progress against these measures after 12 months. (Paragraph 97)

29. The lack of progress in designating the coastal path around England is disappointing. We recommend that Defra review, together with Natural England and local authorities, the timetable for designation and reschedule efforts so that the coastal path around England is fully complete within ten years. Defra should also provide us with an update on progress in one year’s time. (Paragraph 102)

Conclusion

30. We recommend that successful delivery of the Natural Environment White Paper be promoted across government, with leadership from the Prime Minister and Deputy Prime Minister, as central to the Coalition Government fulfilling its commitment to be the “greenest government ever.” (Paragraph 105)

31. We further recommend that the Cabinet Office Minister responsible for government policy advice, working closely with HM Treasury, oversee a cross-government campaign to raise the awareness of all who work within and with government of the value to the economy and society of the services delivered by the natural environment. This needs to go beyond the issuing of guidance and to extend its reach beyond central government department officials to business, local authorities and the third sector. The Cabinet Office must ensure that all government policy and legislation is proofed for consistency with the Government’s aspirations that natural capital values are fully reflected in decision-making. (Paragraph 106)
Formal Minutes

**Wednesday 11 July 2012**

Members present:

Miss Anne McIntosh, in the Chair

Barry Gardiner
Mrs Mary Glindon
Iain McKenzie
Ms Margaret Ritchie
Dan Rogerson

Draft Report *Natural Environment White Paper*, proposed by the Chair, brought up and read.

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

Paragraphs 1 to 101 read and agreed to.

Summary agreed to.

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

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

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Tuesday 17 July at 2.00 pm]
Witnesses

Wednesday 29 June 2011

Peter Unwin, Director General, Environment and Rural Group, Department for Environment, Food and Rural Affairs (Defra), Pavan Sukhdev, leader of The Economics of Ecosystems and Biodiversity (TEEB) Project, Patrick ten Brink, Institute for European Environmental Policy, Dr Andrew Clark, Head of Policy Services, National Farmers’ Union (NFU), Chris Knight, Sustainability and Climate Change Team, PricewaterhouseCoopers (PwC), Martin Harper, Conservation Director, Royal Society for the Protection of Birds (RSPB), representing Wildlife and Countryside Link, and Ellie Robinson, Assistant Director, External Affairs, National Trust

Wednesday 11 January 2012

Pavan Sukhdev, The Economics of Ecosystems and Biodiversity (TEEB) Project, and Chris Knight, Assistant Director, Sustainability and Climate Change, PricewaterhouseCoopers (PwC)

Jonathan Garrett, Group Head of Sustainability, Balfour Beatty plc, Chris Matthews, Head of Sustainability, United Utilities Group plc, and Paul Allison, British Aggregates Association

Wednesday 18 January 2012

Paul Wilkinson, Head of Living Landscapes, The Wildlife Trusts, representing Wildlife and Countryside Link, Rodney Whittaker, Chairman, The Ramblers, Dr Simon Pryor, Natural Environment Director, National Trust, and Ben Stafford, Head of Campaigns, Campaign to Protect Rural England (CPRE)

Dr Diane Mitchell, Chief Environment Adviser, National Farmers’ Union (NFU), and Harry Cotterell, President, Country Land and Business Association (CLA)

Wednesday 25 January 2012

Councillor David Parsons, Chair, Local Government Association (LGA) Environment and Housing Board, Tony Bradford, Head of Countryside Management Service, Hertfordshire County Council, representing the LGA, and Dr Hugh Ellis, Chief Planner, Town and Country Planning Association (TCPA)

Professor David Hill, Chairman, The Environment Bank Ltd

Wednesday 29 February 2012

Rt Hon Oliver Letwin MP, Minister for Government Policy, Cabinet Office, and Miss Chloe Smith MP, Economic Secretary to the Treasury
Wednesday 18 April 2012

Richard Benyon MP, Parliamentary Under-Secretary for Natural Environment and Fisheries, and David Cooper, Deputy Director, Ecosystems and Sponsorship Unit, Department for Environment, Food and Rural Affairs (Defra)

List of printed written evidence

1. Royal Society for the Protection of Birds (RSPB)  Ev 84
2. Campaign to Protect Rural England (CPRE)  Ev 87
3. Town and Country Planning Association (TCPA)  Ev 90
4. Local Government Association (LGA)  Ev 93
5. National Farmers’ Union (NFU)  Ev 97
6. Country Land and Business Association (CLA)  Ev 102
7. National Trust  Ev 106
8. The Ramblers  Ev 110
9. Wildlife and Countryside Link  Ev 112
10. The Wildlife Trusts  Ev 117
11. Balfour Beatty  Ev 121
12. British Aggregates Association  Ev 124
13. The Environment Bank Ltd  Ev 128
14. Professor David Hill, The Environment Bank Ltd  Ev 129
15. United Utilities Group  Ev 130
16. HM Treasury  Ev 133
17. Department for Environment, Food and Rural Affairs (Defra)  Ev 135

List of additional written evidence

(published in Volume II on the Committee’s website www.parliament.uk/efracom)

1. British Association for Shooting and Conservation (BASC)  Ev w1
2. Countryside Alliance  Ev w1
3. Soil Association  Ev w2
4. The Open Spaces Society  Ev w5
5. Landscape Institute  Ev w7
6. British Ecological Society  Ev w10
7. Plantlife  Ev w11
8. Food Ethics Council  Ev w14
9. Centre for Ecology & Hydrology  Ev w15
10. Woodland Trust  Ev w16
11. Campaign for National Parks  Ev w20
Friends of the Earth England
London Wildlife Trust
Game & Wildlife Conservation Trust (GWCT), the Farming & Wildlife Advisory Group (FWAG) and Linking Environment and Farming (LEAF)
English Heritage
Field Studies Council
Food and Drink Federation
Ofwat
Water UK
Ewan Larcombe, Leader of the National Flood Prevention Party
Research Councils UK (RCUK)
Heritage Lottery Fund
Natural History Museum
International Fund for Animal Welfare (IFAW)
British Mountaineering Council
WWF-UK
CEMEX UK
Central Association of Agricultural Valuers
British Standards Institution (BSI)
Professor Colin Reid
The Peak District Green Lane Alliance
Confor
Consumer Council for Water
GreenLINK
England and Wales Wildfire Forum
ESRC Centre for Genomics in Society (EGENIS), University of Exeter
RenewableUK
Institute of Chartered Foresters
Association of Electricity Producers (AEP)
Northumbrian Water Ltd
UK Environmental Law Association (UKELA)
Anglian Water
Hampshire County Council
EDF Energy
Institute of Ecology and Environmental Management (IEEM)
The Horticultural Trades Association (HTA)
The National Federation for Biological Recording (NFBR)
Royal Institution of Chartered Surveyors (RICS)
James Del Mar
Miss Maria Crastus
The Forest Town Nature Conservation Group (FTNCG)
Mineral Products Association
Centre For Ecology & Hydrology, Natural Environment Research Council
Association of Local Government Ecologists (ALGE)
List of Reports from the Committee during the current Parliament

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

Session 2012–13

First Report  Greening the Common Agricultural Policy  HC 170
Second Report  Water White paper  HC 374
Third Report  Pre-appointment hearing: Chair of the Water Services Regulation Authority (Ofwat)  HC 471
First Special Report  EU proposals for reform of the Common Fisheries Policy: Government Response to the Committee’s Twelfth Report of Session 2010–12  HC 108

Session 2010–12

First Report  Future Flood and Water Management Legislation  HC 522 (HC 922)
Second Report  The Marine Policy Statement  HC 635
Third Report  Farming in the Uplands  HC 556 (HC 953)
Fourth Report  The draft National Policy statement (NPS) on Waste Water  HC 736
Fifth Report  The Common Agricultural Policy after 2013  HC 671 (HC 1356)
Sixth Report  Implementation of the Common Fisheries Policy: Domestic Fisheries Management  HC 858 (HC 1485)
Seventh Report  Pre-appointment hearing: Chair of Gangmasters Licensing Authority  HC 1400-I & -II
Eighth Report  EU proposals for the dairy sector and the future of the dairy industry  HC 952 (HC 1548)
Ninth Report  The Welfare of Laying Hens Directive—Implications for the egg industry  HC 830 (HC 1664)
Tenth Report  The outcome of the independent Farming Regulation Task Force  HC 1266 (HC 1669)
Eleventh Report  The draft National Policy Statement for Hazardous Waste  HC 1465
Twelfth Report  EU proposals for reform of the Common Fisheries Policy  HC 1563-I & -II
First Special Report  The National Forest: Government response to the Committee’s Fourth Report of Session 2009–10  HC 400
Second Special Report  Dairy Farmers of Britain: Government response to the Committee’s Fifth Report of Session 2009–10  HC 401
Oral evidence

Taken before the Environment, Food and Rural Affairs Committee
on Wednesday 29 June 2011

Members present:

Miss Anne McIntosh (Chair)
Tom Blenkinsop
Richard Drax
Mrs Mary Glindon
Neil Parish
Dan Rogerson

Examination of Witnesses

Witnesses: Peter Unwin, Director General, Environment and Rural Group, Department for Environment, Food and Rural Affairs (Defra), Pavan Sukhdev, leader of The Economics of Ecosystems and Biodiversity (TEEB) Project, Patrick ten Brink, Institute for European Environmental Policy, Dr Andrew Clark, Head of Policy Services, National Farmers’ Union (NFU), Chris Knight, Sustainability and Climate Change Team, PricewaterhouseCoopers (PwC), Martin Harper, Conservation Director, Royal Society for the Protection of Birds (RSPB), representing Wildlife and Countryside Link, and Ellie Robinson, Assistant Director, External Affairs, National Trust, gave evidence.

Q1 Chair: Good afternoon, ladies and gentlemen. I welcome you all to our seminar on our inquiry on the Natural Environment White Paper (NEWP). We are going to hear from you in groups of three. I will introduce you in turn. Each of you will speak for five minutes, and then we will have a broad discussion before we hear from the next group of witnesses. As I call each of you, perhaps you would like to give your name and position for the record. Peter Unwin, you are very welcome. Would you like to start?

Peter Unwin: Thank you, Madam Chair. I am Peter Unwin, Director General for Environment and Rural Affairs at Defra. We think that the Natural Environment White Paper is a major opportunity for the environment. Fundamentally, it recognises the importance of nature not just for the intrinsic reasons for which we have always cherished it but also because a healthy natural environment is essential for our future economic prosperity and security.

The Paper builds on two ground-breaking studies: first, John Lawton’s report last year, “Making Space for Nature”; second, the recently published UK National Ecosystem Assessment (NEA). We also draw heavily on the excellent work done by Pavan Sukhdev and his TEEB report, about which you will be hearing shortly. To put it into context, it also leads into an important series of related publications across Government, including: the waste review published last month; the England Biodiversity Strategy which is to come out shortly; the draft National Planning Policy Framework (NPPF); and the Water White Paper to be published later this year.

The White Paper sets out four ground-breaking themes backed by 92 actions. The first is to protect and improve our natural environment. You will be familiar with the proposals to establish Nature Improvement Areas (NIAs) and Local Nature Partnerships (LNPs). We will also be piloting a system of biodiversity offsets to help local authorities and developers and get better value for the environment. The White Paper recognises the crucial role played in nature by our farmers and land owners. We will be working with farming and environmental interests over the next year to ensure that we can achieve two of our goals in Defra of increasing food production and improving the environment.

The second theme is about our ambition to create a green economy that recognises the value of nature. That is very much part of the Government’s overall growth agenda. We want to lead the world in putting nature at the heart of our economic planning, and we will do this by including natural capital in our national accounts and establishing an independent Natural Capital Committee (NCC) to report to and advise Government. The role of business is absolutely crucial here. Ian Cheshire, chief executive of Kingfisher, will head a business-led Ecosystem Markets Task Force (EMTF), which will review opportunities for UK business in the markets in green goods and ecosystem services. Major companies like Unilever, Nestlé, Sainsbury’s, Marks & Spencer and Puma are already leading the way in going beyond carbon to take account of natural capital in their business model and accounts.

The third very important theme in the White Paper is to reconnect people and nature. We are all aware of the extent to which that disconnect has grown and the impact it is having on everything from health to education. The White Paper, for example, will remove barriers to learning outdoors and provide a new green area designation to allow people to protect spaces and areas that are really important to them in their locality. The last of the four themes is on international leadership, building on the role that the UK Government and Secretary of State played at the Nagoya conference last year and, through that, leading to reform of the Common Agricultural Policy (CAP) and the Common Fisheries Policy (CFP) and looking forward to the meeting 20 years on from the big Rio conference to be held again in that city next year.

I want to finish these brief remarks by emphasising that the White Paper has been produced through a very collaborative process, working with Departments across Government, with non-governmental organisations (NGOs), business, organisations like...
GLOBE International and many individuals up and down the country. We could not have produced it without their help. A lot of the ideas in the White Paper have germinated from people round the table today. Equally, this is not an old-fashioned White Paper where Government set out what they are going to do. We will not be able to implement it without the involvement of those same organisations and individuals. We have provided the tools here for people to use, but we will have to work with people to ensure that they are used. We look forward to doing that and working with them to achieve together the ambitious goals that the White Paper has set out.

Q2 Chair: We are very grateful to you. Perhaps I may now invite Pavan Sukhdev to address us. Again, just say where you are from. Perhaps I may congratulate Pavan publicly on the medal that he is due to receive today from the Institute of Ecology and Environmental Management. Obviously, you lead in this field and we are very honoured to have you with us this afternoon. Pavan Sukhdev: Thank you very much for your remarks. I appreciate the note of congratulations. The work of TEEB on the economics of ecosystems and biodiversity, which I led, has been very much a collaborative effort involving more than 550 scientists, economists, ecologists and environmental economists. I am delighted to acknowledge and thank Defra for the role they played, not just in terms of the financial contribution, which we are always most welcome, but also in terms of the significant commitment of time and energy of many of its officers. The review of TEEB recommends among other things that the idea of mapping ecosystem services and attempting to place values on them should be conducted not merely as a global study or assessment but also as national studies and assessments. In that context I am delighted that the Natural Environment White Paper very much meets some of these needs. It is also important to recognise that TEEB is not a cost-benefit-based solution for global stewardship of the planet; it is very much a mature and multi-layered approach towards valuation, which can happen on a societal plane, by demonstrating value and eventually by capturing values through ecosystem service payments. Once again, I am pleased to note that all of these aspects are taken into account in the White Paper.

In particular, I am delighted by Her Majesty’s Government’s keenness to participate in WAVES, a Wealth Accounting and Valuation of Ecosystem Services project organised by the World Bank. Also participating in it are countries from the developing world, such as Colombia and India. It is good that the UK will be able to contribute through Defra and a community of experts who have been involved in both the White Paper and the TEEB study.

I feel that the need for national accounting is paramount because that is what focuses policy and public attention on the importance and size of natural capital and the sheer value of services that are delivered to the economy and to people. Action on a smaller scale is also important. It is good that there is an acknowledgement here that valuation as a process can apply different criteria at different scales, so the same ecosystem service valued for the purpose of national accounts may have one treatment, and value for the purpose of paying for environmental services to a community or individuals can have another treatment, and that flexibility needs to be recognised and understood.

Lastly, I am also very pleased to note that the White Paper will issue new guidance for businesses by 2012 on how to measure and report corporate environmental impacts. I am reading an extract from the Paper. This is particularly important, because I see the role of the corporation going forward as the most significant form of agent in the economy and as an agent of change. That is something we should not underestimate. We need to engage corporations, in this case in terms of issuing guidance for businesses.

I believe that Her Majesty’s Government should also look at involving as deeply as possible the Institute of Chartered Accountants in England and Wales, where there is already a committee, led by the chairman himself, on the need for valuing corporate externalities. I believe that Her Majesty’s Government will get significant support by involving the Institute of Chartered Accountants in England and Wales, and in other parts of the country, as their goals are congruent. It is in their interest that the impacts of corporations should be disclosed eventually in the accounts of business. Of course, it is the wish of Government that guidance to businesses should be about not just measuring and mapping their impacts but also managing them, and in order to manage them you need the information that we describe in one of the TEEB reports, “TEEB for Business”.

All in all, I am delighted to welcome, and congratulate you on, the White Paper, and I wish you the very best of success over the term of this Government in implementing its many excellent recommendations.

Q3 Chair: It is not actually our White Paper. We shall be scrutinising it quite critically, but we welcome most of its contents. Perhaps I may introduce Chris Knight from PricewaterhouseCoopers—our white knight?

Chris Knight: Possibly. Green knight. Anyway, thank you very much for the opportunity to participate. We really appreciate this. I am an environmental scientist by background. I work in the sustainability and climate change team within PwC, so the comments I am about to make represent those of an organisation that is trying to embed a lot of the thinking in this White Paper already within companies in the UK and overseas. We strongly welcome the White Paper. Its language and thinking is consistent with the work we have been doing as part of TEEB, and consistent with the work we have been doing with the World Economic Forum and the World Business Council for Sustainable Development. We strongly welcome the language and thinking within the White Paper. We work globally. A lot of my projects are overseas in countries experiencing biodiversity loss and ecosystem degradation at a much higher rate than in the UK. There are a lot of innovative activities in...
those countries, but if the language and thinking in this White Paper is implemented, I think it puts the UK within the dozen leading countries in the world looking at this issue. We absolutely welcome the content of the White Paper.

Just to prepare for this session, we consulted a number of companies in different sectors: the utilities within the water sector; the aggregates sector; and also some fairly unique institutions like the Millennium Seed Bank, for example. The overall reaction from all of the people we consulted was very positive. They definitely appreciated the White Paper. Some of those people also commented that it represented a step change in thinking within the Government. There have been a lot of positive reactions to the White Paper in the private sector.

In particular, as Pavan said, the companies we spoke to welcomed the idea of guidance coming from Government on how to account for ecosystem externalities, dependencies and the kinds of things that Puma is working on. We are also pleased to see Puma’s case study within the White Paper. A lot of the companies we spoke to have said they will take part in biodiversity pilot projects as well; they would like to be involved in those, so that is really positive. As to the four points that those companies wanted us to reflect during this session as areas for the Government to focus on, in terms of implementation of the White Paper, the first is regulation. We heard the comment from a lot of companies that there is not a huge amount of detail on national or local-level legislation to drive through some of the pledges within the White Paper. That was one area where a lot of companies were asking for more clarification, and also an understanding of the links between this Paper and the forthcoming Water White Paper, to be issued later this year. They wanted more understanding of those linkages.

There was also recognition that planning policies and systems alone could not bring all of the changes pledged within the White Paper, and there was a reflection of the limitations there. I think there was a realistic view by companies that the Government had to look at a number of different options. There was also concern about funding and a lack of any mention about how this would be paid for and who would have to pay for this within the UK. That is something we can perhaps explore in this discussion. But there are also questions about how you can structure payments for conservation through endowment funds, trust funds and so on. There are some challenges especially at local authority level in terms of their budgeting horizons, which are perhaps typically two to four years. They would be looking at budgeting for investments in natural capital, yet we know that things like permeable road surfaces deliver their benefits and can perhaps last four times longer than conventional road surfaces, but they cost 50% more. Therefore, within a two to four-year budget window, a local authority will not be able to invest in a lot of these solutions.

There are two final areas. One is just the technical underpinnings: the requirement for technical training and continued investment in skills within the UK to support implementation of the White Paper. Some fantastic work is happening in universities, for example in the University of Coventry on sustainable urban drainage systems, and in the University of Kent on agri-environmental economics. A lot of work is going on within the Forestry Commission itself, but it is really a reflection on the need for continued investment in the UK within its own offices and new developments in ecosystem improvement activities, but also in terms of land management overall. There are questions about the agri-environment schemes of payments, which have had so much positive impact, and the link to those. There are also questions about asset management plans for water companies and the Water White Paper. How can we make payments for ecosystem services schemes a reality for mainstream companies in the UK?

To conclude, I think there is a lot of experience in the private sector that will be valuable in implementing the White Paper. We look forward to contributing to all of that.

Q4 Chair: I am very grateful to the three of you. Perhaps we may pause there and open up comments. A lot of what at least two of you have said relates to water and the Water White Paper. I would like to place on the record it that it is not definitive that the Water White Paper will be published in December. Obviously, it would be a matter of great regret if the Water White Paper was divorced too much from the publication of the Natural Environment White Paper. I am very taken by the focus, certainly at the launch and in the White Paper, on the need to give international leadership and engage more, and earlier stage, with the European Union. In this regard, the Water Framework Directive could have huge implications for water companies, farmers and local authorities. I do not get the impression that the Department are engaging at a sufficiently early stage. Peter, could you possibly comment on that?

I also have a query. I know that the purpose of the Public Bodies Bill is to dismantle a lot of arm’s length bodies. There seems to be quite an impressive array of task forces and committees announced in this. Mr Knight mentioned them. I just wonder for how long these will be in place and how will they be funded. Perhaps Mr Knight and Mr Sukhdev could deal with the business of placing a value on water—I know that we will look at that in more detail—and with the economics of that, but also looking at water storage upstream. I have a project where I would welcome any water company who wished to contribute to it, but they are not stepping forward. Is it because they have not got the money to invest? Is it because the technology does not exist at this stage? Is it because it just does not stack up? Perhaps you would answer in that order, and then colleagues will step in as well.

Peter Unwin: I shall come back on those points. First, on the timing of the Water White Paper, our business plan states that December is the target for it, and we
are firmly committed to that. We very much hope and expect to be publishing it in December or earlier. You are absolutely right that it will pick up a lot of the themes coming out of the Natural Environment White Paper and build on them. The current focus on the drought we have had—withstanding the recent heavy rain, we still face a serious situation in many parts of the country—indicates the challenge that the Water Framework Directive faces. It is going to be a lot about the long-term challenges we face in this country against the pressure of increased demand and climate change in ensuring we have sufficient water and that we abstract it in an environmentally sustainable way.

We are very heavily engaged in the Water Framework Directive. Only yesterday Caroline Spelman, the Secretary of State, told me that she had been talking to her colleagues at the Environment Council last week about the need to push forward the Water Framework Directive. One of the problems with water, frankly, is that the Water Framework Directive was introduced, but all the other older directives remained there, hanging on to it. Our view in a sense is that the more we can focus on the Water Framework Directive as the vehicle to drive forward our water policy, the better. That is the line we are pushing very much with Commissioner Potočnik and other Member States, and we are getting quite a bit of support for that view.

On payment for ecosystem services, some of the water industry is at the forefront of this. United Utilities with their two SCaMP (Sustainable Catchment Management Programme) projects, now followed, I think, by South West Water and others, have got some schemes where they are paying farmers to reduce pollution at source. It is cheaper for them to do that than to treat the polluted water downstream. That is an excellent example of the way we can have something that leads to lower bills for water customers and enables the farmer to pollute less without having to pay a financial cost for that.

As to arm’s length bodies, in Defra we have reduced the number from 80 or 90-odd to 39, so we have got some credit in the bank, but we have been very careful and selective in the institutions we have set up here. The main one is the Natural Capital Committee, which is not a statutory arm’s length body but an expert committee that will advise Government. I think it is absolutely crucial to get that advice into the Treasury in particular, because it will advise the Economic Affairs Committee chaired by the Chancellor. But we have stated clearly that we will review it at the end of this Parliament, so it is timely in that sense. It will be for the Government to decide before and after the next election whether and how that committee should continue. The Ecosystem Markets Task Force run by Ian Cheshire has been set up with the specific task to come up with ways that business can get more involved in payments for ecosystem services, and I think that is due to report and finish its task by 2013. We have been very careful in setting those up, mindful of the policy on arm’s length bodies to ensure that we do not create more of what might be called quangos.

Pavan Sukhdev: My comments would be of a general nature, rather than particular to Britain, but I hope some of them may be of relevance here. It is generally the case that the supply side of fresh water is not sufficiently reflected in studies on ecosystem services, and the role of ecosystems to provide water regulation is generally not widely reflected in policy dialogue. Having said that, I am sure that in the UK this understanding is here. I would imagine that the need to manage protected areas and their role in absorbing and recycling fresh water, and the need to manage the agricultural communities’ and farmlands’ inputs to fresh water management—both on the quantity and quality side—will be recognised and built into your Water White Paper; the same goes for the risks and uncertainties associated with the onset of climate change effects and the manner in which that increases the need for focus on ecosystems—perhaps an even greater focus because of the higher risks as we move into the next few decades. I think these are issues that need to be reflected in any White Paper on water. I very much hope that yours will do so.

My last point is about the value of ecosystem services. Apart from carbon storage, it is generally found that the value of fresh water regulation function is among the highest, so it is worth recognising that some of the work that has been done by the ecosystem assessments and reflected in the White Paper will be of value to whoever is preparing the Water White Paper.

Chris Knight: The sense we have from speaking to water companies in particular about their involvement in payment for ecosystem service schemes and payment for environmental services schemes—I can think of other water companies that have been involved in those—is that they tend to be driven partly from a desire to manage biodiversity impacts and partly by people who specialise in biodiversity and ecology. Our sense is that they are not generally implemented through a desire to improve capex and investment planning, and they do not come from the heart of those companies. I think that if the Water White Paper can provide more guidance to help water companies and others look at investing in ecosystems from the perspective of return on investment—as the TEEB report and other studies have shown—it makes sense to invest purely on an economic basis in ecosystem services, rather than technological fixes in some circumstances—that would be very useful for the water industry.

Q5 Neil Parish: I have several questions. I think it would be a very good idea to value everything, but in the end how do you value food production and the need for food production, especially in view of climate change and the scale of food production that this country needs? I would like to know where the balance is. To what extent do you take permanent grassland and its environmental benefit into consideration? How does that link into the value of tourism? Sometimes these are rather competing interests, especially when you are trying to conserve an area.

My other questions are quite different in a way. At the moment we are short of water and are worried about drought, but there are times when we have floods.
There are parts of the country—for instance, Somerset—where you could store water to prevent towns flooding. The trouble is that at the moment most farmers are just compensated for income forgone, rather than being compensated in a positive way, because the value of storing that water, rather than letting towns like Taunton and Bridgwater flood, could be quite considerable. Are you addressing those things as well? I am just interested in the practicalities of all this. It sounds all very lovely, but I am just wondering whether in the end, in American terms, it will amount to a hill of beans.

Pavan Sukhdev: You will find it curious that the TEEB study does address fresh water storage and the need to look at land management projects, but very much in the developing world, because that is where the crying need for flood management is having said that, countries like Switzerland and the UK, which are very far from the developing world, are experiencing that. Although the science is always uncertain, that appears to be due partly to the nature of climate change.

What we need, perhaps, is for some of the techniques reflected in TEEB to be applied to the context here, and to look at reforestation, afforestation, the sequestering of grassland and other such activities as providing an additional value in the form of reduced risk of flood damage. Having said that, there is an opportunity lost, especially in grasslands, which potentially is a large agricultural output, and that could only increase. This is a dynamic situation where today’s output may not be a good reflection of what you can achieve in a particular area from an agricultural point of view.

You really have to look into the future, as it were, and recognise that there are uncertainties. Some of these are positive in terms of agricultural output. There are bigger uncertainties, some quite negative, in terms of further damage, and mitigation of that flood damage is part of the need for upstream management. It is really there. Unfortunately, there is not that much. In Germany there is a fair amount of River Elbe and River Rhine-related upstream management studies, so there are at least some developed country studies of this. I guess one would need to pull together whatever there is and do the best one can.

Q6 Neil Parish: And on food production and the balancing of grassland and the like?

Peter Unwin: On food production, food is very much an ecosystem service. One of the key messages coming out of the National Ecosystem Assessment is that over the last 50 years or so we have been extremely efficient at increasing that ecosystem service and getting a lot more food from our land. The challenge going forward is to continue doing that, because there is a clear commitment to increase food production in a way that makes sure that overall it is not at the expense of other ecosystem services that we get from land, such as fresh water, biodiversity, etc.

The valuation of food is very much in the mix. We will take wider contributions after the next three. Perhaps I may call on Martin Harper from the RSPB to give us the green non-governmental organisation perspective of Wildlife and Countryside Link.

Martin Harper: I am Martin Harper and I am the conservation director of the RSPB, but I am here representing Wildlife and Countryside Link.

Q7 Mrs Glindon: It has been mentioned several times that the White Paper is the result of a collaborative approach. In particular, Mr Unwin, you said that the aims and objectives cannot be achieved unless that collaboration continues. A vast array of organisations and agencies with very different stances have been involved in it. Is there anything that you think could be a barrier to continuing the collaboration that has gone into the Paper’s production?

Peter Unwin: I think that the collaboration has been very good and encouraging. Obviously, different groups come at it with different interests. I think that in the actual production of the White Paper a lot of the workshops we went through to do that brought those interests together. I would hope—we will hear more later—that everybody feels they have got something from it. Equally, everybody will no doubt say they would have liked more from it to push a bit more of their agenda forward. That is absolutely natural and proper. My hope would be that in going forward we continue the recognition that there are a lot of things to be balanced against each other here and we need something that is going to take account of all of them, given food production and environment as the two issues to balance, but there are many others as well. We have set out the tools here that I hope will allow that collaboration to continue, and I think there is a lot of appetite out there to do it.

Q8 Chair: We will take wider contributions after the next three. Perhaps I may call on Martin Harper from the RSPB to give us the green non-governmental organisation perspective of Wildlife and Countryside Link.
of this Paper. We know that there was a significant
clear funding strategy to support the implementation
detail in conversation, but I do not think there is a
do it in passing. Maybe we can explore it in more
complementing much of what Chris has said, so I will
I shall briefly highlight some concerns. I will be
species with which we share this planet.
recognised that most people feel that we have a
utilitarian ones, in decision making but also
not only did the White Paper come up with innovative
Strategy and, for example, how species' conservation
to seeing the content of the England Biodiversity
future, calling for better investment in nature, it
managed to get 350,000 or so signatures looking for
more support in this area.
But the reality is that nature is in trouble. One of the
headline conclusions from the NEA was that 30% of
ecosystems are not delivering the services to people
that they should, and we know that we failed to halt
biodiversity loss by 2010. That was why we were
delighted that the Secretary of State, Caroline
Spelman, signed up the UK to the Convention on
Biological Diversity’s (CBD’s) commitment to halt
biodiversity loss and begin its restoration by 2020 at
Nagoya. In a sense the Natural Environment White
Paper is partly the UK Government’s response to that,
and indeed to fulfilling the coalition agreement’s
commitment to protect wildlife and restore
biodiversity.
Why do we welcome it? First, I should put on record
and congratulate the hard work of ministers and the
team of civil servants who worked collaboratively
with us in developing this Paper. We warmly welcome
it. The main reason we welcome it is that the ambition
is strong. There are some very clear measurable
outcomes that will help to determine whether the
Government are successful in living up to their
commitment to protect and restore biodiversity.
Q9 Chair: Perhaps we may turn to Dr Andrew Clark
from the National Farmers’ Union and ask him to give
the farming industry perspective.
Dr Clark: Thank you very much for inviting me
to participate in this afternoon’s session and also for
the opportunity for a farming voice to be heard. For
the record, the National Farmers Union’ represents 55,000
farmers across England and Wales. We calculate that
we represent about 70% of the farmed area. One of
the things we really like about the White Paper is that
it recognises the critical role of farming. Farmers are
the managers and stewards of the countryside and the
environment. We recognise our importance. We
recognise that it is important to develop our
stewardship ethic. We also recognise that there are
now major expectations of agriculture. It is not just
about food production; in fact we are glad to see food
production back on the agenda and its importance
being recognised, but it is not something we can do at
the expense of the environment. That is something
Peter and others have already said. But environmental
management and care for the natural environment has
going on hand in hand with food production, renewable
energy production, fibre production and providing
access to countryside and heritage. It is not a single
hit here; there is a whole range of different demands
on the countryside. It is absolutely critical that we
recognise those demands and how they fit together.
Very often while they might be written about separately in Westminster they will join up in a field; that
is where integration happens.
There has been much discussion about the balance
between food and environmental security. The mantra
of the NFU—I will repeat it—is that we do not see
those as in conflict. We see our challenge as producing
more and impacting less, decoupling our
as to what we will be expecting as the Paper is
implemented.
Why is it important? We have heard a lot about the
value of the natural environment. The UK National
Ecosystem Assessment laid out the case very clearly
as to why it wanted a better investment in nature and
why the current way in which we go about decision
making is failing to capture some of the values, and,
therefore, if we carry on the current approach we will
be selling ourselves and our children short. The
National Ecosystem Assessment did a fantastic job,
and that flowed very much from Mr Sukhdev’s work.
There is also massive public support for looking after
the natural environment. The latest viewing figures for
“Springwatch” are something like 3 million. Probably
Peter was delighted to have the 15,000 responses from
members of the public on the Natural Environment
White Paper, which is an unprecedented interest.
When the RSPB ran its campaign, “Letter to the
Future”, calling for better investment in nature, it
managed to get 350,000 or so signatures looking for
more support in this area.
But the reality is that nature is in trouble. One of the
headline conclusions from the NEA was that 30% of
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Government are successful in living up to their
commitment to protect and restore biodiversity.
I think the White Paper recognises that when it comes
down to it, it is about individual land managers. We
need to engage with individual land managers and
farmers—I prefer the expression “farmer” to “land
manager”—in a way that inspires them, celebrates
what they have achieved, learns from what knowledge
they have and then challenges them to do a bit better.
Nobody has a perfect remedy here, but we believe that
if you do it on the basis of engagement and
encouragement you get a lot farther.

Since 1993 and in the time I have worked for the NFU
there has been a sea change in farming behaviour,
certainly in the last five years. We now have an
Environmental Stewardship Scheme that I am proud
to say is cutting edge, in terms of European
agricultural policy. There is no other scheme in the
form of environmental stewardship that engages so
many over such a wide area with such a good
environmental output. In the recently launched
Campaign for the Farmed Environment, where we
work with RSPB, Defra and other environmental
groups as well as farming groups, we have got a
method of engaging with a far wider farming and
environmental community and harnessing that in a
way that fits very well with the big society and
localism agendas that are so close to Government’s
concerns.

There is a lot of talk about sustainable intensification
and what that means. It might be something we will
come to in a moment or two. I was in the House last
week, and the Environmental Audit Committee asked,
“Is sustainable intensification something of which we
should be frightened?” I believe unequivocally that it
is not. The concept of producing more and impacting
less is central to sustainable intensification. I do not
think we should be afraid of trying to find ways in
which to produce the same or more food using fewer
inputs and Global Positioning System (GPS)
technology, reversing the decline in productivity we
have seen in the last couple of decades and using
knowledge transfer and applied research. Those are
absolutely critical. Finally in terms of sustainable
intensification, we are talking about investing.

Critically, all the work we are looking at here, in terms
of natural capital and managing the environment, is
about investing in people and farms to make them
work better.

One criticism I have of the White Paper and the
general environmental debate that is thrown at farmers
is that basically it is too complex; it is almost too
sophisticated. There are trade-offs in every activity we
undertake. We have spent too little time thinking about
what the trade-offs are and about how we can
get optimal outcomes that are both productive—we
have already recognised that food production is part
of ecosystem services—but also address things like
water pollution and biodiversity conservation.

We need to look much harder at these optimal outcomes,
get out of our silos—I am sorry for using an
agricultural analogy—and think about a wider way of
intervening. I think that for too long we have been
looking at outcome, one of them being farmland birds,
without thinking about water protection. If we looked
at some of the primary resource care, like soil and
water management, we might find that many of the
biodiversity outcomes come on the back of that.

I have got many other issues but they will come out in
conversation. One is about the ability to have a
target and ambition. There is great ambition in this
White Paper, which I absolutely endorse, but my
concern is whether we have the funding and
wherewithal to achieve that.

Q10 Chair: That is very helpful. I now ask Ellie
Robinson from the National Trust to address the civil
society and public engagement aspects.

Ellie Robinson: Thank you very much for inviting us
today. My name is Ellie Robinson and I am the
Assistant Director of External Affairs at the National
Trust. I echo a lot of what has already been said. We
really welcome the White Paper; it is a major
achievement. Congratulations to Defra and the team
for pulling together such an ambitious strategy of
broad scope. The ambition is brilliant. I think that
clear direction is something we have really lacked.

To be the first generation to leave the natural environment
in a better state than it inherited it, and to move from
a nature net loss to a nature net gain, are powerful
concepts and they will really help to drive innovation
in policy and delivery.

The other key thing is the repositioning of nature as
central to economic prosperity and people’s quality
of life. It has really helped to take nature out of the
environmental silo in policy terms, which is really
brilliant. The Trust is really keen to play a major role
in delivery, and it is as a practitioner that I shall be
giving evidence today. I do not want to repeat some
of the points that have been made today, given the
time constraints. There are three particular areas in
delivery terms that I want to highlight. One is that
bridging the funding gap between aspiration and
reality has been mentioned quite a lot already, but if
we are going to move the paradigm of protecting
nature to one of restoring it over the following decade,
that is a huge ambition and the resources needed to do
that are significant. Martin has already mentioned how
vulnerable we are in relying on agri-environment
schemes to work really hard to do the majority of that
at the moment, let alone make the step change we all
want to see. The ecosystem assessment is a vital
platform for doing that.

Innovation in thinking about financing some of this is
just beginning. The Ecosystem Markets Task Force
has a vital role to play, and that is really welcome.
Some of that opportunity also lies in the public and
voluntary sectors, as well as the private sector. We
hope that it is appropriately broad in scope. Also, it
does not have a blank sheet of paper. We have already
discussed in relation to water that United Utilities
funds RSPB, the National Trust and the farmers we
work with to provide water-cleaning services. The
same is happening in some pilots on flood or health.
There are embryonic kernels of markets. I think it would be really great to prioritise where we really follow through on the NEAs, so we get some gains as quickly as possible.

One of the risks if we do not make progress in finding these sources of funding is that there will be a two-tier countryside. Clearly, we do not want to wait to implement some of the big new ideas like the Nature Improvement Areas, but if we do not find additional sources of funding, it will drag funding from elsewhere in the countryside, and there is a risk that we will end up with a two-tier system, which clearly we want to avoid.

The second big issue is reconnecting people and nature. Peter outlined that earlier. It is fantastic to see that the potential for health, education and community is huge. It has been one of the big priorities for us.

The rhetoric in the sense of what is possible is really strong. However, the detail is lacking. I think the evidence base that is coming through on both social science and medical research is growing every year. I think this is due partly to how the health and education reforms are able to take the potential and embed it in policy development. There are some early steps and some useful hooks, but I do not think the detail yet fulfils the potential. There are some stubborn barriers there, and I think having a further look at this would really help. The Office for National Statistics (ONS) measure of national well-being that is being discussed might provide a really useful driver to look for what in particular will help us take nature from a fringe interest in education and health and make it a mainstream contributor.

Our third issue is about the need for a framework for enabling strategic and integrated land use decisions. Andrew mentioned some of the potential tensions and multiple demands on land. Some of the bits of work the Government have done under Foresight have really shown what the huge and competing drivers will be for food, fuel, health, nature and water over the next 50 years, and the forest planners are looking at similar kinds of issues related to woodland and forest creation, among other things. How will we embed geography into decision making? The really key thing for us is how planning reforms do not just pick up the spirit and ambition, but provide a practical framework that allows the value of nature to be embedded in decision making at all levels. There are worrying signs that economic growth at all costs is a clear priority.

Local Nature Partnerships have been mentioned already. They could be a really useful tool and very supportive, but they do need guidance, resources and strategic connection to Local Enterprise Partnerships (LEPs) if we are really going to make a lot of the words turn into actions that hit the one parcel of land that Andrew mentioned earlier. We are worried that we are rushing these for no particular reason and they are deemed to be fit for purpose.

In summary, the direction and ambition is absolutely great. Our questions are about maintaining the momentum and integrated approach to delivery, particularly across Government but also in Defra, and the planning reforms are the critical test. Are we going to find the resources to meet the ambitions over the next decade and beyond? Saving the second pillar is the starting point at the moment. How will we know we are collectively making progress and, if we are not, why?

**Q11 Dan Rogerson:** The planning stuff really interests me. One question I asked the last time I did a session on this was about valuing landscape. That seems to me to be a harder thing to put a value on than some of the other aspects of the natural environment that are more readily quantifiable; at least you have models there to do it, which is really interesting. There is the issue of reconnecting people with nature. If we have a model that says we want denser and denser populations occupying what is already there with as little added to it as possible, we create a lot more barriers to people connecting with the environment. If on the other hand we are saying we want to look at development such as modern garden cities or whatever, the challenge then is that we are actually going out into that area. Do you have any thoughts about how those kinds of issues could be dealt with?

**Dr Clark:** I absolutely accept the point in terms of planning. Looking at the development of the National Planning Policy Framework, it is a high-risk strategy. It is uncertain, in the context of a more locally driven policy environment with a slimmed-down national policy, what will be seen as nationally strategically important, and how protection of the strategic importance of key issues will play out.

From the farmers’ point of view, we are very concerned that the Planning Framework recognises that there is a role for food production in the open countryside, and that there is a role for processing that food production in the countryside. In other words, the countryside is not seen simply as a place for recreation and cultural rebirth, but also as a workplace and a vibrant economy in its own right.

The National Planning Policy Framework—Defra has a key role to play here—has to strike that balance and recognise that the countryside, the rural areas and rural economy, has to be kept just as vibrant as the rural environment. That is my key concern about the planning aspects of the debate. I hope that when you look at the consultation that comes out before the summer recess, when apparently the Framework will be published, we will be able to see something that recognises the rural economy as well as the rural environment.

**Martin Harper:** I would make just two points. Broadly, I agree with Andrew. First, there is new guidance on the presumption in favour of sustainable development, which worries us. This is the driving force behind the new planning reforms. At the moment the guidance is very much towards encouraging economic growth. Therefore, many of these other interests are likely to be overridden. We are very concerned about that. We would expect sustainable development to be defined on the face of the Bill, if indeed they are going to go ahead with that phrase; otherwise, it will just be a case of presumption in favour of development.
The second point I make is that a very explicit statement emerged from the NEA, which said that, if you want to capture all of the different values that the landscape offers, you probably need to express them spatially. I think it is a mistake that the National Planning Policy Framework thus far is not spatial in expression. If you can express the landscape and try to work out what kind of value different bits of the landscape give you in terms of food production, water quality and access to recreation, you will make different decisions. Those spatial tools will help planners make the right decision, which, hopefully, will lead to reconciling those competing interests.

**Ellie Robinson:** To add briefly to that, it is a really good question. We have to see how the planning reforms will answer it. In terms of valuing landscape, I think one of the areas in which we have failed in the past, and which the Trust is alive to, is how you tap the tourism market and take some of the value from that and put it back into land management. It was mentioned briefly in the uplands work done by Defra, in terms of valuing an ecosystem service. There is huge potential there. We have not really cracked that in this country. I think other countries have done better than we have.

The other point is about how local communities in the new local plan system, whether it is neighbourhood plans and then bigger local plans, are able to express the landscape and try to work out what kind of value different bits of the landscape give you in terms of food production, water quality and access to recreation, you will make different decisions. Those spatial tools will help planners make the right decision, which, hopefully, will lead to reconciling those competing interests.

**Peter Unwin:** On this point and linking it to planning, you may or may not be aware that the Government had a growth review earlier in the year and are now having what they call phase two of the growth review, which I think has five strands. One of those strands is the rural economy, on which Defra is leading. It is looking very much at the issue, as Andrew says, of how we can think of the rural areas in terms of economic growth. How can they contribute to their own and national economic growth? In doing that, how can they play to their key selling points? Landscape, tourism and natural capital are one of them, so getting that balance right would be a key part of that growth review.

**Dan Rogerson:** I think you were hinting that you wanted local authority planning departments to be able to factor all of this in, and the people who take the decisions, of course, are local authority members. It just strikes me that what we do not have really is a toolkit for them to have the confidence to be able to take these things into account. If I look at large developments in a constituency like mine in Cornwall, the council is a unitary authority that is big enough to have landscape architects and so on, but even in the advice they give there does not seem to be a sufficient model there. Could Government be doing more to set out the framework and provide a toolkit to planners and decision makers?

**Q12 Chair:** Perhaps we may broaden it a little. We have tried to break it up into chapters 1 and 2 of the White Paper. It is a bit like the Bible. I would like to build upon some of the questions we have had and the common strands that have come through. I would like to be quite provocative, if I may. I think one of the reasons we are not doing very well in retaining water on farmland is not to do with lack of compensation; it is because of legislation already in place that flatly contradicts what the White Paper and businesses like water companies, with which I am sure farmers would like to work in conjunction, would like to see happen. My understanding is that any water that is retained on land in any volume is deemed to be a reservoir. We have the Reservoir Act 1975 with guidance to elaborate, and the Flood and Water Management Act 2010, which run completely counter to trying to bring the farming community together with water companies on upland storage, which we explored a little in our Uplands Report, and which I think the Department is exploring in its White Paper. Are there any ways we can get over this barrier? You might want to elaborate on the points Mr Parish raised about compensation, but my understanding is that water in any volume retained on land constitutes a reservoir.

**Dr Clark:** I think I am right in saying that no farmer in his right mind would want such a reservoir on his land.

**Peter Unwin:** I am not an expert on reservoir legislation, but I assume there is a difference between water permanently stored and water temporarily stored during times of high flooding. I would hope that the new system of funding that we are moving to on flood risk management, which is more locally driven, will enable this issue to be looked at. I know that this issue has been debated a lot in the past in terms of compensation for flooding, which in some cases may be natural and in some cases may be water...
deliberately diverted. Obviously, there is a difference between the two. Certainly, the Environment Agency is working much more towards local solutions that might enable that kind of thing to be looked at.

**Martin Harper:** Perhaps I might make one point about the uplands story to which reference has been made a couple of times, particularly with regard to the relationship between United Utilities and RSPB. We did enter into that relationship to try to improve the biodiversity interests of a large suite of the uplands in the North West. The returns have been good, and not only for wildlife, in terms of getting about 12,000 hectares of Sites of Special Scientific Interest (SSSIs) into better condition; it has also helped save United Utilities between £1.2 million and £2.4 million.

We have done that by United Utilities working with us and farmers to try to get them to enter into schemes to do gripp-blocking, keep water on the hills and also reduce stocking rates and changing moorland grazing and burning regimes. That example is a way of getting those multiple benefits. I think it is exactly the kind of message that the NEA was trying to get across. Think big and at scale; think about the right interventions to deliver these multiple benefits.

Q13 Neil Parish: Paragraph 9 of “The Natural Choice” White Paper says: “The Economics of Ecosystems and Biodiversity study shows that protected natural areas can yield returns many times higher than the cost of their protection. There are multi-million pound opportunities available from greener goods and services, and from markets that protect nature’s services.” I am very interested to know: where is all this money coming from?

**Pavan Sukhdev:** Some of these are public goods and services.

Q14 Neil Parish: You can value them, but where physically will it come from? Will it come from the Common Agricultural Policy or water companies? You can value what you like, but it does not create a fund. Where will the money be coming from?

**Pavan Sukhdev:** It flows into higher agricultural productivity, greater resilience and less flood damage and therefore less cost to the Exchequer. These are things that you do measure at the time. They happen, but you tend not to associate the causes. What we are saying is: let’s value the causes as well and, therefore, reflect that understanding in the policy. Patrick authored a study that reflected the global benefits of protected areas. Perhaps he might like to comment on the chapters in his report and summarise them.

Q15 Chair: Could you formally introduce yourself for the record?

**Patrick ten Brink:** I am Patrick ten Brink of the Institute for European Environmental Policy, and co-ordinator of “TEEB for Policy Makers”. I am a colleague of Pavan’s. Thank you very much for letting me speak. On the issue of value, I think there are real values in—your point on the “beans”—water provisioning. It is in the private sector in a range of countries, for example in France with water, in Belgium with beer, and in Germany with soft drinks.

Q16 Chair: Who owns the water companies in France?

**Patrick ten Brink:** It is in the private sector in a range of countries. The companies own the water companies.

Q17 Neil Parish: How is the support given?

**Patrick ten Brink:** It is in the private sector in a range of countries. The companies own the water companies.

Q18 Chair: Could I put the question a slightly different way? What we have picked up from just about every witness we have heard from is that there is a gap between funding and the aspiration. The RSPB, NFU and National Trust have all said that this afternoon. PricewaterhouseCoopers said there is no clear funding strategy; there is an over-reliance on agri-environmental schemes and as we speak we do not know what the future of the next round of CAP reform will be. You bring the benefit of what is happening in other countries, but we are looking at this White Paper, how the targets that have been set in it will be achieved, whether the funds are sufficient and, as Mr Parish said, where the funds are coming from. I do not think that we as a Parliament or Committee would be happy if the money came entirely from public funds. That is not what it is about.

**Martin Harper:** I think this is a crucial point. In a sense I am not surprised that the Government were unable to come up with all the answers in the period of time. The RSPB has produced a report looking at innovative financing options last October and they looked at a range of issues, from the idea of conservation with credits, through to various forms of taxation, through to payments for ecosystem services, as well as more creative partnerships between private and public. What we had hoped for was a more comprehensive assessment of the different mechanisms at government’s disposal and a clearer signal about which ones would be pursued with vigour. There is a proposal for conservation credits to be piloted, which we welcome. Our strong view is that this will be successful at delivering real income only if it is a mandatory system. We were hoping to hear something about taxation, particularly about a peat levy. This is a Government committed to generating more revenue through green taxes.

Q19 Chair: I am sorry—what levy?

**Martin Harper:** Peat. A levy on the use of peat in horticulture. Peat, rather than Peter over there!
Chair: He will feel we are picking on him.
Martin Harper: We were hoping to hear a little more about whether there would be new ways of generating revenue. I think we have not quite got the answers yet. We are a bit disappointed.
Chris Knight: Just for the record, I would not say we claim that there is no clear funding strategy. We do not know whether or not there is a clear funding strategy.
Q20 Chair: I am just playing back what you said.
Chris Knight: In that case, perhaps I may change what I said.
Neil Parish: You are not a politician, are you?
Dan Rogerson: Or clarify it—you misspoke.
Chris Knight: I would like to clarify what I said, yes. Unfortunately, we have to draw on examples outside the UK because that is where most of the experience on payments for ecosystem service projects is. Mr Parish asked who would pay for this and where it would come from. If you look at the US markets for habitat banking, currently $3 billion has been traded, mostly provided by the private sector, in habitat banking credits, or biodiversity offsets—which is a different term for a similar thing—and, if you look at the voluntary carbon markets, about $300 million has gone into reforestation projects, again most of it coming from the private sector.
Q21 Chair: Should we be getting football clubs to contribute to such a habitat bank?
Chris Knight: If they want to do that, I think we should be able to provide them with the guidance and means to do it.
Q22 Neil Parish: Can you explain to me exactly how this money is provided in the States?
Chris Knight: It is through a mixture of regulatory requirement for developers to minimise their impact on biodiversity and then, for unavoidable impacts on biodiversity, to devise and put money into schemes to restore conservation values off-site.
Q23 Neil Parish: Is it right that they build in one area and compensate in another?
Chris Knight: The compensation is conducted in advance to ensure there is like-for-like compensation. To minimise the risk that any conservation values will be lost, the restoration happens in advance and these are called habitat banking credits. Those are sold to developers who wish to offset their impacts.
Richard Drax: It is, in effect, section 106.
Chair: On a national rather than local scale.
Neil Parish: The only thing is that the States is a much larger land area.
Q24 Chair: Is it parallel with the Emissions Trading Scheme (ETS), if they are to be trading credits?
Chris Knight: The key difference is that there is a requirement for local equivalence, so you cannot offset biodiversity losses in one area in a state 2,000 miles away. That would be a challenge for the UK in how it trials biodiversity offsets in principle because of population densities.
Pavan Sukhdev: I make two points in response to Mr Parish. One is that wetland banking markets of the kind in the US hinge upon the regulation that created them, so it is very much the role of Government to be able to recognise costs where they have been incurred and ask for compensation through the creation of such market schemes. That is neutral to the Exchequer; it goes from one pocket to another.
But I think the second point is that, through assessments such as the National Ecosystem Assessment and its reflection in the White Paper and other papers that follow, there should also be recognition of direct and indirect benefits. For instance, the indirect benefits to agriculture of a better regulated flow of fresh water, or the indirect costs to municipalities and towns to clear flood damage as it happens, need to be captured; otherwise, by measuring only at the time of the event you are in a sense neglecting the cause of the event. The economics of the cause have to be managed, as well as the after-effects. Once again, it is a question of which part you take the damage in. You might like to invest in prevention rather than cure. Of course, this needs to be explained to the voter because nobody likes spending money today.
Peter Unwin: I wanted the chance to come back and speak about funding. Obviously, it was raised by most colleagues round the table.
Q25 Chair: Perhaps I may also throw in that someone said it was too complex.
Peter Unwin: Dealing first with funding, as I think Martin said, John Lawton’s report talked about numbers of between £0.6 billion and £1.1 billion a year as being necessary. I think John Lawton himself said that that was a long-term aspiration. If you look at what we are spending, it is about £500 million a year, so £0.5 billion, against that from public money. A big majority of that is agri-environment schemes. It is worth noting that in the spending review, when we saw cuts of 20% or 30% across a lot of Defra’s other budgets and the budgets of other Departments, agri-environment schemes have carried on more or less at a flat level, so they have escaped those cuts. Within that, Higher Level Stewardship schemes have gone up by 80%.
In addition, one of the few bits of absolutely new money that we got in the spending review was £92 million towards the Water Framework Directive, which will mostly feed into this White Paper’s objectives. Therefore, the main expenditure in the area of this White Paper was protected within the spending review, whereas we had to take some very serious cuts elsewhere. I say that recognising that people like Natural England and the Environment Agency, obviously, had their budgets cut likewise across Government, but we should not underestimate the political imperative that is placed on keeping this money in there.
The second point is that this is not all about Government money. John Lawton himself said that we had to look for other sources. That is why we are looking for payment for ecosystem services and the kinds of schemes that Martin talked about, with
United Utilities, farmers and other water companies doing similar things. As to biodiversity offsets which are piloted in the White Paper, we learned a lot from habitat banking in the US and other places in developing those. We have introduced them on a voluntary basis, and we are already getting quite a lot of interest from both developers and local authorities. To explain the point about national and local, a tonne of carbon in Bradford is the same as a tonne of carbon in Beijing as far as concerns climate change, so you can trade them quite happily. Biodiversity in Bradford is not the same as it is in Beijing, and so you have to look at it differently. Section 106 agreements in the past have worked on a site basis and have often led to a bit of compensation on the site that is not particularly efficient and is then forgotten about once it has been left. This gives local authorities the ability to collect contributions from developers across a number of sites and then invest it strategically in something important in that locality, so you will get much greater value for money out of that.

The third and final point on funding is that, as Martin said, this is all about getting better value for money as well. That is why we are looking at agri-environment schemes both in the current round and in future negotiations going on in Brussels at the moment to try to get greater value for money out of those. But it is also about how to get value for money out of the huge input into this area from the third sector and volunteers right across the country. There I think Local Nature Partnerships will be vital, because what we hope is that NGOs, local authorities and others will come together and decide on the real priorities in this area and give a framework within which that volunteering can take place. Again, you can get a lot more bang for your buck out of that if you run it properly. I think Government have largely protected money in the spending review in this area. Lawton is talking about the long term, so let’s see what future spending reviews will bring. But we have to get more private money in and more value for money out of what is paid in by Government and the huge local and voluntary effort that goes into this.

On connectivity, putting together the framework for this White Paper was a difficult task. Martin referred to the 15,000 responses. Everybody wanted everything in this White Paper. The natural environment embraces everything we do, so in one sense it was always going to be complex. We have tried to focus on these four themes to give it some shape and to write it in a language that not only experts will understand, but I recognise that one can always do better at that. I think we rely on bodies like the National Trust and the RSPB, which can be a huge help to us in selling these concepts nationally, because people will read the RSPB or National Trust magazine more than they will read the Government’s White Paper. Getting the message out about it to the great British public is one of the challenges we face, and we want to work with others on this.

Ellie Robinson: On the issue of funding, I do not know what the plans are in Defra to resource and support the innovation in markets. Presumably, there will be some support for the Task Force, but one of the key things is to have the capacity in the Department to drive some of the innovation that Martin talked about, incubating ideas and looking at what regulatory framework Government can provide to help create fledgling markets or take-off points. One of the things we have found in trying to gain a market value from ecosystem work over the last few years is that there are real barriers to making that work. We tried to get value from the carbon market for peat restoration. It is fraught with difficulty; none of it is easy, as you would expect with any fledgling market. There is a real need for some economic and policy capacity from Government to help and work with us and obviously with the private sector.

To go back to the United Utilities discussion, Martin was talking about the SCaMP project. That was really hard won. In the price review in 2009 we worked really closely with them for them to be able to use their core capital investment money on land they did not own, but the Trust owned, to support our tenant farmers, because the SCaMP was on land that they owned. Each time it is very hard for water companies to be making the case that investment in paying farmers upstream is a legitimate use of water customers’ money. I think that was part of the point the Chairman was driving at at the start, and it is a real one. Chris made the point that the NEA should give companies a lot more confidence to be able to say that the use of their capital to deliver these outcomes is an absolutely legitimate use and a return on their investment, and it is, but we are talking about big shifts in culture and the kinds of frameworks that enable business to make these innovations. It is not easy. We took five years trying this in flooding, health, carbon and water, and it is slow progress. I am just backing up the fact that the regulatory point is critical for innovation and take-off.

Patrick ten Brink: I also support that last point. It is very important that other countries have already done that as well. In terms of other funding sources, there is a major opportunity in terms of the wider cohesion policy, because there is a new move and priority towards green infrastructure, which are not just connectivity but also agricultural land, forest land and all the rest of it. There is a potential source of funding through that in the reform of the cohesion policy. Within the Common Agricultural Policy a lot of people argue for public—

Q26 Chair: Does that not apply just to southern Mediterranean countries?

Patrick ten Brink: No—all the regions with less than 75% of GDP per capita; other regions with less than 90%.†

Q27 Chair: Mr Unwin, which parts of the UK would fall under that?

† Note by witness: During the discussions it was pointed out that Cornwall was the only region eligible under the <75% criteria—this is true for England. NB parts of Wales are eligible under this criteria. Parts of Northern Scotland are eligible as ‘phasing out regions’, and others in England are eligible as ‘phasing in’ and ‘competitiveness and employment’ regions. See http://ec.europa.eu/regional_policy/atlas2007/uk/index_en.htm.
Peter Unwin: I think it falls within objective 1 of the cohesion fund, which means it relates only to Cornwall within England. I think there are areas in other parts of the UK.

Q28 Chair: It is very nice for the Cornwall Member present.

Patrick ten Brink: But at least for the Common Agricultural Policy and the move towards public payments for public goods, it all depends on what happens this afternoon, but that movement is happening. We talk about value for money, but I think real physical savings are made in certain things that release funds. Not in the UK, but in Belgium they have done an analysis of flood control, looking at how much you use technological solutions and how much you use wider green infrastructure. They found that they actually meet the same flood risk objectives with much less money, plus co-benefits for other services. That actually saves money and creates funds.

There is a wider issue about fiscal reform, which I think is important. I know that in the UK you have the aggregates and landfill levies, so there is a potential if we build on and extend these as well as considerations for pesticides and fertiliser taxes and so on. I think there are a number of sources. Another way of doing it is to follow the Dutch model of tax breaks for certain land use choices. That is for private land owners to make use of tax breaks.

Q29 Chair: That would go down well with the Chancellor.

Patrick ten Brink: It is all in the balance, but I think there are different tools. Looking at this, we have 25 different funding tools for the areas.

Q30 Chair: Mr ten Brink, it would be very helpful if you would share that with us in written form. Mr Sukhdev wanted to come in.

Pavan Sukhdev: I have to leave, because I have another engagement. Thank you very much. Patrick represents TEEB and myself.

Chair: We are very honoured, and we look forward to seeing your medal next time we meet. Thank you very much for being with us. Patrick, we may open the discussion further. We have heard a lot about how there might be more public sector money. As we go round and open a fuller discussion, Mr Knight, you represent EU and the Common Agricultural Policy and the move towards public payments for public goods...

Q31 Chair: I do not think the Association of British Insurers (ABI) would necessarily be with you on that.

Dr Clark: I can say a little about it, having worked with the NFU Mutual following the summer flooding of 2007. There are two points I want to make on insurance companies. Perhaps you should talk to NFU Mutual. The NFU represents not the Mutual. The discussions that I had with the underwriters in Mutual were quite clear. Why would they want to pay for insuring people against flooding if the Government were not maintaining the flood defences? Only one place is going to get flooded; it is the area below the flood defences. That is one of the issues.

There is one way in which I think insurance companies can play a role, and it is something that NFU Mutual launched recently in response to the Environmental Liability Directive. Farmers, like other land occupiers, may be open to claims if they cause unintended pollution from their business. Strict liability obviously would have a very significant impact on a farming business. The Mutual now has an advisory arm that helps farmers identify where those risks might be so they can mitigate the risks. In return for getting a very low rate for insurance cover for environmental liability, they take that advice. So, insurance companies can help farmers and land occupiers manage their land to minimise some of the downside risks. That is the key point I want to make in terms of insurance companies. I am sure that when Patrick writes in, it will be among the 26 different ways—or is it 28 now?—of paying for it, if we may open the discussion. Further, we have heard a lot about how there might be more public sector money. As we go round and open a fuller discussion, Mr Knight, you seem to be carrying the green business hat. We have talked about water companies and the Habitat Bank. Can you think of any other co-operative ways where business and local or national government or farmers can work together? Would you like to think about that? I think Mr Parish wanted to come in as well.

Neil Parish: Further to that, has it been considered in the White Paper whether, if you do have a flood area, the insurance companies should pay towards flood protection? They are going to end up having to pay an awful lot of claims because of floods. If we are looking for private sector involvement, it is just a thought that I fire at you. The other one that is probably more difficult is tourism. If the National Trust has people visiting houses and gardens, it can charge for that. You can value tourism; I am sure you do hugely. A lot of those tourists go to upland farming areas because of the hillside and how it is managed. It creates a value in itself, but it does not in itself create a value to the farmer. Do we charge the tourist for looking over the hedge into the hillside? How do we do it? I have difficulty in getting to grips with this. A great deal of valuation is going on here. We value tourism, but how do we actually make that put money into the landscape, not via necessarily Government or CAP support? I do not know who wants to answer the point about insurance companies.

Q32 Chair: Just before we leave the insurance sector, I remember visiting Cumbria after the 2007 floods. I
got the impression that the farmers were the ones who had the greatest debris left on their land, and probably they could not make a claim on their insurers. Has that been rectified?

**Dr Clark:** No, it has not been rectified. Farmers cannot get insurance cover for debris left on their land or flood damage to crops. As far as I am aware, there is no flood damage and crop protection. There is frost cover. Some farmers take hail cover, but there is no product like that in the markets in Britain. Of course, you do get insurance for your house but not for any of the crops. I think about 42,000 hectares of land were affected.

**Q33 Chair:** Sheep were drowned and debris was left on the land when the river went down. Mr Knight, do you have any thoughts on more private sector money, apart from the bank and the water companies?

**Chris Knight:** Again, there are various books with studies of different variations of payment for ecosystem service schemes. A good example, which is nothing to do with farmers, is Mexico, where Volkswagen paid money to land owners in areas surrounding one of its manufacturing plants because it was running out of water. It cost a small amount of investment money, but it safeguarded the water supplies to continue to manufacture engines within that plant in Mexico. There are lots of other examples of payments for ecosystem service schemes, unfortunately most of them outside the UK.

An obvious way would be to stimulate demand for products that UK companies provide that help to safeguard biodiversity in ecosystem services. Some of those products will be usable within the UK, but generally speaking that is an export opportunity for companies. A company like Helveta, for example, is based in the UK but it provides technology to track timber across the tropics. Illegal logging costs about $11 billion a year and that represents a market for illegal operators, but that could be a legal timber trade with an $11 billion value if we could support companies and organisations to track all of that. Likewise, with fish stock there is a huge opportunity to develop technologies to monitor all of that. There are British companies developing hard-standing products to sequester carbon and also nitrous and sulphur oxides. These are technological fixes but interesting solutions to some of the environmental challenges, which, with the right kind of legislation and support, could stimulate more demand.

**Q34 Chair:** Perhaps we could turn to something said in the introductory rounds about possible over-reliance on the voluntary sector, linking to that of strengthening the connections between people and nature. I do not know whether the National Trust would want to lead on that. Ellie referred to trying to unite people in nature. Certainly, there used to be a great many more farm visits before we had all these health and safety rules. Do you have a plan, looking at the White Paper, to see how you can enhance your membership even more and make your members even happier?

**Ellie Robinson:** Perhaps we can look at that from the educational point of view. Perhaps Martin can come in on that, if you are looking at farm visits. Are you talking particularly about schools, or just generally?

**Q35 Chair:** I am very mindful of schools. There is still a huge disconnect as regards where meat and milk come from, until you get children from Leeds and Sheffield into the countryside, just locally.

**Ellie Robinson:** It would be very good to mention that specifically, because it is something that the RSPB particularly led on at least 10 years ago with their rural learning coalition. I will not go into that now. Martin may want to chip in. That sector also includes the education wings of the NFU and quite a few countryside education charities. Largely, that sector, including us and RSPB, is quite well networked, and currently Natural England facilitates us as a kind of education delivery group, if you like. Lots of visits do take place, but what we want to see from the Department for Education is how we can mainstream that so that every child gets a chance to learn outside the classroom as a normal part of education.

**Dr Clark:** Without being too prescriptive about it, what are the barriers? New research has been commissioned. Health and safety is sometimes a barrier but that is often the perception more than the reality. It comes down to the confidence and capability of individual teachers. What is it within the more teacher-centric reforms going on in education right now that could really address some of that? We wanted the Department for Education to put more on the table in NEWP. We hope that that will come out of the Department in the coming months. It is frustrating that we have not seen that breakthrough 10 years on to make that a reality for every child.

We are not talking about schools that are good at this and do it week in, week out; there are lots of those. Some children do loads of learning outdoors, and that is fantastic. It is those often in more deprived areas where they do not have a natural environment on their doorstep anyway that would benefit most. The Government have said that they want to use a pupil premium, which is fantastic. We want to make sure that happens in reality, and we are charting progress on that. We are asking the Department for Education what more they will be doing, because we are going to co-ordinate better as a delivery network so it is easier for schools to access that. I do not know whether Martin wants to say more on that.

**Martin Harper:** Ellie has done a very good job at outlining the challenge. The benefits are very clear; getting children in contact with the natural environment delivers a huge number of benefits. As Ellie implied, there has been cross-party support for this for the last decade. The frustration is that still something like one in four children is not even going outside to play in this day and age. Formal education was always seen as a guarantee to try to ensure that children had contact with nature as they grew up. Many organisations provide fantastic opportunities for field teaching, but unfortunately some of those are not being catered for. Over the last few years we have been encouraging greater incentives for schools
through the curriculum. Ofsted inspection and support for teachers through the Training and Development Agency for Schools (TDA), but at the same time it goes back to our earlier discussion about funding and the voluntary approach.

Q36 Chair: I think it was you who said there was an over-reliance on the voluntary sector.

Martin Harper: That is right. If one looks at the blockages and constraints in encouraging more children to get in contact with nature, there is a funding constraint, particularly for some of the schools that do not have big budgets and obviously are under pressure at the moment. We did a little bit of research that looked at all children who were eligible for free school meals and then is vandalsed, and then you have an empty bit of concrete or something with a bit of rubberised matting on it, whereas if you aggregated that, as used to happen with urban development, maybe you would get a park at the centre of it. We do not really do that. The Taylor report talked about some of those kinds of things as well. Are there any examples of where that has happened with an urban extension recently?

Martin Harper: As far as concerns the RSPB and many other wildlife organisations, I suppose their version of a park is a fantastic nature reserve on people’s doorstep. I was at Rainham reserve on Friday. We had some school visits there. Rainham is part of the Thames Gateway, it is a vision to try to ensure that we got fantastic regeneration of the Thames Gateway and at the same time having a vibrant and internationally important wetland there. With good planning you can deliver wildlife-rich, fabulous places from which people will benefit. That is why I think building that thinking into the planning system should be more to enhance the natural environment, rather than perhaps just protect it.

Dr Clark: I was going to go back to the point about reconnection and some of the benefits that the NFU see in getting children especially on to farms. We see in Open Farm Sunday, and it is mentioned in the report talked about some of those kinds of things as well. Are there any examples of where that has happened with an urban extension recently?

Richard Drax: Yes. There are plenty around and plenty of things to go and see. It is just the cost, which is huge.

Ellie Robinson: If it would help, we can send you some further background information about the research that came out last year into the barriers.

Q37 Dan Rogerson: Maybe because we are rural MPs we are defining “experiencing nature” as going into the countryside, exiting the urban environment and going out into what’s beyond. To go to planning again, in terms of what we develop have you got any examples of where parks have been created? Coming back to the point you made about piecemeal development and the ability to pool contributions, if we look at the development on the edge of urban areas, we tend to get a very low-quality play area that lasts for five years and then is vandalised, and then
Peter Unwin: To return briefly to Mr Drax’s point about educational visits, there are commitments to that in the White Paper, first to review the health and safety legislation to look at the issue you are raising; second, as Martin said, to enable the pupil premium to be used for these visits; third, for Natural England to provide advice to teachers on them; and, fourth, financial support for school visits continuing through the Rural Development Programme (RDP), agri-environment schemes and support for Open Farms Sunday, which you are well aware we had recently. I am not denying that we could always use more money, but I think there is some help there.

On the planning issue, this brings us back to the importance of Local Nature Partnerships because it is absolutely vital in realising that. It has cut across our involvement in TEEB was that we can generate all of the numbers and economics we like to prove that well? Are we in a sense approaching the environment from the wrong direction? We have been looking at the flowers, bees and landscape. We should look at the fundamentals. The Water Framework Directive requires us to do that, and energy conservation requires us to get ready with fundamentals. Let’s have a look at that.

I do not know whether you asked about this, but I will give it to you anyway. How do we implement this without exporting our problems and our production? I am all for it as long as we do it within the confines of the North Sea and English Channel—

Chair: And the Irish Sea.

Dr Clark—conscious that we are in a global environment.

Martin Harper: One area to which perhaps we have not done justice today, partly to do with delivery, is the link between Local Nature Partnerships and delivering the national ambition set out in the Natural Environment White Paper. There is an enormous amount of enthusiasm for people getting involved and trying to access some of the funding that has been made available for it. Our worry is about two things: one is that the window for accessing the funding is very tight—the end of July—and therefore almost certainly those local groups will work together with existing partnerships to try to access the funds rather than perhaps forge new creative partnerships, as might be needed at some levels. We need to build relationships with internal drainage boards, for example. They will not happen overnight. I think that trying to ensure that those Local Nature Partnerships deliver great things locally and also support national ambition is crucial. Perhaps we have not done justice to that today.

If I have one recommendation, it is that I would invite Peter, and possibly the Secretary of State, back in a year’s time to talk about progress. If there has not been adequate progress—I know Peter is a fabulous civil servant with an amazing team and he will deliver great things—or it has not delivered as much as he had hoped, then I would ask what other tools the Government will bring to the table to try to make sure we realise the ambitions in the White Paper.

Chris Knight: I would look at the guidance and the reforms needed to make it easier for the private sector and individual companies and local authorities to invest in some of the things they would like to invest in, which would help to protect environmental services, but at the moment they are not able to do that, or they do not know how to do it. Examples would be things like local authority budgetary time horizons of, say, two to four years when they are planning and investing in infrastructure. That does not happen overnight. I think that trying to ensure that those Local Nature Partnerships deliver great things locally and also support national ambition is crucial. Perhaps we have not done justice to that today.

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Q38 Chair: Before we release you, perhaps we may ask each of you in order whether you would like to make a key recommendation for taking the Natural Environment White Paper forward successfully, and identify one subject that you think we as a Committee could help on the funding issue and look particularly at Ian Cheshire’s Task Force. There are some interesting ideas out there; there is a lot of international experience from which we could benefit, but it is an area where we all need to put in more effort. This is more than about just conventional public funding sources. As Martin said, we have to liberate an awful lot more. Given the discussions in Brussels on pillar 2 today and tomorrow, within the overall EU budget we cannot keep relying on our agri-environment to do everything. It would be great to have your help and support on that key thing.

In terms of an overall recommendation, there is still huge untapped potential for wider social benefit at a community and individual level as a result of access to nature. I think the planning reforms will be absolutely vital in realising that. It has cut across our conversation today. That has to happen not just at a micro-neighbourhood level; it must respect the scale and spatial extent on which ecosystems function, and it is key to social and economic prosperity. Seeing nature embedded in the planning reforms in the way that NEWP has set out is the key test for us.

Q39 Chair: I feel a National Trust membership drive coming on.

Dr Clark: I will bank the fact that you will be looking at funding, so I do not need to cover that one. The issue is one of delivery. How do we deliver in terms of engaging with farmers and land managers? That is absolutely critical. I would like you to consider how you can deliver with the focus on primary resource care, looking at the environment from the bottom up: water, soil and air. What do you get through managing that well? Are we in a sense approaching the environment from the wrong direction? We have been looking at the flowers, bees and landscape. We should look at the fundamentals. The Water Framework Directive requires us to do that, and energy conservation requires us to get ready with fundamentals. Let’s have a look at that.

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that it makes sense to invest in natural capital, but unfortunately the public sector discount rates that are typically used will not allow that at the moment. So, there is a need to look at discount rate practices and see how they can be tailored to different circumstances.

Patrick ten Brink: One thing we have not talked about that is very valuable and that we welcome is the Natural Capital Committee. I think this is a very limited governance approach that will help address the move of nature into the core as a driver for transition to the green economy. The critical issue here is whether that committee will have the resources, stature and audience to ensure that its conclusions and recommendations are duly taken into account. I think that internationally a lot of people will be looking with great interest at the creation of this committee and seeing how it works. The parallel Commission for Sustainable Development (CSD), as everybody knows, has been disbanded, but there have been commissions for tax reforms in different countries that have played vital roles, just like the CSD did before. I think they will be very interested to make sure that that has a strong remit.

As to recommendations, we have talked a bit about the WAVES project and the system of natural accounts. I just want to make one point. As Pavan said, this is a fundamental paradigm shift, and it is a slow fuse. You will not get results quickly. A lot of people do not quite understand what it means because they think: how can you get around to having value in accounts? I think it is useful to say there are four steps in this process, each of which is a valuable end point in itself. There are the physical accounts themselves. What is the stock? How much have you got? What is the state of it? It also includes the state of the soil and so on. What are the ecosystem service indicators? These can get back to water storage in soil; it can benefit carbon content in soil, which gets back to climate change issues. What is the value of the service and the changes in the value of the stock; the degradation? We talk about gross fixed capital formation or the depreciation of assets, but we do not have those terms for natural capital. Those have value.

Then there is the move towards satellite accounts, and finally integration into the national accounts. People might jump all the way to the end and say, "This is horribly complicated. We can’t do it. Let’s not invest and put money in," but each of those steps on the road will provide valuable information. That gets back to the spatial dimension. You do not necessarily have to only go global if you do this at a local level around a city or in the functional geography of a river basin. You can have a very good understanding of the interaction between the natural capital and the economic units, whether it is farming or forestry, and the social units, which could be the city or the communities. You could very quickly move to having something very valuable. So, by all means make sure this is supported. It might take a bit of time, but it is worth it.

Peter Unwin: My experience tells me it is pretty unwise for a civil servant to try to tell a Select Committee what to do. It does not normally have a happy outcome, even when one is invited to do that. I think that the areas you have had highlighted here are all good ones to raise. I would like to make a couple of comments. It is always nice to be able to react instantly to something. Martin and I had a conversation a week or two ago about whether the timetable for Local Nature Partnerships was too tight and would lead to existing bodies rather than new ones being set up. Ministers have agreed with his point, so we have extended the deadline to the end of October for capacity fund bids for precisely the reason Martin has raised.

On Chris Knight’s point about allowing water companies to embed this in their asset management plans, the regulator in the last round has allowed them to charge this expenditure even if it is not on their own land, because of the efforts the National Trust and Government have made, to which Ellie referred earlier.

Going forward, as to what I think is the most important thing, I go back to what I said at the end of my opening remarks. We in Government can meet the commitments we have set ourselves. The bigger challenge is for us to work with business and the voluntary sector to make sure that collectively we all do what we need to do to deliver the White Paper. That is what we have to try to focus on in the months and years ahead. A lot of the issues we have set out here are long-term issues. We will not change valuation of the environment overnight. It is easy for a water company, which can show that it will reduce its charge to customers by investing on a farm. It is much harder where you have ecosystem services and somebody gets it for free at the moment, but you want to bring in a market that means that person will be a loser. These are long-term issues on which we need to focus, and that will require work across all three sectors.

Chair: I thank each of you in turn. I would also like to thank the Committee. We were here until quite late last night. I would like to thank Sarah Coe, who has put the whole afternoon together. I know that one of the Members who is most enthusiastic about this, and I am sure would like to take some credit for it, is Barry Gardiner, who was in the Department. I am sure he will guide us through the inquiry. I note that the author is here; I hope that he will take some pride from the discussions we have had this afternoon. I would like to thank each of you for being so generous with your time. I thank Patrick for joining us from Brussels. We have had a feast of information this afternoon. The introductory remarks have already provided some themes that I hope we will be able to explore later this year. Peter, I am delighted that we heard it here first; it is very good that the Department has made that extension. The Committee thank you most warmly for being here with us and guiding us, I hope, in the right direction, on what is a very ambitious project of which we are delighted to be part. Thank you for being with us and contributing to our inquiry.
Wednesday 11 January 2012

Members present:
Miss Anne McIntosh (Chair)
Richard Drax
George Eustice
Barry Gardiner
Mrs Mary Glindon
Neil Parish
Dan Rogerson
Amber Rudd

Examination of Witnesses

Witnesses: Pavan Sukhdev, The Economics of Ecosystems and Biodiversity (TEEB) Project, and Chris Knight, Assistant Director, Sustainability and Climate Change, PricewaterhouseCoopers, gave evidence.

Q40 Chair: Gentlemen, may I welcome you both formally to our proceedings? Thank you very much indeed for participating in our inquiry into the Natural Environment White Paper (NEWP). Could I ask each of you in turn to introduce yourselves and give your position for the record? I will perhaps start with you, Mr Sukhdev.

Pavan Sukhdev: My name is Pavan Sukhdev; I am at present at Yale University as the McCluskey fellow, but before this I was the study leader for the TEEB Project, and also the head of the green economy initiative at the United Nations Environment Programme.

Chair: Thank you very much.

Chris Knight: My name is Chris Knight; I work for PricewaterhouseCoopers in the Sustainability and Climate Change Team. We provide advice to the public and private sectors on matters relating to loss of biodiversity and ecosystem services.

Q41 Chair: Could I ask a couple of general questions at the beginning? What do you think we would like to achieve from the Natural Environment White Paper?

Pavan Sukhdev: To me, this Paper represents quite an interesting set of opportunities, and let me pick three that are top of my mind right now. One is to see how we can reflect, through the commitments of this Paper, the reality that there is a significant amount of interest in the UK in nature, and among the statistics that I keep in my mind is that something like 54% of the adult population in the UK visits a natural area once a week. That is economic value; that is willingness to pay; that is economic content that needs to be tapped into. Related statistics, like a Defra study that suggested that 85% of people do worry about the loss of species, are also important. These are aspects of living and aspects of well-being that need to be taken into policy areas, and need to be taken into administration in practice. I am interested to see how this White Paper and its implementation will come out with recommendations to make that happen.

My second area of interest is to do with the Common Agricultural Policy (CAP), because if we look at the recommendations of the European Commission, one of them relates to the greening of Pillar 1, which relates to direct payments. Something like 64% of all farmland in the UK comes under some form of EU cover, and the proposal we are looking at here is that 30% of the national pillar of direct payments should have to do with maintaining permanent grassland, crop diversification or ecologically focused improvements. There basically has to be some form or other of ecological improvement. If that is the case, there is clearly huge value, potentially, in aspects such as developing pilot catchments, developing Local Nature Partnerships (LNPs) or developing Nature Improvement Areas (NIAs), because these are all going to contribute in the same direction. I am not sure to what extent work has already been engaged in this direction, but it will be very interesting to see what thinking happens in this connection between the CAP’s aims, which are environmental, and the commitments of the White Paper, as expressed in its annexure.

The third dimension is more generic, in terms of how this will play out in ecosystem markets. In fact, there is a risk that aspects such as what has been recommended for Pillar 1 and Pillar 2 in terms of development potentially could be in conflict with ecosystems markets. On the one hand, you are prescribing policy, and on the other hand saying we should have markets; it could be an interesting challenge to see how both work. Partly in connection with the policy, but also partly as ecosystems markets fold out, it will be very interesting to see how a developed world context would respond to that. It is much more complicated than in Costa Rica, for instance, where payments for environmental services do work and have worked for a long time, and hopefully will continue to work, and the context is different.

These are three areas that to me are particularly interesting.

Chris Knight: I have probably just a simpler and abbreviated message, which is around responsibility, first of all. Climate change was seen as too complex an issue to begin with, and certainly not an issue that the private sector needed to worry itself about years ago. We now have a price on carbon; we have an established protocol for reporting carbon emissions; and companies are taking action to reduce their emissions. I think if we can de-mystify and make visible some of the dependencies companies have on nature and engage them in taking responsibility for protecting nature, that will be a real step forwards. It is not a small task, but I think it would help.

We have also talked about the value of natural capital, and the TEEB effort helped massively there. However, that has not translated into a movement of capital. For example, we now have the Low Carbon Innovation
Fund in places like Norwich—regional development funds that reward companies for taking risks in investing in low-carbon technologies and solutions. We do not have anything like that for ecosystem services, and we should all be cognisant of the fact that investing in these areas at the moment is a high risk. These are unproven technologies, and a lot of the money that is going into these technologies to monitor the health of ecosystems is provided by venture capitalists, and in this current economic environment there is not too much venture capital going around.

Therefore, I think we need a sense of responsibility and engagement of the private sector, and also a translation from the theory of the economic value of nature into economic instruments and financial incentives that get companies on board in delivering solutions to protect nature.

Q42 Chair: Thank you. I am going to ask one question in two parts, if I may, on delivery. When the NEWP was published, it was pretty much all-singing and all-dancing, and everybody welcomed it. Do you think that, six months on, the Government has shown sufficient commitment to deliver? That is where most of the caution was expressed at the time that it was announced. Would you say that there has been sufficient commitment to deliver on the ambitions set out in the White Paper? Secondly, do you think that it would be easier to judge how the Department is delivering if Defra were able to set out intermediate, timetabled actions and milestones to achieve the broader NEWP aims, and progress could be published against these? Would you agree? Shall I ask in reverse order? Mr Knight, do you want to go first?

Chris Knight: Yes, I think a timetable would be very useful. We have over 90 pledges or commitments. I understand responsibility is assigned for those, but the general public at least do not have a view as to how they will be delivered and in what sort of sequence, so that would be very helpful.

On the other aspect that we mentioned in the session on 29 June 2011, around the funding actually to deliver some of these commitments, lots of things have been announced by the Government, and there have been lots of follow-on actions as well. With the Ecosystem Markets Task Force, which was announced in the White Paper, there is an ecosystem markets opportunities assessment that I understand the Government is going to be undertaking quite soon. I think this will generate some useful ideas as to how companies can be brought into this discussion. As to how that is going to be funded, and as to how the Natural Capital Committee will actually engage with business as well, there is still quite a distance between the pledges of the commitments and the actual action the Government will take to deliver.

Pavan Sukhdev: Certainly, given the vast swathe of activity and actions that it is proposed will be covered, a timetable would help. At the same time, I will say that quite a number of things have already happened. For instance, the Local Nature Partnerships fund for capacity-building has been fully subscribed; that was way back in October. I believe there were as many as 76 applications for Nature Improvement Areas, of which 20 have been moved forward. The biodiversity offset projects have been given a fair amount of attention: people have supplied more than 20 expressions of interest, with 10 pilot catchments and so on. Therefore, a fair amount of activity has definitely happened, which is good to see, but at the same time it is difficult, without targeting, and without stating what the plan is and over what time frame it is to be delivered, to say whether this is excellent, or whether it is just par for the course. It is difficult to say that without having the context of budgets and timelines, so I would go along with my learned colleague, Chris, and say that is definitely worth having.

The other point I might make is that this should not be seen as the endgame. This is not the final answer. Clearly, it does point and pose questions in the direction of policy overlap and policy interplay. As I was briefly mentioning earlier, alluding to the CAP, it is important to ensure that a degree of policy overlap is recognised in advance, managed well and taken forward, because there are both positives and negatives. It could play either way depending on how one grabs the bull by the horns and what one does.

Q43 Barry Gardiner: Mr Sukhdev, you spoke about a fair amount of activity already having taken place, and you alluded to the Local Nature Partnerships, but I think the seedcorn funding for that is £1 million from the Government. You will know that the Lawton report, prepared by Professor Lawton, spoke of between £0.6 billion and £1.1 billion being necessary to implement this. Clearly, the Lawton report was talking about what the Government is going to be undertaking quite soon. I was briefly mentioning earlier, alluding to the CAP, it is important to ensure that a degree of policy overlap is recognised in advance, managed well and taken forward, because there are both positives and negatives. It could play either way depending on how one grabs the bull by the horns and what one does.
to be paid right now. It is nice to see what has been done, but I am really looking at the overall picture and wondering how we take this to the next stage.

**Q44 Barry Gardiner:** Before moving to Mr Knight, you would say that, to see major flows of funding, it is critical at this stage to have some way of tying the greening of Pillar 1 to the ecosystem services improvements that are required.

**Pavan Sukhdev:** Absolutely, and to see the two as connected, and then to try to explore the economic connection between the two, which I believe will come through once one pushes the investigation.

**Q45 Barry Gardiner:** So it is a big year for CAP reform for us in the negotiations.

**Pavan Sukhdev:** That’s right.

**Chris Knight:** I think the quantum of funding, which, based on back-of-the-envelope calculations, is single-digit millions for the implementation of 90-plus pledges, really calls into question what the role of Government is here. It certainly is not as the main funding agency. Is the role of Government, in terms of delivering the NEWP, that of a convener or a facilitator, or is it to use the economic analysis that has been generated through things like the fisheries assessments around the British Isles, looking at the amount of subsidies that would be required to be shifted to ensure that marine protected areas or marine conservation zones could be implemented in the right places? Is the role of Government to use some of that information to redirect some of the flows, which are significant, as Pavan describes?

**Q46 Barry Gardiner:** Part of that role as a facilitator is having clarity around the Government accounting framework, isn’t it? Really, I suppose what I need to ask you there is: have both the Treasury and the Cabinet Office demonstrated a tangible commitment to turning the principles in the White Paper into practice on that issue of embedding the value of natural capital into Government accounts, so that even if it is not saying, “And we will ourselves push public funds in that direction,” what it is doing is setting out very clearly where the wealth exists in natural capital?

**Chris Knight:** My disclaimer here is that I may represent an accounting organisation, but I am not an accountant by trade or an expert in Government finance. What I would say on that subject, though, is first of all the point I mentioned at the last session around the budgetary framework that Local Authorities operate within, which does not allow them to invest in some of the areas we would like them to invest in, such as permeable road services that deliver benefits over more than four years, for example. There is no case for them to invest in those in the short term. I do not see any indication that is likely to change. The other issue that we identified quite early on when we were involved in the TEEB study, looking at some of the challenges in terms of restructuring the economic framework that is used for infrastructure investments in the UK, was the discounting rate practices used by Government. Again, the private sector operator trying to use other forms of discounting would be completely disadvantaged versus its competitors. Therefore, the question we got to in our TEEB work on discounting was what role the Government can have to try to alter the discounting rates that it uses for major infrastructure projects. I am sorry that does not answer your question directly.

**Q47 Barry Gardiner:** Let me ask you this, then: do your clients consider that there is a consistent message from Government about the need to embed the environment in economic decision making? I am talking about the private sector clients.

**Chris Knight:** We have been working with companies to try to get clarity on that ourselves. I think there is recognition that we are entering an experimental phase, and that the policy focus of the Government has broadened out now to look at the health of ecosystems. My answer would be that is not really that clarity of policy yet from the Government.

**Pavan Sukhdev:** Let me try to address the measurement question that you raised earlier. I think that is pretty important. Not only are we within a few years of actually creating natural capital adjustments to be reflected in national accounts, but we are also among the eight or 10 nations that are involved in the World Bank’s WAVES project for wealth accounting and valuation of ecosystem services. To some extent, the willingness of other Departments—and I am talking Defra and Treasury as well, because in a sense the Natural Capital Committee creates a connection with the world of finance—to look at these values is linked to their official recognition in national accounts. Unless these numbers are reported on a regular basis and calculated with some degree of consistency and confidence, all of this will still remain in discussion.

Today, nobody questions numbers such as inflation increases or GDP growth increases; no matter that GDP is an estimate and everybody knows that it is an estimate at best. One does not debate that, and I think that is the need here: to really move this forward. I believe the UK is in a good position in that sense, and we should leverage that advantage.

**Q48 Barry Gardiner:** Let me ask you this then, because you mentioned WAVES: do you believe that, in the structures the Government have set out in the White Paper, they have adequately differentiated between Wealth Accounting and Valuation of Ecosystem Services?

**Pavan Sukhdev:** Not enough, but then I think one needs to look at that as a separate exercise on its own. There is an issue here in terms of wealth accounting overall. Let me just clarify what Barry meant here: the whole issue of wealth accounting overall is not just about natural capital, but also human and social capital. If one takes a holistic approach across a nation, you should be doing all of the above. WAVES alone has a brief to look only at natural capital and the missing elements of natural capital stock, which are not reflected; the depreciation of that stock as a result of losses that are not accounted for; and the flows of value. I mentioned, for instance, the whole issue of the recreation values that come from nature
to society in the UK. These are not captured, these are not measured and these are not estimated.

Therefore, there is a question of estimating flows, estimating stocks, estimating depreciation of stocks and doing that for natural capital, but also potentially looking at the wider issue of wealth accounting. Frankly, we are in a closer position to do that wealth accounting framework in the area of natural capital than in the area, perhaps, of social or human capital. The complexity of those calculations is quite significant as well. I would say: let’s go with WAVES; let’s try to be the first to implement or, indeed, influence the framework and the methodology that is required. As I mentioned in earlier sessions, there is a lot of expertise here in the UK that can be leveraged, and there is no reason why we should not do so.

Chris Knight: one of the things we were pleased to see announced was the natural capital asset check, which is the commitment by the Government to undertake some kind of check of the health of ecosystems and try to quantify what level of ecosystem service we actually need within the UK. I do not think that will necessarily be an actual monetary value to ecosystem services rather than just quantify the level of environmental safeguard we need around some key habitats and services from nature, but we welcome that either way.

Q49 Barry Gardiner: It is critical to move from a theoretical framework in all of this to practical implementation and funding streams flowing through. For that to happen, we are certainly going to need a bit of money; we are certainly going to need political will; and we are going to need regulatory change. In your minds, what are the key things that have happened in jurisdictions like Costa Rica, as you mentioned, that have enabled this to happen? You said the simplicity, because they only ever decided to do that is one of the things we were pleased to see announced was the natural capital asset check, which is the commitment by the Government to undertake some kind of check of the health of ecosystems and try to quantify what level of ecosystem service we actually need within the UK. I do not think that will necessarily be an actual monetary value to ecosystem services rather than just quantify the level of environmental safeguard we need around some key habitats and services from nature, but we welcome that either way.

Pavan Sukhdev: If we again look at Costa Rica as an example, I think the driver there was a recognition that the loss of forest cover had been very substantial and was creating problems within the agricultural space. There was that recognition. Then, perhaps the success of this scheme in Costa Rica was to do with its simplicity, because they only ever decided to reward four ecosystems services—namely, the water regeneration and regulation values, forest carbon storage values, the amenity values and the biodiversity values, as in species. They only ever wished to reward four, and the reward was constructed with enormous simplicity. All of these conditions are quite different here because you are dealing with the framework of EU regulation, and doing something outwith that is not that straightforward, so we need to recognise that. Having said that, the principle should be admired and observed, and we should draw whatever we can from it. It is the case that value does flow in terms of upstream prevention of flood losses, for instance, in the UK. So why not provide some means of rewarding afforestation and land maintenance activities upstream that reduce the incidence of flooding and reduce, therefore, the huge economic damage that is caused as a result of that? Without having necessarily looked at this in detail, I would be surprised if there was something within EU regulation that prevented us from doing that, because exactly the same happens in Germany. The River Danube has been an example of where they have undertaken such activities and clearly have put in systems of investing in upstream ecosystem maintenance and restoration in order to prevent downstream damage. These are some aspects of the context of payments overall and the context of—again, Costa Rican style—looking at what the policy issue is. There the issue was not flood damage; it was agriculture, forestry and so on. Here, there is clearly a recurring incidence of flood damage. We recognise the ecological reality behind it; why can’t we address this? These are some of the explorations that need to be undertaken. The White Paper does not talk about a monetary value to ecosystem services rather than just quantify the level of environmental safeguard we need around some key habitats and services from nature, but we welcome that either way.

Chris Knight: I would agree with that. It is in some ways all in the design. If we look at the biggest markets where the most capital is flowing into the kind of projects that Pavan is alluding to, it is the US habitat banking market and the BushBroker scheme in Australia, which allows companies essentially to offset some of their impacts on biodiversity by funding projects elsewhere. The key thing that allowed that money to flow there was the regulatory support from Government—the regulatory requirement that essentially linked environmental impact assessment findings to the need to offset, and also a level of space for companies to innovate and to develop their own ways of doing things. That was a far more cost-efficient scheme than anything that had happened previously to that. If we look at what is happening in the EU, essentially we have Natura 2000 and we have CAP. There are inefficiencies in the systems, but there are also inflexibilities in the system as well, so we will not have these levels of capital flowing with the current system in place. I think there is an element of looking at what has happened in the US and Australia, where we have markets of scale. Pavan Sukhdev: You mentioned Australia, and Australia is an excellent place to look at in terms of the statistical database that they have—the quality of land-use patterns and monitoring/management reporting is outstanding. I think one could benefit from looking at that.

Q50 George Eustice: Coming back to the more basic principles of what this is trying to achieve, I just want to ask you about the value of trying to put a monetary value on nature, because it does seem to me that it gets a lot of accountants very bogged down trying to put a price on everything. If you look at what has been successful in the last few decades, the water pollution in our rivers was solved by just having very clear regulatory measures. You did not have to put a price
Q52 Neil Parish: Good afternoon. I want to pursue this briefly to start with. I am a very practical man. You can value all your ecosystem services, but how are you actually going to do this? I think there is an argument for creating more car parks and private spaces. "You join the RSPB and give them their money because they care about birds." That could be a very powerful economic argument for saying, "Yes, let's engage with this project," because you do not have the numbers with you.

Q53 Neil Parish: Do you see anything of that in the White Paper or not?

Chris Knight: There is the intention to run pilots, and the pilot authorities are agreed as well now, I think, so we will be watching closely.

Q54 Neil Parish: To go on to the present CAP reform, at the moment I think nearly 64% of land has some sort of environmental scheme here in this country. One of the problems with CAP is that it is trying to deal with 27 countries where you have a lot of monocultures. Do you think that the CAP proposal will improve the environmental schemes as they are in this country at present, or could it go in the opposite direction?

Pavan Sukhdev: I think other countries in the European Union probably have more to worry about than the UK. Aspects of the proposals, such as the minimum of three different crops, are not that difficult here; it may be a bit more difficult in some of the other countries that you mentioned. For that matter, having 7% of the land allocated towards non-agricultural areas, which is mixed use—all kinds of hedgerows, hedges, forest land and so on—again does not sound extreme by any means. I feel that engaging the reform if it takes the shape that is proposed may be beneficial here, and this is where your points are on the economics. It may help to say, "Of this 64%—if all of it is, for the sake of argument, eligible, as against half of it—"here is how much extra money—30% of the total Pillar 1 payments"—will actually come into the hands of the British farmers." That could be a very powerful economic argument for saying, "Yes, let's engage with this project," because we come from. If we are Judeo-Christian in our background, we may have a particular approach; if we have naturist and tribal in our approach, we have a different approach. There are societies and societies; our society happens to be broadly Judeo-Christian in its thinking and broadly econometric in its approach, and I am afraid we are kind of stuck with it. I am not saying it is the best place to be, but that is where we are.

Q51 George Eustice: Are we right in assuming that, though, or is it just that the policymakers have this in their head? The public do not think, "What's the value?". They join the RSPB and give them their money because they care about birds.

Pavan Sukhdev: Sometimes they do and sometimes they don't, and there will be times when they will say, "But, you know, this is a destructive or harmful practice," not understanding the economic value that comes through farming as a result of these activities. Others might say, "This is preventing the opportunity for creating more car parks and private spaces." You will have all kinds of arguments to any commonsensical, sensible approach you apply as a regulator or policy maker, it will always get challenged in newspapers and in forums, because it has not gone through the rigour of an economic justification. I am not saying that this is necessarily the best way of doing things, but it just happens to be the way we are. In a sense, it is therefore recognition of where humanity is today—very centred on economic argument and economic logic. It is really that that brings the power of valuations into play. In a sense, valuation sometimes can just be a justification of what intuitively and commonsensically you would do anyway if you had the choice of doing it; sometimes you may not have the choice of doing it because you do not have the numbers with you.

Chris Knight: There is the intention to run pilots, and the pilot authorities are agreed as well now, I think, so we will be watching closely.

Q54 Neil Parish: To go on to the present CAP reform, at the moment I think nearly 64% of land has some sort of environmental scheme here in this country. One of the problems with CAP is that it is trying to deal with 27 countries where you have a lot of monocultures. Do you think that the CAP proposal will improve the environmental schemes as they are in this country at present, or could it go in the opposite direction?
it is kind of moving us in that direction where we are not just investing into the EU but actually getting back.

Q55 Neil Parish: Surely biodiversity is much greater than just talking about the rotation of two or three crops.
Pavan Sukhdev: Of course.
Neil Parish: That is what worries me with the present CAP reform. They are not looking deeply enough into what biodiversity is.
Pavan Sukhdev: That is true and, at the same time, why would they? In the end, it is about agricultural policy. They will to the extent that you can persuade them, or to the extent that traditional wisdom requires them to, but they will not take the more holistic, the more detailed or the more purist approach to biodiversity that someone from that part of life might take. At the same time, it is net positive; so long as one can see that they are encouraging diversity and that they are keeping the 7%—no matter how small that may sound—aside for use in ecological investment, these are incremental positives that one has to recognise and be happy about. Of course, it is not going to be the full answer, but at least these are positives and in the right direction.

Q56 Dan Rogerson: Good afternoon. The aspirations of the Government are to take forward localism and to encourage local action in terms of delivery, and that is here, at the heart of what the NEWP is calling for. What is your assessment of the way the White Paper seeks to resolve those aspirations for local decision making and local action with national priorities and the need to deliver on those national priorities?
Pavan Sukhdev: Let me be both positive and negative. It is positive in terms of the link between the local, regional and national being quite well made. There is enough material there to suggest that these explorations are worthwhile. What worries me is that there is not enough lateral interest—for instance, water policy or agricultural policy is not explicitly in the White Paper as much as it ideally ought to have been. However, notwithstanding that, I think that gives us the next area of research and effort: how do we bring all the other aspects of public policy to touch on the natural capital side? The reality is that they do. Fresh water is completely connected; flood management is completely connected; agricultural productivity, soil quality, yield and everything is completely connected with this. How do we make that connection more explicit? I think that is the challenge we have to face, and that means taking the White Paper to the next level. First, the silo connections from the local county and upward to the national level are completely connected with this. How do we make that connection more explicit? I think that is the challenge we have to face, and that means taking the White Paper to the next level. First, the silo connections from the local county and upward to the national level are well made. I encourage more lateralisim here.

Q57 Dan Rogerson: So there is room to expand?
Pavan Sukhdev: There is room to expand, and then you will get into areas such as land use management, which then says, “Where do you take this?”.

Q58 Dan Rogerson: But you think those would work, in terms of the vehicles suggested—the Local Nature Partnerships and the Nature Improvement Areas.
Pavan Sukhdev: Those can work, and they are consistent, in the sense that the Local Nature Partnership does not have to be in conflict with the Nature Improvement Areas or, for that matter, with national biodiversity management. What else that means in terms of fresh water management, land use and so on is what I think needs to be brought in.

Chris Knight: We have heard concerns from some companies about what this means for the expansion of renewables and the speed of the planning process overall. Also, with the offsetting trials, one of the real challenges is that, no matter how well you offset an impact on one place with restorative compensation elsewhere, the local situation is that you have lost what you had before. Therefore, localism presents some real challenges here as well.

Q59 Dan Rogerson: People like being able to see that being reinvested in their areas.
Chris Knight: Yes, exactly.

Q60 Dan Rogerson: Barry Gardiner has already referred to Professor Lawton’s work, and that suggested connecting landscapes into coherent ecological areas. Some of the issues raised in consultation have been about, for example, the boundaries around Nature Improvement Areas, and there have been distinctions between being in and being out. How do you think that fits with what Professor Lawton was talking about?

Chris Knight: I suppose within the context of what is happening to planning policy generally, it is an area where I think we would all appreciate more clarity. The National Planning Policy Framework (NPPF) so far does not necessarily deliver the means to achieve an ecologically coherent planning framework. Again, I think we are all looking at that with questions.
Pavan Sukhdev: The report was well intentioned, but I think what needs to be built into it is that the aims of a coherent ecological network—making sure that biodiversity is enhanced, that diversity is functioning, and that resilience, and all these aspects, are looked into—are all good intentions, but converting them into reality needs a bit more, and I think perhaps the White Paper needs to be pushed further. A lot of the recommendations of the White Paper relate to these issues; it is just a question of prioritising them, picking them and getting timelines agreed and so on. A lot of the issues that we have discussed come to the fore. The point that I believe Barry raised earlier in terms of the financing clearly is a gap, but I would see the current investment in these initiatives as being a signalling of the direction, hopefully not just the end of the direction.

Dan Rogerson: It is a start. Thank you.

Q61 Amber Rudd: Good afternoon. I would like to ask about planning, please. What does a UK planning framework need to include to ensure that the White Paper’s aims are effectively delivered?
Pavan Sukhdev: If I could take a stab at that, I would like the planning framework to have a clearer focus on the role of natural capital in different areas of the
Q62 Mrs Glindon: Mr Knight has already referred to biodiversity offsetting across the world, but according to the White Paper, biodiversity offsetting pilots will be established to see how successful it is for developers to meet biodiversity objectives offsite. Do you think there is a danger that these biodiversity offsetting projects will compromise the ability to protect specific species and habitats?

Chris Knight: Could I have a first go at that? That was the very reason, in fact, that conservation credits, as they were called in the US, were brought into effect. There was no real way to safeguard species that were not under a protected status, even though they knew the populations were dwindling. There was no way to ensure that there was enough habitat left for a viable population size in the US. Therefore, they introduced this system of conservation credits, which essentially turned land that could be viable habitat for species with dwindling numbers into an asset. The land value in areas that could be used for conservation credits increased tenfold, if not more, in some areas. Some of the species were not particularly charismatic, but the fact that they were covered by this meant that landowners saw this as an asset rather than a liability.

Pavan Sukhdev: Your overall concern is valid. One should not take offsets as the be-all and end-all of biodiversity conservation. It is not. Very often you just have to recognise the uniqueness of particular locations, particular groups of species and particular small ecosystems and small patches. There are limits to what one can do with offsets.

Q63 Chair: Thank you very much. I do not know if either of you is particularly well briefed on peat. If you have, oriental horticultural producers in North Yorkshire who have a big market for oriental products that rely on peat, there is obviously a clear economic value on that. If you have a White Paper saying that we want to reduce peat use to zero by 2030, who should win?

Pavan Sukhdev: Sorry, this probably reflects my bias: I think we should stop pulling peat out of the ground. It is as simple as that. There is a huge carbon impact of peat removal. There are all kinds of other good things that might come out of removing it, but the downside is so significant, and if everyone around the world, including Indonesia, were to take the view that they had the option of removing their peat, then God help us.

Q64 Chair: Would you agree?

Chris Knight: I think so. There is widespread recognition now that peat lands have the highest carbon sequestration rates of any land area.

Q65 Chair: Does it take 200 years to create a peat bog? Mr Sukhdev, could I just take you back? The Committee is aware of my interest in flood management schemes, like the Pickering pilot project; the difficulty you were talking about, Mr Sukhdev, of bringing together flood management and soil management is that it takes 200 years to create a peat bog and probably 40 years to mature a tree. I know one of the witnesses we are going to introduce next is from United Utilities, which has done a lot of the work in this regard, storing water upstream to prevent flooding downstream. How can we speed up the process? The Pickering pilot project is going ahead so far as overflow is concerned, and it is very imaginative—they are actually using trees to block the water flow and shore up the water—but in terms of creating peat bog, which they are trying to do to create small dams and grow trees, the timescale makes it pretty uneconomical.

Pavan Sukhdev: It might be the case, but at the same time I will say that this is the kind of area where a well-constructed, well-designed payment for an environmental service, or payment for an ecosystem service programme actually makes sense. To call that a market solution is a bit tongue-in-cheek, because it is usually one buyer—the local government or the national government—and maybe just a handful of sellers for the service, but at least it is a market-based scheme, and it is worth exploring the opportunities there because it would give people the opportunity to look at alternatives and to respond to the incentive that has come through to them.

You are quite right to point out the timeline, because this is an issue that goes beyond the White Paper and, indeed, beyond the UK. We are into timelines that are much shorter now for a real response to climate change and a real response to biodiversity. There is any amount of research today, whether it is the “Planetary Boundaries” paper by Rockström and the others in Nature, or whether there is related research that is pointing out that we do have a lot less time to respond to these changes than a lot of policy discourse and dialogue suggests.

Chair: Mr Knight, is there anything you would wish to add?

Chris Knight: I would just second that. There are lots of case studies in the UK and around the world of how these kinds of payments for environmental services schemes can work, particularly with water companies. The real challenge is the timescale in getting these
groups together to agree to work together effectively. I think that is maybe another potential role of Government—to bring these groups together to accelerate that whole process of essentially agreeing how best to use certain areas of land.

Chair: We will let the record stand that it is working in Pickering, so I hope it will work elsewhere.

Q66 Barry Gardiner: Just to pick up the point that you were making. Chair, you said that timescales are critical here and, Mr Knight, when you were talking earlier about the regulatory framework, you spoke about discount rates. Of course, Lord Stern famously responded to his critics on discount rates by saying that, ultimately, it is a moral choice. Of course, when you are dealing with timescales over that sort of period—over 200 years—discount rates become very important at the point of deciding what the cost-effective solution is for a particular problem. Can you just comment further on the use of discount rates and how the Treasury has to be able to incorporate appropriate discount rates, depending on the different projects that Government is considering embarking on?

Chris Knight: Perhaps I could go first, because I know Pavan has a lot to say about this.

Chair: We will spare his blushes. Mr Knight.

Chris Knight: We looked at the options that the Government has here. An obvious option is that for certain projects the Government will not use a discount rate. That the Government will not discount was one of the options. Over to you.

Pavan Sukhdev: Or use a premium rate. This issue is something that bedevils the world of academics because there is not much clarity. Lord Stern was right to point out that discounting ultimately is an ethical choice; it is a moral choice. He was also right, in my opinion, to use the rates that he used, but if one applies the same clarity of thought across to the world of biodiversity, we are not talking about a future problem; we are talking about a current problem. We are not talking about an increasing flow of goods and services with time but a declining flow of goods and services. Not only that, it is about a higher population consuming both natural goods and services. Therefore, the argument is rife for a negative discount rate—in other words, a premium. Of course, every value becomes infinite if you do that, and the question is: what is the horizon you set yourself? Is it your 40 years or 200 years, or, in my opinion, 10 years, which is more appropriate, or 12? We have to think in terms of horizons and then apply your premiums or discounts.

This will never stop, so let me just narrate a little anecdote from my experience recently at Yale University teaching a class of graduates. Most, broadly speaking, agreed with the view that I was espousing. There was one who famously disagreed and continued to do so, to the point of having the confidence to write in the exam paper that “Mr Sukhdev would say this, but I say the following”.

Q67 Chair: Did he actually get an A+?

Pavan Sukhdev: He got an A. He still got an A, because at least he clarified it.

Barry Gardiner: He knew what the right opinion was; he just did not agree with it.

Chair: We always say a week is a long time in politics. Thank you very much, both of you, Mr Knight and Mr Sukhdev, for contributing so generously with your time and for being with us this afternoon. We are very grateful indeed.

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**Examination of Witnesses**

Witnesses: Jonathan Garrett, Group Head of Sustainability, Balfour Beatty plc, Chris Matthews, Head of Sustainability, United Utilities Group plc, and Paul Allison, British Aggregates Association, gave evidence.

Q68 Chair: Can I welcome you most warmly and thank you in advance for agreeing to participate in our inquiry on the NEWP? Just for your information, as you are aware, we will probably have to break in the next half hour, at approximately 16.30 pm, for a vote. If there is only one vote, we will break for 15 minutes; if there are two it will be slightly longer, so thank you in advance for your forbearance. For the record, and perhaps starting from the right with Mr Allison, would you introduce yourselves and give your title and the company you are with?

Paul Allison: My name is Paul Allison. I run a business called Sherburn Stone Company in the north east of England in County Durham. I employ 120 people.

Q69 Chair: Whereabouts in County Durham?

Paul Allison: We are based in Sherburn Hill—it is Sherburn Stone Company. I am here on behalf of our trade association, which is the British Aggregates Association, which represents the smaller, independent quarrying companies and heavy building materials manufacturers.

Jonathan Garrett: Good afternoon, I am Jonathan Garrett; I am the Group Head of Environment at Balfour Beatty. We are at the other end of the spectrum, in terms of a company employing 50,000 people worldwide, of which 30,000 are in the UK.

Chris Matthews: Good afternoon, my name is Chris Matthews; I am Head of Sustainability at United Utilities. United Utilities is the water and wastewater services provider in the north west of England, serving some 7 million business and domestic customers.

Q70 Chair: You are all very welcome. Thank you very much indeed. Could I just ask a couple of general questions, starting perhaps with Mr Matthews? How do you believe that the NEWP and the proposals contained therein will impact on your business?

Chris Matthews: From our point of view, we see the NEWP as continuing to provide opportunities for our organisation or sector. You have already mentioned, Chair, in the last session, our Sustainable Catchment
Management Programme (SCaMP), which has delivered multiple benefits by embracing a catchment management approach. It is gratifying for us to see that perhaps some of the principles that we first set out in SCaMP back in 2002–03, where we had to fight hard to receive acceptance for such a scheme, appear throughout the NEWP. It is gratifying for us to see that those principles can be built upon, and that we are seeing the regulatory environment around us embrace that. There are now over 100 similar schemes to SCaMP as part of the water industry business planning process for the current five-year period.

There are also some challenges and some issues within the NEWP itself. For example, there are some omissions around a focus on agricultural diffuse pollution. There is reference to non-agricultural diffuse pollution, but not agricultural diffuse pollution. That is not about us wanting to bash farmers and put more pressure on in difficult times for the farming community, because probably the yield from farming that we have seen in terms of productivity is immensely valuable to the UK. Nonetheless, farming practices perhaps should consider the impact on other sectors as well and whether something can be done to change those.

We would also look to see more data or more sound science underpinning some of the investment decisions that we would want to make in future. It relates back to some of the discussion that has just taken place about whether the valuation is needed or not, or whether regulation can drive it. I think the short answer is we need a bit of both. We very much welcome most of the White Paper.

Jonathan Garrett: I echo the points there. This is an opportunity for the infrastructure sector to go beyond what is traditionally based around protecting nature to enhancing and providing a positive input. Echoing some of the previous conversations, it is going to be a mix of opportunities and we have to try some new things. Things like biodiversity offsetting are certainly areas where we would like to contribute some of our lessons learned and see how that can work. It is not going to be the panacea, but we are all on for trying new things. One key message from me is that Government and local government are key customers when it comes to infrastructure and, hence, they have a lot of power in the procurement process. What we do not currently see is biodiversity being valued in procurement decisions when it comes to infrastructure, and that is a missed opportunity. If it is, it can drive innovation in the sector, we have certainly seen it with things like waste and carbon on highways projects. We have an opportunity to do the same with biodiversity.

Paul Allison: This is glib, but it is too early to say, I am afraid. The White Paper contains many ideas, such as ecological networks and biodiversity offsetting, that are presented as being novel, but they are in fact things that our industry has understood and implemented for many decades now. We find it somewhat galling that we are not, generally speaking, recognised for doing these things. It is symptomatic of Governments’ general approach to our industry, we feel. Your question is a very wide question; I have some things to say about some specific issues in the White Paper, but I think we will probably come to them.

Q71 Chair: That is fair enough. If I could just ask Mr Garrett first and work round, how do you rate the Government’s delivery, bearing in mind it is six months since the publication of the White Paper? It was extremely well received at the time of publication. Do you think the Government has shown sufficient commitment to delivering the broad ambitions set out in the White Paper to protect and improve the health of ecosystems?

Jonathan Garrett: It is early days, a few months on. It is good that there is that reporting; I would certainly encourage, further down the line, more reporting against some milestones. There are some very high-level policy ideas, and what we would like to see at a very practical level is getting it right down to individual contracts and how we can make it happen on individual projects. With infrastructure spending on large schemes, you have that real opportunity to try some of this stuff out. My last message here would be: let’s get started on that and go from the high-level stuff to try it on real projects.

Paul Allison: On page 14 at the start of section 2 there is the heading “Ambition”, and our association would agree with every word of that, and we agree with every aspiration and ambition in this White Paper. It is sometimes difficult to see through the language for us; there are some concepts that are sensible when we think them through but are obscured slightly by the language, and that is often a barrier to people like me who are delivering things on the ground every day. Then some of the things we do are described in strange ways and it takes us a while to realise that we are actually doing them. Sorry, could you just repeat the key part of the question?

Q72 Chair: Are you happy with the way that the Government is delivering?

Paul Allison: Our feeling is that there is so much going on, particularly with localism and the National Planning Policy Framework, that perhaps this has got sidelined somewhere. We would like to see biodiversity in particular being made a more strategic commitment in the planning system. We might come to it, but we have reservations about how that will interact with the localism agenda.

Chair: I think we will come on to that. Thank you.

Chris Matthews: It is one of the roles of the Government through the NEWP to catalyse and enable action. If we are looking for evidence of response to those enablers being put into place, we are seeing it with Local Nature Partnerships and Nature Improvement Areas in the north-west, where we are involved with four Nature Improvement Areas and three Local Nature Partnerships. Also, if you look at the recently published Water White Paper, there are links between the NEWP and the Water White Paper that suggest that we are seeing a join-up and consistency that can then flow through into enablers. We are actually sitting on the Ecosystem Markets Task Force as an organisation, and I think some of the success of whether the NEWP enables the right outcomes will be whether those entities that have been
established actually deliver. There has been a case of some of them perhaps having quite a slow start but now getting going, and others have perhaps got off the ground quite quickly. I would say that the enablers are there, but it is early days.

Q73 George Eustice: Thank you. You talk very much about the language of opportunities in this White Paper, but are you concerned about any of the negative impacts, particularly some of the measures on environmental protection—concerned that this could be a constraint on development and have a negative impact on business.

Chris Matthews: There are elements within the White Paper that we do not like and elements that we think are missing. I mentioned the likes of agricultural diffuse pollution, elements linking to the National Planning Policy Framework and, perhaps, green spaces designation. When you look at the localism agenda empowering local communities to have more of a say in planning decisions, if we want to build infrastructure that will have multiple benefits to multiple communities outside that locality, that could present a barrier or other barriers for us. We are not sure how that will manifest itself as things develop.

In terms of environmental protection, when we look at some of the regulations and directives that are driving environmental protection, some of those emanating from Europe, we are perhaps now seeing some perverse and perhaps costly outcomes. If you look at having sustainability at heart, that is meant to balance environmental, social and economic concerns. In some cases, we are perhaps doing the right thing by the environment, but is the economic cost too great? For example, we are protecting pearl mussels up in Cumbria, and there is a reduction in water abstraction in order to protect that population. We believe the alternative solution will cost us £15 million, and the question is: are the pearl mussels worth £15 million and the cost impact to customers and bills? I cannot answer that question because the data do not exist to be able to answer it, but the environmental protection measures that already exist are driving a certain set of behaviours. I would like to think the NEWP will present the opportunity for us to look at those sorts of decisions and be able to take them in a more balanced way. What we will be doing is costing all impacts and coming out with a sustainable outcome.

Q74 George Eustice: Would you say that is not necessarily the threat, because one of the key purposes of this is to try to put a value on those things, so that you can make a judgement about whether you take that action?

Chris Matthews: Exactly; that is what is needed. We need that data.

Q75 George Eustice: For instance, are Nature Improvement Areas something that concerns you?

Chris Matthews: It does not concern us. We are actually working alongside four in our region because there is a natural overlap in terms of where some of the Nature Improvement Areas are. They fall across our catchment land and, therefore, it is in our interests to engage with the stakeholders around the improvement area, because we believe we can deliver benefits on our catchment lands through that engagement and that activity. For our customers, those benefits mean that it may well support a reduction in bills; we are not having to build expensive treatment works to treat raw water because the raw water itself can be treated more naturally by actually maintaining and enhancing the catchment lands. We are looking at them as a positive vehicle rather than a negative one.

Jonathan Garrett: Because it is very much opportunity driven, one thing I would say is lots of small projects tend to spend a little bit on biodiversity and I think, “Is that money well spent? Could it be better spent if it was pooled?” I am thinking of, for example, work we do for the Environment Agency on their flood defence framework. Every project will do a little bit on biodiversity, and if you pooled some of the money that goes into that you could probably get a bigger ecological gain by putting it somewhere else. It would be better, wiser spending of the money we are spending on biodiversity, so I think there is an opportunity to look at how we are spending our money and where we are spending it.

Paul Allison: The only thing I would say is do not pool the money. You get most traction out of Government spending when you give small amounts of money to small, local organisations like wildlife trusts. They do a huge amount of work for a small amount of money, much more than any arm of the state will ever do. The best thing you can possibly do is to spend small amounts of money and spread it around.

Q76 George Eustice: Does the aggregates industry have any specific concerns about the negative impacts we talked about?

Paul Allison: For years, my industry has suffered from the delusion that aggregates produced by recycling are better for the environment than aggregates produced in quarries. We have suffered from that through fiscal punishments from the Government and through regulatory punishments from the Government. It is absolute nonsense. This White Paper starts from biodiversity, and biodiversity is hugely important. We welcome beyond measure the emphasis on nature and biodiversity; we are perfectly comfortable with the protection, enhancement, conservation and management of those things.

Q77 George Eustice: Thank you. Just coming back to the proposals, and there are obviously quite a lot in there, do you feel they are practical and feasible enough to deliver an improvement in biodiversity at the moment? Coming back to the point, you might have heard earlier in the session the question: is the right way to improve biodiversity and protect habitat just clear regulation, or are we in the territory now where we do need this kind of marketisation of nature?

Paul Allison: I do not understand the marketisation of nature. I did not understand much of the evidence that was given earlier. There is a really key point, I think, and it is a very small paragraph and it is very soft, and it says something like, “Nature Improvement Areas may cross administrative boundaries.” They have to cross administrative boundaries for two
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Q78 George Eustice: Do you think there should be a timetable or some key milestones included in that, so that things actually happen?

Chris Matthews: I think it gives focus. For me, since interest has grown in the natural environment, we have had an explosion of groups, interested parties, documents and the like, and the danger is it becomes very confusing. Some form of timetable and plan can help manage our way through what could potentially become quite a complicated arena.

Jonathan Garrett: My points would echo Mr Matthews’. I still think you need regulation for protecting certain species; you definitely cannot get away from that. If you want to create some innovation and new ways of doing things, businesses need to be incentivised to do it. If it is a way of how you differentiate winning work or getting that next job, you are going to be looking for those creative opportunities. If we, as a business, are known for creating more biodiversity, that is a really positive thing to pursue; that is a really laudable aim. When we talk to our business development teams, that is getting them thinking this is an important issue. It is not a compliance piece; it is an opportunity, and it is taking it from a risk to an opportunity.

Q79 George Eustice: Do you think there is a case for some kind of timetable in terms of delivery on these objectives?

Jonathan Garrett: You are talking to a contractor who is always used to delivering on projects, but you have to have some milestones, otherwise things will not happen and there is nothing to hold people to account.

Q80 George Eustice: Finally, Mr Allison, I know you expressed in your written evidence and earlier that there is a frustration that your industry was not really mentioned in the White Paper, and your industry does a lot in this area. Are there any key things you would just like to point out now for the record, in terms of the things that you have already been doing?

Paul Allison: I can take you to any one of the quarries that I operate and, I am guessing, pretty much any of the quarries that members of our organisation operate. They became more biodiverse places the day that we started working on those sites as greenfield sites. I have a quarry—I do not want to say where it is, and it was a monoculture field. It is now home to at least three protected species—significant, charismatic, protected species. One of the reasons why people like me get frustrated is that every few years we have reviews of mineral planning conditions at our sites. Of course, when protected species are found, that gives us a huge problem because we are then prevented from doing what we were doing in the way that we were doing it.

Q81 Mrs Glindon: I have a question inspired by one of the panel members: some of the questions and concerns that you have raised are clearly about environment and economics—how they go together and how some of the issues in the White Paper will be resolved, and how the information was gathered. Would it be practical and sensible for the Government to include some kind of insistence that they engage economic environmentalists who could come to grips with some of these serious questions and help to formulate the answers that would help people move forward?
Chris Matthews: I think that environmental economists are going to be very important to us in this regard, if you are looking to make a balanced decision that brings together environmental, economic and social considerations, and tries to drive towards the right outcome. I do not think we have enough people who are able to do that at the moment, and it is a skill set that I think is missing, but one which we need now, rather than having to put it through the system in terms of academic training and the like. I think it is needed as much to drive the behaviours that we need to see and to unlock some of the potential within the White Paper. I mentioned monetisation earlier, so how do we actually calculate the value of fish? The point was raised in the previous discussion above, and that is something that prevent people like me doing more than what we do, because of the view that we probably do need to get it somehow down the line because, if we do not, we end up driving out behaviours that could have a disproportionate impact on customers’ bills in our case and, when we have times when affordability really does matter, is it right that there is environmental good but social disaster? One of the ways of being able to make that case or that argument is to have environmental economists and others helping us get that balance right.

Q82 Amber Rudd: We touched a bit on this earlier. I am sure you are all aware that there is less money about. Do you consider the lack of funding streams to establish projects as a key stumbling block to delivering some of these White Paper projects?
Paul Allison: I think the barriers to the delivery of a more biodiverse country are perhaps not the funding.
Amber Rudd: Not the funding?
Paul Allison: Not the funding. I think there are other things that prevent people like me doing more than what we do and things that prevent people like me making what we do accessible to the general public.

Q83 Chair: Do you want to say what they are?
Paul Allison: Yes, as far as accessibility is concerned, public liability is the big one. I have a huge problem with making my sites accessible to the general public. If they trip over, they will sue me, and the others will pinch the fence. Public liability is a problem. As far as accessibility is concerned, we must not lose sight of the fact there are a lot of green spaces in the UK, perhaps dramatically less so in urban areas. However, people like watching the telly and they like to watch the telly with their dinner on their knee, and there is a behavioural thing here. There is a section of the White Paper that deals with the health benefits of people getting out into green spaces. We all know that is true. We have all known that is true since we were children because it is just obvious, but it is a behavioural problem that needs to be addressed, not an opportunity problem. I live in the north Pennines; as far as crossing administrative boundaries is concerned, the north Pennines area of outstanding natural beauty is a shining example.
Chair: Teesdale.
Paul Allison: Yes, I live in Teesdale. We are less than an hour’s drive from the urban centres of the north-east. We have wonderful fells and open access on the fells; you can walk anywhere you want and there is a fantastic network of bridleways and footpaths in the dales and the valleys, and nobody comes. Everybody stays at home and watches the telly, so there is a behavioural problem here and I do not see that the Government is going to solve this—although it is good for its own sake—by increasing the amount of natural environment, the quality and area of the natural environment. People need to change what they like doing.

Q84 Amber Rudd: I agree with that. I do not know whether the other gentlemen have any points they want to make about the lack of funding.
Jonathan Garrett: I would say, on the funding, certainly for the Nature Improvement Areas, as a restoration piece it does seem on the low side. You will be very much limited there, so I think for restoration I would say funding was a concern.
Chris Matthews: Certainly, it does not help that there is a lack of funding, but I think if the right market mechanisms are in place, the organisations will respond positively. If organisations can see that there is risk or opportunity, you would expect them to respond positively. 15 years ago, the low-carbon sector did not exist and now it does; it is worth whatever millions of pounds, and has all the growth potential attached to it. The funding enables the activity to begin, and maybe there could be more to help that happen, but I also would not discount the power of the market if actually it is positioned and explained in the right way—if we can get over that barrier of communication and understanding.

Q85 Amber Rudd: Are regulatory issues a burden?
Chris Matthews: You can have good regulation.
Amber Rudd: Yes, you can, indeed.
Chris Matthews: I mentioned the landfill tax before, and I think that is an example of good regulation in this area. Of course, you can also have bad regulation as well, so if we can eliminate the bad and have more of the good, I am sure we can see the right outcomes.
Paul Allison: I have described the barriers to public access, but not to the things that stop people like me doing more than we do. Our own money is what we put in these things, and at the moment not many of us are making any money. I supply heavy building materials to the civil engineering industry in the north-east of England; it is not much fun at the moment and it has not been for some time. We do not have very much money left over, but what I think would work is giving those small organisations that I mentioned earlier small amounts of funding. There are organisations where I live, and I am going to mention some because they should be mentioned on a national level: the Weardale Community Supported Agriculture organisation and the Harehope Quarry Project. These are really small organisations that get people closely in touch with nature, and if you give them £10,000 each, they will pay you back a hundredfold.
Jonathan Garrett: I just want to add a point, going back to opportunity—it does not cost a huge amount of money. When you are doing work on a construction site, you will have to do certain things anyway. It is
how you do it, with a bit of ecology thinking behind it, to make the opportunity. In the submission we provided, there is an example of a care home. We did some work on a care home that has zero biodiversity value. But when the project or construction manager thinks about ecology and how they can make a positive impact on the site, with a little bit of advice from an ecologist he can go a long way and create some new habitat and make it better. Everyone thinks it is lots of heavy funding; it is just doing something a little bit differently. We are already there with excavators on site: you can create balancing points for flood defence, and create that habitat for newts rather than spending our money on lots of newt fencing. You can do habitat creation; you can do some positive things. We have some examples of it, but it does not happen on all the projects because it does not get driven by the customer—they do not value that—so it does not tend to get done. There are lots of examples where there are good project managers who know that it is the right thing to do.

Q86 Neil Parish: I want to talk now a bit about the White Paper and joined-up Government thinking. Does the White Paper make a sufficiently robust case for embedding the value of environmental services more firmly in economic assessment of policy across all Government Departments? Will this have an impact on your business? That is quite a wide question.

Chris Matthews: I think I can only respond from the water sector point of view. I mentioned earlier how they acknowledged within the Water White Paper, published last month, how important the natural environment is throughout the Paper. In fact, most of the Water White Paper makes reference to the importance of sustainable behaviours, whether that is abstraction, returning water to the natural environment or how we carry out our operations. If I look at the Water White Paper and ask whether the natural environment has been factored into it, my answer is yes.

Q87 Neil Parish: In a good way, or not?
Chris Matthews: Generally speaking, in a good way. There are other areas of the Water White Paper that are probably more contentious and probably are not for this Committee. In terms of looking at whether we have sustainable abstraction, for example, I think we would say that the abstraction trading elements of that Paper are moving us in the right direction. However, we would also point out that sometimes some of that additional headroom within our abstraction licence is not readily available for anyone else to use, because if we have an outage or a drought, or there is a need for other contingencies, we need to use that. There may well be a risk that some people see capacity as being available when in fact it is not.
Chair: Thank you for your evidence.
Wednesday 18 January 2012

Members present:

Miss Anne McIntosh (Chair)
Thomas Docherty
Barry Gardiner
Mrs Mary Glindon
Neil Parish
Amber Rudd

Examination of Witnesses

Witnesses: Paul Wilkinson, Head of Living Landscapes, The Wildlife Trusts, representing Wildlife and Countryside Link, Rodney Whittaker, Chairman, The Ramblers, Dr Simon Pryor, Natural Environment Director, National Trust, and Ben Stafford, Head of Campaigns, Campaign to Protect Rural England (CPRE), gave evidence.

Q88 Chair: Good afternoon and welcome. Thank you very much indeed for joining us and contributing to our inquiry into the Natural Environment White Paper. For the record, I invite each of you in turn to introduce yourselves and state your position, starting with Mr Stafford.

Ben Stafford: Thank you. I am Ben Stafford. I am Head of Campaigns at the Campaign to Protect Rural England.

Paul Wilkinson: Good afternoon. My name is Paul Wilkinson. I am the Head of Living Landscapes, The Wildlife Trusts, but today I am representing Wildlife and Countryside Link.

Dr Pryor: Good afternoon. I am Simon Pryor, Natural Environment Director with the National Trust.

Rodney Whittaker: Good afternoon. I am Rodney Whittaker, Chairman of the Board of Trustees of The Ramblers.

Q89 Chair: Thank you. I shall start by asking a couple of questions, directed particularly to Dr Pryor and Mr Wilkinson. Do you believe that the environmental costs and benefits have been sufficiently thought through and set out in the Natural Environment White Paper, particularly with regard to the ecosystem services aspects?

Dr Pryor: I think that the philosophy and approach that was set out in the White Paper was really refreshing and inspiring. In a sense, it felt like a step change in thinking. Our concern is perhaps that that thinking does not seem to be as strongly reflected as we would have liked in Government initiatives and movements since. The document was strong on inspiration, but we do not feel that is reflected as much in the implementation.

Paul Wilkinson: Building on that. Link as a group of organisations warmly welcomed the White Paper itself and the ambition within it. One of the key things that we recognised was the shift in Government policy from simply protection of the natural environment to the idea of recovery and restoration, building on the National Ecosystem Assessment (NEA) and the Lawton review. One of the interesting developments in that is that valuation of the natural environment: the fact that it has a value beyond its intrinsic value. But there is an emphasis—I think there is perhaps too much of an emphasis—at the moment on the payments for ecosystem services (PES) as a route for immediate funding as a way to pay for the Natural Environment White Paper. I think a lot of the work so far on implementing the whole idea of ecosystem services and the ecosystem approach is quite embryonic, certainly in terms of the markets for ecosystem services. So, that delivering the funding required to make the Natural Environment White Paper happen is going to be quite a way down the line. Therefore, we were concerned when the White Paper was launched that there was no clear funding strategy to support the nationally strategic infrastructure that our natural assets represent.

Q90 Neil Parish: My question is to do with your opening statements. The White Paper is there to protect and improve the health of ecosystems, including the use of payments for ecosystem services. Is there not a danger that placing an emphasis on the economic rather than the intrinsic value of nature could undermine efforts to protect and enhance the environment?

Ben Stafford: It is very important that we recognise the economic value and importance of nature—

Chair: I think that is a green bell. We shall pause and, if there is only one vote, we shall return within 15 minutes. I did mean to warn you at the outset. Do forgive us. We stand adjourned.

Sitting suspended for a Division in the House.

On resuming—

Chair: Mr Parish, would you like to restart us with a brief sentence?

Q91 Neil Parish: Mr Stafford, could you carry on talking about the payments for ecosystem services and what the potential impact of that is?

Ben Stafford: The point I was going to make is that it is important to look at the economic value of nature. As well as the Natural Environment White Paper, this year we have also had the National Ecosystem Assessment. For too long the economic contribution of the natural environment has not been valued at all. It is better to value it in decision making than not to. What we would say is that it is important not to lose sight of the other benefits of the natural environment—the intrinsic benefits. In fairness to the White Paper, in the introduction the Secretary of State talks about the fact that people do recognise the intrinsic value of nature. There is stuff on that right up front in the Executive Summary as well. I suppose the problem is perhaps that, simply
because of the political climate we are in, a lot of the discussion has been about what the economic contribution is and so on. We need to make sure we get a balance between the two and recognise that the reason the vast majority of people are interested in the natural environment is because they draw inspiration from it: they think that it is beautiful and wonderful, or they particularly value wildlife or whatever.

**Neil Parish:** Where development is perhaps made for the greater good, there may well be some reasons to be able to enhance the environment elsewhere and then perhaps the economic benefits of that are essential. It is probably difficult for some of you to welcome any form of development, but sometimes there are such cases. Does the Bill cover that enough?

**Paul Wilkinson:** The contribution of development is interesting. There is the biodiversity offsetting pilot element of this as well, which is going to be piloted over the next year or so. We have welcomed that as an approach and we can see similar opportunities. We are keen to see those pilots develop and to understand more about what the role of offsetting and the credits might be, and the role that there might be for pooling those to contribute towards larger, landscape-scale initiatives. The key to all of this is early engagement with the developers. As Simon rightly said, it is about a shift in thinking and culture in the way that people view the natural environment. One aspect of that is perhaps the view through the economic lens. But early engagement is really crucial in order to get the best development possible.

**Ben Stafford:** In terms of offsets, there is a lot of potential to them, clearly, but what the Lawton review makes quite clear is that they should not be seen as a first resort. While we recognise that there are contributions that developers can make and there are ways that we can find arrangements that allow development to go ahead that are also good for nature, we should still have the approach that says that first of all you try to avoid damage, then you mitigate it, and then, at the end, if you are in a situation where you are getting to the crunch, there may be a role for biodiversity offsets. We should not be seeing them as the first resort that we go to.

**Rodney Whittaker:** If I could say something about delivery, one of the things that we warmly welcome in the White Paper is its support for the recommendations made by the Natural England stakeholder working group. Most people are going to access nature on foot. There are six million people regularly walking for leisure in this country. At the moment, to add a path to the map, which will add access to nature, or to make a change in the path network, which you often need to do, is slow, bureaucratic and very difficult. It lasts for years. You had a stakeholder working group, with the National Farmers’ Union (NFU), Country Land and Business Association (CLA), walkers, horseriders and cyclists. It was like the Northern Ireland peace agreement, in that they actually came up with something from these different points of view. We should make this cheaper and easier. The White Paper has supported those recommendations. They were made six months ago and have been sitting on the shelf. I would urge this Committee to give that support. That would be a very good thing for access to nature.

**Paul Wilkinson:** I will just chip in quickly. There have been some signs of early implementation, particularly the launch of the Nature Improvement Areas (NIAs) competition. We have welcomed that whilst also pushing Defra to drive forward that commitment to Nature Improvement Areas more broadly, to try to embed that into the National Planning Policy Framework (NPPF) as a concept. We want to see that approach to landscape-scale conservation pushed forward as quickly as possible. One of the things that we saw during the course of the White Paper process, in its development, was the way in which Defra brought together not only teams within the Department but also pulled together a cross-departmental team to develop the White Paper because of its breadth. What we have now seen is the fragmentation of that delivery. Unfortunately, people have now gone back into their silos with specific tasks and there is not really that join-up in terms of an integrated approach to the delivery. We are keen to see some continued support within Defra, and we understand that the Department at the moment is undergoing a significant restructure. We would like to see continued support for the delivery of the White Paper coming through that.

**Neil Parish:** Let me move on to my second question. It has three parts to it. I will deliver all three parts to you, and then you can answer which parts you would like to. Six months on from its publication, do you think the Government have shown sufficient commitment to delivering against the White Paper’s aims against timetabled milestones? Have HM Treasury (HMT) and the Cabinet Office demonstrated a tangible commitment to turning the principles of the White Paper into practice, particularly on embedding the value of nature in national accounts? There are some fairly broad questions there.

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structures to enable us to report back on this, and to identify that key point of accountability. I would hope that the Secretary of State would be seen as that point.

Q94 Barry Gardiner: I am very interested to hear what you are saying. I will turn to another key issue, which is funding. Dr Pryor, your organisation has talked about the “significant funding gap between aspiration and reality”. Given that gap is there, what do you believe now needs to happen within the Department to try to cope with the problems it might create?

Dr Pryor: Good point. I will take a specific example of where money is not everything, which would be to pick up on the theme of the Nature Improvement Areas. A small amount of funding is being put into a small number of partnerships. It is £7.5 million, which is probably the biggest number in the White Paper in terms of its commitment.

Q95 Barry Gardiner: It is the only one of two numbers, isn’t it?

Dr Pryor: That is true, but it is certainly the biggest. Even then, if you divide it between the 12 or 15 or however many partnerships and look at the area of them, it still works out at only about £4 per hectare per annum. Even that large amount is spread very thinly.

Beyond monetary funding, to answer your question more directly, one of the things that the Department could do is to provide ongoing support for those partnerships that do not qualify for the 12 that are finally funded, by providing a network of support and getting that join-up between them—sharing of expertise. At the moment there is a feeling that the 12 who win will get their funding and the rest will wither. So I would suggest a commitment to ongoing support.

Paul Wilkinson: We obviously recognise the constraints on funding across Government; it would be stupid of us not to do that. But if we are to believe the statements that Oliver Letwin made about the paradigm shift that the National Ecosystem Assessment creates, we also need to think about a different approach to the way we fund the natural environment. The Natural Ecosystem Assessment states, then that funding strategy is absolutely critical and urgent. It has to be in place.

Q96 Barry Gardiner: Normally one would get one’s replacement funding in place before one then withdrew the other funding.

Paul Wilkinson: Which funding are you talking about?

Q97 Barry Gardiner: I think we were talking about the funding flows that might come through from payments for ecosystem services as a result of valuation of natural capital. I take it that was part of your thinking.

Paul Wilkinson: That was part of the thinking, but it was also a recognition that money is able to be found for some things but not for others.

Q98 Barry Gardiner: That is across Government as a whole, isn’t it? What we have to focus on here is what Defra can do about it. Defra cannot say, “If you have any more left over from your bin collections, please shove it this way, because we can use it.” The real problem we face at the moment is how Defra is going to make good that significant funding gap between aspiration and reality.

Paul Wilkinson: I guess one of the things is around the further work to look at the implementation of the National Ecosystem Assessment (NEA). It stands as a real milestone. But there is that understanding about the local implementation. I am not saying that all of this funding is reliant on central Government, but there is an order of magnitude less for funding for the natural environment as compared with anything else. That was the core point. There is a need to implement and there is a need for private sector investment as well as public sector investment, but there is that order of magnitude issue—putting the natural environment much higher up the agenda and the pecking order.

Ben Stafford: I have just two quick points to make. Obviously there is the role of other levers that are at Defra’s disposal, such as Common Agricultural Policy (CAP) reform and how Defra engages with that. There are questions about what the budget for CAP reform is going to be across the EU, full stop, but also about how it is spent. At the moment, we do not think the proposals that we are seeing do enough in terms of greening, so if Defra pushes on those, that could release funding that might be helpful in terms of the White Paper’s aims.

Your point about what Defra can do now is fair, but we also would like to challenge Defra to ask where we want to be in 20 or 30 years’ time. Do we think, for example, that the £0.6 billion to £1.1 billion that Lawton talks about is the kind of figure that we are looking at? We said in our evidence that is actually 0.15% of current Government spending, so even in the unlikely scenario you took all of that from Government and said, “This is how it is going to be spent,” we are not talking about large sums of money in Government terms. We are talking about showing a commitment.

Q99 Barry Gardiner: Let us talk further about funding but in the context of the Government’s aspirations for payments for ecosystem services (PES). Which sectors do you believe provide the greatest possibility for establishing PES within the UK?

Dr Pryor: I would certainly say that water supply is the first. One would think that carbon is the easiest,
but in fact it proves more complicated and difficult because it is so dispersed in terms of matching up the international commitments with national ones. Water supplies, flood alleviation and flood mitigation seem to be closest in terms of being able to value and cost the alternatives in terms of green solutions versus conventional concreting solutions or end-of-pipe solutions. Those are closest in terms of putting a monetary value on them, and payment would follow. Establishing a market is more difficult. We would be keen to see more emphasis and investment in piloting, demonstrating and proving it works rather than rushing too fast into trying to develop a market. When Governments intervene or interfere in markets, it can prove problematic.

Q100 Amber Rudd: On to CAP, if I may. The White Paper recognises that agri-environment schemes are important for achieving beneficial environmental outcomes. Do you have concerns that the current proposals to reform CAP could undermine these important priorities about environmental schemes?

Ben Stafford: Since I mentioned CAP in my last answer, I will return to that. It doesn’t seem to me that we are at a particularly early stage. We are all members of Wildlife and Countryside Link. We have pushed for payments to farmers to be delivering public benefits across the board. We are concerned that there is insufficient greening of Pillar 1 and there is not sufficient money in Pillar 2. The jury is still out on some of the new measures that are being talked about, like ecological focus areas, how they will work and so on. There is potential, if the Government pushes and the Commission get these proposals right—both in terms of the overall budget and in terms of how green their proposals for CAP reform are—for it to be very supportive of delivering the White Paper. At this stage, it could go either way. There are obviously going to be big pressures on the budget for CAP overall in the negotiations.

Paul Wilkinson: This is maybe too obvious a statement, but the CAP budget is the single largest resource that we have in terms of influencing land management across the country and achieving the White Paper’s ambitions. I am sure that was factored into the figures Lawton came up with. As regards the measures, we are keen that they are practical and flexible enough to achieve the desired outcomes. There are some serious ambitions in this White Paper. The CAP is a major lever that can be used if those measures can be developed in the right way. We are obviously keen to work with those farming and land-owning organisations to ensure that the measures are as practical, useful and applicable across the board as possible.

Q101 Amber Rudd: Do you have a view on the position that Defra should take regarding negotiations on the compulsory greening of Pillar 1?

Paul Wilkinson: We would say that there needs to be compulsory greening, first of all, as a principle. The approach that Defra seems to be taking at the moment is to focus on the Ecological Focus Areas (EFAs). From our perspective that seems to have serious potential. Defra also needs to be defending the Pillar 2 budget. That is where some of the really key targeted optional environmental benefits can be achieved.

Dr Pryor: One of our concerns, on behalf of us and other NGO land managers, is an inadvertent aspect of greening of the CAP: the concerns about eligibility of farmers and qualifying criteria for the single farm payment. Some conservation bodies that are delivering exactly what their agri-environmental scheme has intended to deliver may find themselves not qualifying for the single payment aspect, so we actually end up not delivering and not getting recompense for what we are doing in terms of cross-compliance and qualifying for single payment.

Q102 Mrs Glindon: There has already been reference made to the Nature Improvement Areas (NIAs) with regard to funding. Do you think that the White Paper’s proposals provide the new Local Nature Partnerships and Nature Improvement Areas with sufficient powers as well as resources to deliver the wide ambitions of the Paper?

Paul Wilkinson: I will take the Local Nature Partnerships first. There is real potential there to draw together partnerships of organisations at a local level to try to establish a shared vision for a particular patch in terms of strategic planning for the natural environment. We warmly welcome Local Nature Partnerships, and as organisations we are actively involved in trying to take forward some of that thinking at a local level and stepping up to the Big Society challenge to engage in these initiatives. A key role for those Local Nature Partnerships is to try to establish a shared vision for a particular patch planning process at a local level, identifying the local ecological network, including Nature Improvement Areas. I think that there needs to be recognition of those Local Nature Partnerships in a similar way to how Local Enterprise Partnerships have been recognised centrally. Local Nature Partnerships need to be given the same status and recognition. An opportunity to do that would be through the new National Planning Policy Framework and to ensure that Local Nature Partnerships are included alongside those Enterprise Partnerships, and also that those Local Nature Partnerships are included in the new planning regulations as they come forward, because they have a really important role to play in helping local authorities meet their duty to co-operate, as well as in trying to advise local authorities on priorities for the natural environment in that area. There is the opportunity to give them the status that they require. There is then also a need for Defra to recognise the huge appetite that there is out there to take forward Nature Improvement Areas. The Department received more than 70 applications, but will whittle that down to only 12. There will be a huge number of organisations and individuals—some of these have been farmer and landowner led as well—out there who will be demotivated, demoralised and thinking that this policy initiative is nothing but hot air. Defra needs to put in place a strategy for how it is going to handle those failed bids as well as how it drives forward the whole concept of Nature Improvement Areas more broadly.

Rodney Whittaker: I think that there is an enormous volunteer effort out there intimately connected with...
the natural environment. The Department should concentrate on what I call the multiplier effect, where a small amount of effort or expenditure can unlock a huge amount of voluntary effort. At the moment you have local councils cutting back in, for example, rights of way departments. There are lots of groups and Ramblers volunteers—12,000 of them—working on repairing rights of way. But it does need the county council to be able to liaise with them, to get permission from the landowner and to make the arrangements. It is a very small thing, but once you start cutting back in that area you are going to lose that multiplier effect altogether. In any number of the areas covered by the White Paper, there needs to be a concentration on guidance to local authorities and some directed funding, just so that there could be someone at the local level in the county council who could arrange for all these volunteer working parties. There is a lot waiting to be unlocked out there.

**Ben Stafford:** I would point out something that relates to that. The experience of CPRE branches in terms of this White Paper has been that it has been quite difficult for volunteers to get involved in the processes of Local Nature Partnerships, Nature Improvement Areas and so on. If you look, a lot of these partnerships, the organisations involved are those that have staff capacity on the ground. That is not to say that, for organisations like CPRE, our volunteers are not very actively engaged—as those of the Ramblers are—in doing things on the ground. But the Government need to recognise the constraints on people’s time and capacity, and also their ability to get involved. It is a very small thing, but once you start cutting back in that area you are going to lose that multiplier effect altogether. In any number of the areas covered by the White Paper, there needs to be a concentration on guidance to local authorities and some directed funding, just so that there could be someone at the local level in the county council who could arrange for all these volunteer working parties. There is a lot waiting to be unlocked out there.

**Q103 Mrs Glindon:** That was another question, which I think you have started to answer. Do you think that Defra has placed too much of a burden on voluntary and community groups to deliver the White Paper’s aims? Going on from what you said about the small amount of financial support, is there something else the Government could do to help these groups that is not simply financial aid?

**Dr Pryor:** A very simple point is just to get the tone of the language right. It feels at the moment that the ambition of the White Paper was great, and we were all keen to line up and help deliver and work with Government. But I think that the sort of phrasing and language that came out around the National Planning Framework, and the review of the habitats regulations announced in the Chancellor’s Autumn statement, does not boost voluntary bodies’ confidence that the Government are as committed as they seemed to be. So I would say it is the supporting language as well as the funding, the initiatives and practical action.

**Q104 Mrs Glindon:** Finally, do the core structures fit well with the Lawton *Making Space for Nature* model for connecting landscapes into coherent ecological areas?

**Ben Stafford:** I would say that they fit but they are not big enough. If you look at Lawton talking about a coherent and resilient ecological network, that is going to be more than 12 Nature Improvement Areas. Obviously we know that organisations on this panel manage land, that there are statutory agencies who manage land, and there are farmers who manage land all across the country. So NIAs are not the be-all-and-end-all but, on their own, at the moment they do not look like the long-term delivery of Lawton. Again, we would like to see some of the timescales initially were not realistic in terms of involving volunteers rather than organisations with the dedicated resources to do so.

**Q105 Chair:** Can I just ask Dr Pryor, do you believe, in terms of the National Planning Policy Framework, that what you have heard is now going to meet the requirements of delivering on the White Paper?

**Dr Pryor:** No, I think we were substantially concerned. The tone and the nature of an NPPF did not feel as though it was in tune with the White Paper, from the definition of sustainable development onwards, to be honest. The lack of protection for anything other than the designated sites was a major concern in terms of the ambition of the White Paper. The presumption in favour of development also caused significant concerns. If a mitigation measure is going to make a development non-viable, it appears that mitigation would be deemed ineligible. Various aspects of the presumption were a major concern.

**Chair:** Very briefly, Mr Stafford—you are nodding in agreement.

**Ben Stafford:** We are certainly in agreement; we have been working very closely with the National Trust on that. I think that the National Planning Policy Framework is good on some of the designated areas, but again, linking to the point that Simon was making, for us at the moment what looks like being the key ongoing problem with the NPPF is the failure to protect undesignated countryside and the removal of wording that refers to 50% or 60% of the countryside. You cannot have a landscape-scale approach to nature conservation if you are effectively weakening the protection from development of the vast majority of the countryside.

**Amber Rudd:** It is of course a presumption in favour of sustainable development.

**Q106 Barry Gardiner:** Tell me what you views are, Mr Wilkinson, about biodiversity offsetting. Is it going to compromise the ability to protect specific...
species and habitats, or is it going to enhance the tools that are available to develop biodiversity solutions?

Paul Wilkinson: The answer to the first part of the question is that we await with interest the outcomes of pilots. That will help to address some of those issues. We welcomed the idea of offsetting, but it was a cautious welcome and there are still lots of things that need to be tested. Going back to Ben’s point earlier, the offsetting process should only come in at the end of the mitigation hierarchy—once potential damage has been avoided and mitigation has been put in place. As I understand it, the offsetting would come in at that last stage, to compensate for any residual damage that development might have. There is then the potential to pool those resources in order to achieve more, rather than having smaller bits of money not necessarily achieving the outcomes that are desired.

What we would want to see with any process is that, if compensation is required, it was done well in advance of any damage being caused. We certainly would not want to see this as a licence to trash. From what I understand, the proponents of this policy do not want to see that either. There is not only the initial damage that would equate to; there is also the issue of how in the longer term that management is sustained.

Chair: Please keep your answers brief.

Paul Wilkinson: Having lost something, you do not want to see that quite quickly.

Q107 Neil Parish: Does the White Paper give sufficient detail about how people can be encouraged to engage with the natural environment, and is there enough buy-in to the White Paper’s aims of greater public engagement with nature from Government Departments such as Health and Education? I farm a Site of Special Scientific Interest (SSSI). Sometimes there is a slight conflict between maintaining nature and allowing public access. Does the White Paper deal with any of those issues?

Dr Pryor: I shall pick up the broader connections and hand on to my colleagues on the access side. We were concerned and disappointed at the lack of commitment in the White Paper. We have been even more disappointed by the lack of action since from the Department of Health and the Department for Education. I think that the Natural Connections initiative from Natural England is good and we support that. It is the sort of thing we need, but on a wider scale. Lord Young’s review of education and learning outside the classroom was very helpful and clear about what is holding that back. I do not think that the major thing is health and safety, as was perhaps trailed in the White Paper. It was put down to the three Cs: competence, capacity and confidence. It is a classic area where work by the Department could address that quite quickly.

Rodney Whittaker: We do not want people to experience the countryside by car. We want them there on foot, on horseback and cycling, where you want to increase the number of ways they can access the countryside. I commend the White Paper where it has backed up that stakeholder working group, which is going to make this—as the Government wants in so many ways—something cheaper and easier to accomplish. I would urge the Committee to back up that recommendation. It is very important. I mentioned coastal access before. It is an open goal. It is something that is already provided for. There are good new ideas in the White Paper, but implementing the existing old ones is also very important. There is a possibility with the coastal path for thousands and thousands of people to be involved. As we know from the South West Coast Path, there is £300 million a year of benefits when walkers go there, for the pubs, B&Bs, restaurants and cafes. There is an enormous generative effect for the rural economy. This could apply to a lot of coastal areas, which at the moment are pretty run down and having a difficult time economically. Again, implementing this old idea, which is relatively cheap, like a lot of walking initiatives, could have a tremendous multiplying effect. Volunteer ramblers are more than willing to help in implementing that.

Paul Wilkinson: Just one sentence: there is an immediate need to create the link between Local Nature Partnerships and the health and wellbeing boards at local level—that is an obvious tie-up.

Q108 Neil Parish: My next question is what more can be done to remove barriers, such as health and safety concerns, that are preventing greater educational use being made of the countryside? This can be a major issue, especially on farms.

Ben Stafford: I do not actually have a lot to say about that. I am sure that there is potential to do that. I think that there are other issues, which other members of the panel highlighted, such as improving opportunities for access. It is a combination of increasing opportunity and addressing barriers where they are present. Some of the other organisations that are here probably do more in terms of outdoor education work than we do, so I am happy to defer to them.

Rodney Whittaker: This is one of the areas where local councils are constantly using that as an excuse not to use volunteers, rightly or wrongly. There is always a lawyer to tell them, “This could happen and you could be liable.” In other areas, the Government are trying to cut back on that legal overhang that stops good behaviours. This is a particular area in terms of volunteering where, again, some pointed guidance to local authorities could really help. Then you get that multiplier effect once those roadblocks are removed.

Dr Pryor: We do think that health and safety can be overplayed at times. We welcome 100 million people or more to our outdoor properties and they get up to an awful lot of exciting activities with a bit of mild peril thrown in. That is all part of the learning and engagement process. I would hope that is not the barrier.

Paul Wilkinson: I do not have anything else to add.

Neil Parish: I would just add that sensible common sense sometimes seems to be lacking when it comes to the law.

Q109 Mrs Glindon: Is it feasible for the horticultural industry to stop using peat by the 2030 deadline?
Paul Wilkinson: I think it is imperative. The amount of carbon that we are losing as a result of the degradation of peatlands has been shown. There is a greater value for the peat to remain where it is, in those peatlands, and for it to be restored, in terms of the value of sequestering carbon, in holding and storing water, than there is in it being in my garden or yours. Halting the removal of that peat needs to happen sooner rather than later. At Link, we have been pushing for a 2030 deadline. We are interested in the progress that the peat task force are going to make and we are feeding into that as we go along. There is urgent need for the industry to act now, as by 2030 there will probably be very little peat left. The question will be obsolete by that point.

Dr Pryor: The Trust is one of the largest gardeners in the country and made a commitment some time ago to go peat-free. It is not without its technical challenges, but we have managed to achieve that. It is doable. From what I understand from one of my colleagues who sits on that task force, they are making very good progress, working on a range of fronts. It is one of the areas that I would cite as being at the moment a success in working with the industry. I would concur with Paul that 2030 does seem a long way hence. If they are making such good progress, maybe they can bring forward that deadline.

Q110 Chair: I have one last question for Dr Pryor on outdoor learning issues. Are there any concrete examples you would like to share with us? If not, you could write in.

Dr Pryor: Could I do that? I will confer with colleagues and send you some examples. There are lots. It is a very exciting area. It is exactly the philosophy of the White Paper in terms of getting that closer engagement earlier on in people’s lives.

Chair: I am grateful for your forbearance during the interruption. Thank you very much for contributing. We look forward to hearing from you again in the future. I invite the next witnesses to step forward.

Examination of Witnesses

Witnesses: Dr Diane Mitchell, Chief Environment Adviser, National Farmers’ Union (NFU), and Harry Cotterell, President, Country Land and Business Association (CLA), gave evidence.

Q111 Chair: Dr Mitchell and Mr Cotterell, we are very grateful to you for participating. I apologise that we are running slightly late. We will try to make up time. Just a health warning: there may well be another interruption for a vote. If you could then bear with us, we will adjourn for as short a time as possible. Can I just ask you, for the record, to introduce yourselves and state which organisation you work for?

Dr Mitchell: I am Diane Mitchell, Chief Environment Adviser at the National Farmers’ Union.

Harry Cotterell: I am Harry Cotterell, President of the CLA and a farmer in Herefordshire.

Q112 Chair: You will have heard the evidence of the earlier session. I shall ask a general question to begin with. There is scope for payments for ecosystem services. We have heard a number of examples, particularly flood alleviation schemes upstream, and the White Paper refers to these in detail. Do you think that the business case has been made sufficiently and do you think that in placing such emphasis on the economic rather than the intrinsic value of nature protection the natural environment could then be undermined? Do you think that is a problem?

Harry Cotterell: We have been very impressed by the National Ecosystem Assessment. We think it is a good idea to look at the economic value of delivery of environmental services and ecosystem services. We think that it is probably the only way to do it if you are going realistically to try to address these issues. Broadly speaking, we are probably more comfortable with that as a basis to go forward. In terms of areas in which we can involve ourselves, resource protection, agri-environment and flood protection and coastal protection are all areas that are crying out for it, I suspect, as well as carbon.

Q113 Neil Parish: Carrying on from that, the White Paper is looking at ways to protect and improve the health of ecosystems. Is there not a danger, however, that in placing such emphasis on the economic rather than the intrinsic value of nature protection the natural environment could then be undermined? Do you think that is a problem?

Harry Cotterell: Not necessarily, because I think that it is the only way to incentivise effectively farmers and land managers to deliver. There has been a mind shift from farmers and land managers, and forestry managers as well, over the last few years as a result of the agri-environment schemes, the Campaign for the Farmed Environment (CFE) and other initiatives, which have made us look at the environment and delivery in a way that we did not previously. The cost is potentially quite large, there is no doubt about that, but it is probably the best way of trying to incentivise it.

Dr Mitchell: I think we are slightly more cautious about the approach that the White Paper is taking and the emphasis that is being placed on economics and...
placing a value on the environment and nature. We have said that we are urging more caution in this type of approach. We have a concern that we do not fully understand some of the costs and values that are being used. We were very much involved in the National Ecosystem Assessment when it was in its first stages of development. We sat on one of their user groups. We were not involved so much in the development of the economic aspects. The authors of the NEA were clear that these were starting points for discussion in terms of valuing various aspects of the environment and that more work needed to be done.

One specific concern is that the model that is used is quite simplistic in its approach and does not take into account, for example, future food prices, which we believe it should. It is also a concern that environmental benefits are assumed to continue at the same rate into the future. We were very concerned and surprised by some of the messages coming out of the NEA—that farmers would be paid more for the services that they provided rather than for producing food, livestock and so on. We would say that these values are starting points, and we should build on them, but further work needs to be done to assess these, and in particular future food prices need to be built in.

**Q114 Neil Parish:** Moving further on from what the Chair was saying at the beginning, is there not an argument that farmers could be paid to manage water, which would prevent flooding? Contrary to your argument, there could be an argument that farmers should be paid more because of the damage it does to the land. At the moment it is income forgone rather than income for managing water, which could then save towns and insurance and huge amounts of money.

**Harry Cotterell:** We would agree with that. It looks like a possible offsetting opportunity.

**Dr Mitchell:** We certainly believe that there should be opportunities to develop new funding mechanisms in future. The agri-environment funding budget is always going to be under stress and under pressure. We will need to look to develop new markets. This could be an opportunity and an approach. We just need to get the model right and get the valuations fully understood.

**Q115 Neil Parish:** My next question has three parts to it. I will give them all to you to save time. Six months on from publication, do you think the Government have shown sufficient commitment to delivering against the White Paper ambitions? Should Defra commit to reporting progress on the White Paper’s aims against timetabled milestones? Have HM Treasury (HMT) and the Cabinet Office demonstrated a tangible commitment to turning the principles of the White Paper into practice, particularly on embedding the value of nature in national accounts?

**Harry Cotterell:** First of all, we would disagree slightly with the previous panel, which seemed less than impressed. We have been quite impressed by the commitment shown to date by Defra. The NIAs are very far downstream—we feel they are almost ahead very far downstream—we feel they are almost ahead of themselves in terms of what they are going to deliver when they exist. We have seen the Green Food Project racing ahead. There is a huge workload going into the Green Food Project, and it is going to be reporting in the early summer. Biodiversity offsetting pilots are already in progress. So we are not as disappointed as the green organisations seem to be. In terms of reporting progress, yes, of course you have to report progress. It has to be part of the process. We think that the timetable at the moment is fairly aggressive.

**Dr Mitchell:** From our perspective there are two key actions or commitments coming out of the White Paper that we are particularly interested in. Harry has already mentioned one of them, which is drawing people together to look at Defra’s twin objectives of producing more sustainable food while also protecting the environment, which is the Green Food Project. As he says, that is going to be reporting by June. We will be waiting to see what comes out of that, but the NFU is very much involved.

The second one is about reviewing the advice and incentives to farmers. This relates to one of the recommendations that came out of Richard Macdonald’s Farming Regulation Task Force on simplifying and communicating—being clearer about our asks of farmers. Farmers have been bombarded by a whole range of different messages from different organisations and different government agencies. They are generally confused about the priorities and what they should be doing. We need to clarify our asks of farmers. That is one of the commitments that we are particularly interested in. Progress is being made on that, but it might be useful to see some work-in-progress updates on that particular commitment.

**Q116 Barry Gardiner:** The NFU has commended the ambition of the White Paper, quite rightly, but expressed a concern as to whether we have the funding and wherewithal to achieve it. Given the figures that were produced in the Lawton report, what is your view of the amount that is necessary to achieve those laudable ambitions in the White Paper? Does it correspond with Lawton or does it vary from Lawton? What is your own analysis? How do you believe the Department should go about sourcing that funding gap, either with other resources, as one of the previous panel suggested to us, or in other ways?

**Dr Mitchell:** Does this question relate specifically to Nature Improvement Areas (NIAs) or is it a more general question?

**Barry Gardiner:** It is more general, about the White Paper itself. Your comments were on the White Paper as a whole and the aspirations in the White Paper.

**Dr Mitchell:** If I refer back to one of the commitments that we are particularly interested in, which is the one relating to the Green Food Project, there is a lot of work going on, as Harry mentioned, and we are waiting to see what comes out of that. From our perspective, it is likely that a transformation of farming techniques will be needed, and, perhaps more importantly, coming back to your point about funding, investment in research and knowledge transfer will be needed.
Q117 Barry Gardiner: My question was quite specific. What is your own analysis of the extent of the shortfall between funding and aspiration? If it is the same as Lawton, fine; if it is different, then what is it? How do you think the Department should act to compensate for that shortfall?

Dr Mitchell: We have not done any specific calculations of what we think the shortfall is. If that is a specific question you want me to follow up, I am quite happy to provide additional information afterwards.

Barry Gardiner: Yes, just to substantiate your submission about the funding.

Harry Cotterell: We have not done any work either, so I cannot help you on the shortfall. We do understand that the resource implications of taking this to its logical conclusion are absolutely huge. If you look at the Land Use Policy Group report of 2009, it came to the conclusion that just meeting the Government’s aspirations for environmental stewardship would require an additional £1.2 billion a year. We are talking about astronomical figures. By definition we must look to alternative income streams. That is where it starts getting really difficult.

Q118 Barry Gardiner: Turning to the thoughts about paying for ecosystem services, which we have touched on, how do you think, Mr Cotterell, we should go about persuading people who currently get those ecosystem services for free to start not only valuing them but actually paying for them? How do you think that transition is going to be made?

Harry Cotterell: It is very difficult because it is a Government responsibility to spend taxpayers’ money in the way that the Government see fit. We would obviously make the case for it to go into these areas but, at the end of the day, it is a political decision to be weighed up against all the other priorities. There is no doubt about that.

Q119 Barry Gardiner: This is not about Government paying. This is about getting private sector sources of funding, perhaps from housing developers, to pay for the flood protection provided by different woodland ecosystems, for example.

Harry Cotterell: On the specifics of offsetting which we think is a really interesting area and is worthy of a lot of further work, we sit on both sides of the fence. We are quite happy to provide additional information afterwards. Our previous White Paper to deliver those beneficial improvements be—as free and unregulated as possible. It is a hugely complicated area. We do think that there will be opportunities in the future. We have looked at these kinds of markets in Australia and America. All of them are far from perfect at the moment, but I suspect that this will be a funding stream in the future.

Chair: Dr Mitchell, do you have anything to add?

Dr Mitchell: Yes. The farming Minister very helpfully before Christmas made it clear that he would

Q122 Barry Gardiner: To establish the market, Government need, or somebody needs, to put in place a regulatory framework for that market?

Harry Cotterell: To initiate it and to set the framework, yes. That is obviously the role of Government. It takes time to get any market up and running and functioning correctly. It may be an area that Government could gradually withdraw from. We spent a lot of time in 2008 and 2009 looking at environmental markets. It is very difficult. One of the most difficult questions is: what is the role of Government? Government by inclination will want to intervene and control the operation of the market, whereas a market in its own capacity is—or should be—as free and unregulated as possible. It is a hugely complicated area. We do think that there will be opportunities in the future. We have looked at these kinds of markets in Australia and America. All of them are far from perfect at the moment, but I suspect that this will be a funding stream in the future.

Chair: Dr Mitchell, do you have anything to add?

Dr Mitchell: The only comment I would add is that Defra has recently set up an Ecosystem Markets Task Force, which is one way that it can help at least to start the dialogue on how to develop these sorts of markets. We know that there are private organisations and businesses that are very involved and are sitting on the Task Force. There are intermediaries like the Environment Bank that are facilitating the development of these markets, but there are no landowners or farmers on there. They are key deliverers. We see this as a bit of an omission with regard to their involvement on the Task Force.

Q123 Amber Rudd: I would like you to reply to my question on CAP. The White Paper recognises the agri-environment schemes that are important in achieving beneficial environmental outcomes. Are you concerned that the current proposals that are on the table for CAP could undermine the ability of the White Paper to deliver those beneficial improvements to the environment?

Harry Cotterell: Yes. The farming Minister very helpfully before Christmas made it clear that he would
do his very best to protect the existing agri-environment schemes in the UK, which is welcome news to us. Our big concern going forward is that the British agri-environment schemes are the pride of Europe, and we feel that they have a greater role to play in the greening of the CAP. We are not talking about specific measures at the moment, but we see no reason why they should not be treated as equivalence for the greening. If you are a participant in Entry Level Stewardship (ELS) or Higher Level Stewardship (HLS), you should be treated in the same way as you would be under the current proposals—the Ciolos proposals—if you were an organic farmer, so you would already be able to qualify for the greening element of the payment. We think that would be very good for the agri-environment schemes, and, obviously, increased participation from the roughly 60% of land that is currently in it. So yes, we are concerned that we see a solution.

Dr Mitchell: It is interesting. I am not too sure that anyone is entirely pleased with the Commission’s greening proposals as they are set out at the moment, no matter what side of the fence you are on. Most of the debate so far on CAP appears to have been about greening. We have had overwhelming concerns expressed by our members about greening and its potential implications for production. The biggest challenge in implementing these greening proposals will be trying to develop a common approach across the EU. I think that is going to be incredibly difficult. We would not have started from here in terms of greening proposals. Assuming that greening is going to deliver increased environmental benefits will certainly change the baseline and raise the bar for farmers in terms of what they have to achieve. We do have some real concerns about what greening will mean for agri-environment schemes. There is a grey area—a green area, perhaps—between Pillar 1 and Pillar 2 and what that might mean. It certainly creates a lot of uncertainty for farmers and creates a lot of uncertainty for the future architecture of agri-environment schemes too. As Harry has mentioned, Jim Paice very helpfully made his announcement the other week, giving people the reassurance that they could opt out, which was very helpful. It means that they will not have to find additional land, which is one of the big concerns about the greening proposals. Assuming that greening is going to deliver increased environmental benefits will certainly change the baseline and raise the bar for farmers in terms of what they have to achieve. We do have some real concerns about what greening will mean for agri-environment schemes. There is a grey area—a green area, perhaps—between Pillar 1 and Pillar 2 and what that might mean. It certainly creates a lot of uncertainty for farmers and creates a lot of uncertainty for the future architecture of agri-environment schemes too.

Q124 Amber Rudd: Would it be correct to say that you would support a strongly localised—nationally localised—approach to implementing the greening issue for the Common Agricultural Policy?

Dr Mitchell: That in itself would have a number of difficulties, if we were going to have a localised approach. One of the big problems will be what other Member States might do. I can see the benefits of trying to develop something that will be more akin to, or more nuanced towards, the measures that we have in place here, but the additional flexibility—because you would have to have that additional flexibility across other Member States—would create a lot of difficulties in terms of what other EU countries might do to implement similar proposals. You are not going to get commonality. We would much rather that greening was voluntary.

Harry Cotterell: It is incredibly ambitious to try to produce a prescription that is going to work from Estonia to Portugal to Greece. We have always had a concern that, if they get too prescriptive—which they have—they are not going to deliver a great deal. I suspect that, by definition, that probably does mean that there is going to have to be some national input.

Q125 Amber Rudd: Could you not have a system that was compulsory but not prescriptive? You could have a selection process, so national Governments could implement from a basket of choices in order to qualify for the greening option?

Harry Cotterell: That would certainly be more attractive than what is on the table at the moment. Then again, that is rather like using ELS, which is menu-driven and voluntary. So we may be talking about the same solution.

Q126 Chair: The Secretary of State in her evidence yesterday said that CAP reform after 2014 should be based on payments for ecosystem services. Do you agree?

Dr Mitchell: I think in a sense you could argue that agri-environment schemes already pay for ecosystem services. The issue is that it pays for income forgone, but it does not pay for the value of what farmers produce, or what farmers protect or enhance in terms of the environmental or ecosystem services. The difficulty in trying to pay for the value of what farmers actually conserve or enhance is that we have World Trade Organization (WTO) rules that say that, in terms of agri-environment schemes, payments must be made under income-forgone rules. I do not know how you get over that particular hurdle. I suspect that we probably will not resolve that particular issue in the short to medium term. But I see that as a big barrier.

Harry Cotterell: At the moment, 30% of what is on the table for the post-2014 reform, in terms of the single payment, is related to the greening element, the environmental services, and the rest is not. I suspect that those numbers are not going to change significantly. We have always been a lot more comfortable with the idea of the justification for the CAP being some form of public good or environmental delivery. But with the hand that we have been dealt for 2013, it does not really matter what we think. Those numbers—30% and 70%—are probably going to stay. We are very keen that the Secretary of State—and she has said that she will—puts up a very strong case for fairer distribution of Pillar 2 funding, which is absolutely right for the UK as we were severely disadvantaged in the last reform.

Q127 Chair: Can I just ask about biodiversity offsetting? Wildlife and Countryside Link has expressed concern about the voluntary approach. It
Harry Cotterell: offsets provide additional environmental benefits? biodiversity offsetting? How can we be sure that approach set out in the White Paper for piloting mix of regulation and incentives. Do you support the Dr Mitchell: We are pleased with the approach that Government are taking in terms of piloting biodiversity offsetting. It is something that we asked for, and we wanted the approach to be tested before it was rolled out more broadly. It may provide an opportunity for some farmers, but tying up your land in perpetuity is a decision that farmers will not take lightly. It might suit some businesses in certain circumstances, for example, if farmers do not have any succession plans. I suspect that it may be more likely that land will be offset when it is sold on, so it will be bought by an intermediary or middleman.

One of the issues that might put some farmers off is the issue of complexity. There is a lot to biodiversity off-setting. There are lots of partners involved in quite a complex approach. But we recognise that it may well be an opportunity for some.

Q128 Neil Parish: My question is, as I asked previous witnesses, what role should farmers and landowners be expected to take on to support outdoor learning beyond the existing initiatives? I make the point again that I farm a Site of Special Scientific Interest (SSSI). There is public access there. How do we make sure that the public gets the most benefit from nature conservation but also understand the nature conservation and do not destroy it? Harry Cotterell: Interestingly, if you had asked me about outdoor learning five years ago I would have looked at you completely blankly. Now my local primary school has a classroom in my woods throughout the summer. It is used at least once a week. It is definitely a growth industry, which is great to see. People are connecting more with nature through the conventional routes. Green organisations have a big role to play in this as well.

Q129 Neil Parish: As farmers and landowners, what extra do you think could be done? Harry Cotterell: We are moving in the right direction already. LEAF (Linking Environment And Farming) do Open Farm Sunday—you will be well aware of that. We are big supporters of that. Anything you can do to engage with the public to make sure that they understand more about not only the food that they eat but the land and the environment that surrounds them is good. We have understood that and are trying to get better at it. You are pushing at an open door as far as the industry goes. We have got to raise our game and we know that.

Q130 Neil Parish: And the link between food production and the environment? This is something I am quite keen on. Chair: Could we ask Dr Mitchell to respond to the first question? Dr Mitchell: I would make similar points. Open Farm Sunday has been a huge success. Last year there were over 300 farms involved and we had over 100,000 visitors, which is an enormous success. I am sure that role will continue and we will be building on that, too. Similarly, I understand that about 600 farms offered educational access through part of their agri-environment schemes to various groups, including schools. There are some good examples out there and I am sure that we can build on those.

Q131 Chair: Just to conclude, as there may be another vote and I am trying to keep within the time if we can, a nursery in my former constituency grows oriental plants. The use of peat has been impressed upon me constantly—how there is no alternative. Is it helpful to set a 2030 deadline to spur action to find suitable alternatives to peat? Directed to you, Dr Mitchell, and relating to your written evidence, is there anything that Defra should be learning from the Dutch work to reduce peat usage? Dr Mitchell: We have very significant concerns about the target that has been set out in the White Paper, because we believe that the targets are not science and evidence based. We certainly do not deny there is an issue, but we believe that the targets are not proportionate to the environmental problem. It is also placing a large cost on industry. There are also significant questions about the benefits, certainly in terms of CO2 savings, and whether it safeguards biodiversity. Our concern is that it is dealt with as an emotive issue when really we need to address the technical and economic challenges first. Basically, we would ask that we base the targets on science and evidence. The Dutch have taken a more pragmatic approach. They have recognised the direction of travel on this issue. They realise that peat will be harder to get hold of and more expensive to extract in the future. They realise that there is a big carbon store there and they want to retain that in situ in the future, but they also recognise that it is a very important input for Dutch growers. They put a long-term strategy for sustainable use in place, making sure that peat is being used as responsibly as possible and that sources of higher biodiversity and conservation value are not being used. They are also seeking alternatives that are more
sustainable. All this is being done by working very much with Dutch industry to ensure a more sustainable strategy. I think the concern about the UK perspective—or the England and Wales perspective—is that we should be peat-free at all costs.  

_Harry Cotterell:_ I have nothing to add to that.  

**Chair:** Thank you very much indeed for accommodating us. We apologise for the slight delay at the beginning. We thank you very much for participating in our inquiry, and we look forward to seeing you on future occasions.
Wednesday 25 January 2012

Members present:
Miss Anne McIntosh (Chair)
Thomas Docherty
George Eustice
Barry Gardiner
Mrs Mary Glindon

Examination of Witnesses

Witnesses: Councillor David Parsons, Chair, Local Government Association (LGA) Environment and Housing Board, Tony Bradford, Head of Countryside Management Service, Hertfordshire County Council, representing the LGA, and Dr Hugh Ellis, Chief Planner, Town and Country Planning Association (TCPA), gave evidence.

Q132 Chair: Good afternoon and welcome. Just at the outset if I could just explain that we are on running parliamentary business so if the bell does go I will call an adjournment at the most appropriate moment and we will come back, if there is only one vote, within the 15 minutes, if we can possibly manage it. If you can bear with us if that happens we will be very grateful. We welcome you and thank you very much indeed for participating in our inquiry into the Natural Environment White Paper (NEWP). Perhaps, for the record, if you would like to introduce yourselves. Councillor Parsons, if you would like to start?

Councillor Parsons: I am Chairman of the LGA Housing and Environment Board and I am also leader of Leicestershire County Council.

Tony Bradford: I am Tony Bradford. I am Head of Countryside Management Service for Hertfordshire County Council and working with many of Hertfordshire’s district and borough councils.

Dr Ellis: I am Dr Hugh Ellis. I am Chief Planner at the Town and Country Planning Association.

Q133 Chair: Thank you very much, indeed. Can I ask at the outset, do you believe that the environment cost and benefit of the ecosystem services have been properly thought through?

Tony Bradford: I think this is quite a new area and I gather it is something that particularly Defra advisers, Natural England, will be working on. I think from Hertfordshire’s point of view, it is something we are looking at and tying into green infrastructure strategies, looking at how that will fit to ensure that our green spaces and green infrastructure fulfil a multitude of benefits across Hertfordshire and how we tie that in then to our arrangements around Community Infrastructure Levy (CIL) and section 106.

Councillor Parsons: The Chairman stressed the costs; at the moment the local authorities are finding things pretty difficult so undoubtedly there will be benefits to what is proposed here, but I cannot understate the possibility that local authorities are under at the moment.

Dr Ellis: From our point of view, I think the only overall point we would make about it is that in reviewing and assessing costs, much of the work that TCPA has done on climate adaptation means that the scale and threat to the natural environment of things like climate change and the value of green infrastructure that has just been mentioned need to be effectively valued and it is not quite clear how that process will take place.

Q134 Chair: Do you think there are enough incentives for businesses to participate in these ecosystem services?

Councillor Parsons: I think there are probably lots of opportunities. I think I am here to stress the local. This Government, Chairman, is avowedly localist and I welcome that. I think there are a large number of arrangements that can be entered into locally, but I think that to do that successfully, that has to be down to local authorities with their local knowledge rather than some sort of direction nationally.

Q135 Chair: I might be barking up completely the wrong tree, but I care passionately about Sustainable Drainage Systems (SUDS) and, in the scheme of things, obviously we are looking after the development has been completed. Who will take responsibility? Is that something that might possibly fall within the remit of ecosystem services?

Tony Bradford: Oddly enough, we were discussing SUDS while we were sitting on the benches outside.

Q136 Chair: I know that people share my passion.

Tony Bradford: Clearly SUDS provide more of an opportunity than just managing water that comes into them and ensuring that the silt and other nasties that they carry do not then enter our valuable watercourses. My understanding around ecosystem services is that currently it is voluntary. I think there are a number of challenges around those, in terms of ensuring that the private sector place a value and deliver that value. To my mind where a private body is looking to invest in development is the key opportunity. Clearly we recognise that everybody is suffering the pinch and, firstly, being able to encourage, because that is what is available, the private sector to contribute in that way is a challenge. Secondly, where there are mechanisms like section 106 and CIL, having the money available up front so that those ecosystem services can be ensured before the development is made, as opposed to what is the case currently, where that sort of money is delivered, say, when 20% or 30% of the homes are occupied. It is a little bit too far down the line. I think the
Government perhaps should be looking at mechanisms or enabling mechanisms that support local government to make sure that that investment is enabled at the beginning of the development, as opposed to further down the line.

**Dr Ellis:** Could I say in relation to planning, I think there is a very big concern for local government about development values and where that money might go? Development values are a limited pot and there are certainly a whole range of issues that are being thrown on that limited pot. To give you one clear example, the new funding metric for the Environment Agency on flood defence means that part of the money for flood defence comes out of, if you like, development values from new projects. CIL and section 106 again draw down on that core value. At the moment, that value obviously is highly variable and, in principle, regressive. It yields most in those areas with highest development values and least in those areas undergoing restructuring and regeneration just because of the difference in development profit. There is a real issue about whether or not we see the delivery, for example, of green infrastructure as integral to the government to make sure that that money is used properly. I think there is something that we yield out of the funding that goes with development. I think there is a very strong case for ensuring that, at least partly, issues like green infrastructure are embedded in the scheme stage, scheme design.

**Chair:** Thank you very much indeed.

**Q137 Neil Parish:** Just on that point, Dr Ellis, you are right because 106 agreements work better when the economy is booming and there is plenty of money in a project. At the moment I think what you are saying is a lot of these projects are getting squeezed and, of course, then how much can we tap into that money? Is that what you are saying?

**Dr Ellis:** Yes, it is, particularly in those areas where there are multiple problems. If there is a very significant flood risk the Environment Agency has now moved to this process of looking for match funding so the developer has to fund that. They now have to fund existing CIL requirements and 106. The question, I suppose, is, how can you ensure that green infrastructure and ecosystem services are properly resourced? That is a real tension, is it not, because if we are in a localist world, that is up for local authorities to decide, but, at the same time, it seems to me a fairly obvious risk about what might be marginalised.

**Q138 Neil Parish:** My general question is that the local government has raised a number of issues about how the White Paper aims will be delivered in six months on from publication of the White Paper, do you think the Government has shown how the White Paper aims will be delivered? The second part to it is that several witnesses have argued for a timetable to deliver the White Paper’s ambitions. Would you support that approach and how would it help councils and planning within the community?

**Councillor Parsons:** Mr Parish, my general answer to you would be that I do not particularly like having a rigid timetable or rigidly defined programmes. In a sense, I see this as a co-operation so I would like to see some general outlines, but I do not want to see a rigid timetable or rigidly defined programmes. I think that, in general, if we can work together and not have hugely rigid timetables and hugely rigid things we want to achieve, then you will probably achieve more.

**Q139 Neil Parish:** My second question is, does the White Paper have sufficient detail about how environment protection and improvement will be delivered? The second part to it is that several witnesses have argued for a timetable to deliver the White Paper’s ambitions. Would you support that approach and how would it help councils and planning within the community?

**Councillor Parsons:** Mr Parish, my general answer to you would be that I do not particularly like having a rigid timetable or rigidly defined programmes. In a sense, I see this as a co-operation so I would like to see some general outlines, but I do not want to see a rigid timetable or rigidly defined programmes. I think that, in general, if we can work together and not have hugely rigid timetables and hugely rigid things we want to achieve, then you will probably achieve more.

**Q140 Neil Parish:** You would see the White Paper as having a sort of framework and then localism allowing some of that to be delivered. Is that how you see it?

**Councillor Parsons:** I would, yes. Local government has a good record of delivering stuff, but it is not only local government; there are other organisations like Wildlife Trust, people like that, who I am sure—I cannot speak for the Wildlife Trust—would welcome that as well. The less prescriptive you are, the more co-operation there is with local government, I think, the better you could deliver what you want to deliver.

**Q141 Barry Gardiner:** Councillor Parsons, you have said—I think I quote you—that you are perfectly happy that local government can do what is asked in the White Paper, but you have equally stressed the resources available are pretty tight and you mentioned the figure of £7.5 million plus £1 million there. If you consider that funding levels for the Nature Improvement Areas (NIAs) are unlikely to be sufficient, given local aspirations. How do you think that is going to play out?

**Councillor Parsons:** Tony Bradford here will have some examples from Hertfordshire he was telling me about earlier and perhaps you would comment on that. But you will not get all that many schemes with the money that is proposed here. On Local Nature Partnerships, £1 million is not going to get you an awful lot. The one thing I don’t want to do, as I think I said earlier, is come here and just carp over money. The one thing I hate about assemblies of councillors
is that all they talk about is money and not wise ways of spending it. In my own county we have never had any money—I shouldn’t say this, should I—but we have done pretty well. You can be innovative, but for £1 million on Local Nature Partnerships that is, from what we can see, not sustainable because that money is for one year. You are not going to get too much out of it.

Q142 Barry Gardiner: But local government is being expected to take the lead in establishing these Local Nature Partnerships, is it not? That inevitably—to get the expertise and the technical knowledge and back up—is not a cost-free process. I do understand that this is not just about money, but what it is about, as you rightly stressed, is delivery. What I am keen to find out and what the Committee needs to know is how does local government view their capacity to deliver this agenda because it is a very big agenda? From Government this is the most important environmental White Paper that has come out for many a long year. If we seek to deliver on it, you are key elements of that at a time when we all know, and this is common across the parties, that local government is feeling the pinch.

Councillor Parsons: Fair comment. Capacity will undoubtedly be an issue so the more capacity you can give to these programmes, not necessarily to local projects, the more you will achieve. You are not going to achieve an awful lot with the amount of money that is at present being allocated. Do you agree with that?

Tony Bradford: Yes, I think that is a very fair point. As David asked me to, just to add a bit of colour. I believe there are 47 successful Local Nature Partnership applications so that £1 million-worth that David was talking about is split between those 47 partnerships. In terms of the way that is being taken forwards and the leadership for it, I think local government feel and recognise that they should be taking that forwards. But if you look at the variety of organisations that are leading on those partnerships, only 14 of those 47 are being led by local government.

Q143 Barry Gardiner: That is against the Government’s expectation, is it not? They said they expected that local government would take the leadership.

Tony Bradford: That is correct, yes. In Hertfordshire the county council has taken the view that they will support the Wildlife Trust, to take that forwards, and that is to some degree because of the reduced capacity within Hertfordshire to drive that forwards. As with most local authorities, it has been a 25% cut over three years and a number of officers in my part of Hertfordshire County Council are no longer there and—

Q144 Barry Gardiner: Mr Bradford, you are leading me in the direction that I want to go. You are Head of Countryside Management, are you not, at Hertfordshire? What has been the net effect over the past few years on your resources, human and financial, and those of your colleagues in similar posts around the country? What I am asking, I suppose, is how much of a priority do you think this is for most councillors?

Tony Bradford: Your first question is purely about resources. From my own position I take exactly the view that Councillor Parsons has taken—I am not here to carp on. Quite specifically, my organisation will see, over the past two years and the coming year, a 25% reduction in resources.

Q145 Barry Gardiner: In human resources?

Tony Bradford: In human resources I have seen the loss of three staff, from 17 to 14. In other parts of the county, the broader county council are facing the same pressures. We have responded to those positively. We have reduced the impact on the number of staff because we recognised, as does the LGA’s comments today, that that expertise is valuable and our response to the reduced finances available from the county and the districts with whom we work is to go out and find the money. I employ staff who do that for me. But I would say quite honestly that it is one of the most interesting parts of the job and most important.

Q146 Barry Gardiner: The second question was, when it compares with the responsibilities that councils have with health or housing, for roads and highways, what relative status do you honestly believe that this is given by most councils?

Tony Bradford: Certainly within the executive of Hertfordshire County Council, the activity that my organisation undertakes is very well supported. I can say from the seven local authorities out of 10 within Hertfordshire, at district and borough level, that is similarly reflected. In fact, just before Christmas I had written to those districts that support my organisation asking of their future funding for my organisation in the coming 12 months and they have all responded positively, although reflecting the difficult times by constraining the budget somewhat.

Q147 Barry Gardiner: They have spoken nicely to you, but they have cut your budget by 25%?

Tony Bradford: Not quite that much, but, yes, everybody is under pressure and the resources available are affected.

Q148 Barry Gardiner: Let me move on a little. In delivering ecosystem services payments, which is where this White Paper is headed, going from the theoretical to the practical, it is departments like yours that are going to have to see these schemes implemented on the ground. What do you think are the key drivers to make that happen? Is it money? Is it political will? Is it regulatory change? Is it technical know-how? How are you going to take this from a theoretical White Paper to implementing payment for ecosystem services schemes on the ground?

Tony Bradford: Dr Ellis will be able to talk about this a little bit more. I am sure. I think the mechanisms to enable—when the development comes—local government to attach the type of initiatives that my organisation delivers to that development so that it releases investment are going to be quite important.
Q149 Barry Gardiner: I do not think that was quite the question I asked you, though, about development releasing investment. I was talking about cross-government payment for ecosystem services.

Councillor Parsons: I want to answer that.

Tony Bradford: I think I could well work in a similar way and being able to create those mechanisms rather than it being currently a voluntary process.

Q150 Barry Gardiner: Do you really believe that most councillors even understand what payment for ecosystem services is all about?

Tony Bradford: I cannot answer for other local authorities.

Q151 Barry Gardiner: I asked you what you believed.

Tony Bradford: Perhaps some of the diminishing capacity in local government will challenge that.

Q152 Mrs Glindon: The White Paper aims to put Natural Capital at the centre of economic thinking. Has the case been made for embedding the value of environmental services more firmly in economic assessments of policy across all government departments?

Councillor Parsons: Shall I kick off, Chair? One of the things this might do, if I might be so bold, is encourage government departments to talk even more to each other about these issues and that is beginning to happen. These proposals could have a big impact, for instance, on health, the ability of people to get out, walk, see nature trails and all this sort of stuff. It is actually happening in Leicestershire in my own county. I think there are huge potentials. I am not getting at Defra here because Defra has spoken well to the LGA. I have met the Secretary of State. I have met ministers of state, so I would praise Defra for what they have done. But anything that can be done to encourage Whitehall departments to talk to each other, as I say, even more, and develop these cross-party issues would really be a bonus to us.

Dr Ellis: I would just comment—we may explore this perhaps a bit later—but one of the examples about the need for, I would say, a step change in the way the government departments talk to each other is the absence in the National Planning Policy Framework (NPPF) of any kind of understanding of this approach in the White Paper. A key delivery mechanism might be the existence of planning regulation, for example. But the new National Planning Policy Framework draft does not contain any kind of core reference to the agenda, which the Natural Environment White Paper sets out, and that worries me because it seems to exhibit perhaps that communication is not as good as it could be.

Q153 Mrs Glindon: Do you think there is anything you could say to government departments that could help achieve more inter-departmental work, to get things brought forward in that way?

Councillor Parsons: If I might say, one thing is saving money. Duplication of effort across departments wastes money. If we could persuade Government nationally that by co-operating they will save money, perhaps that would be money that could go to local authorities to develop these cross-ministerial, cross-subject boundaries.

Q154 Mrs Glindon: Dr Ellis, you talked about the National Planning Policy Framework. Is there anything that you think could be done to improve that?

Dr Ellis: This is an extraordinarily big issue because the first principle would be a cross-departmental, cross-Government understanding of an agreed definition on sustainable development, for example. That is important because if sustainable development is the core objective, as I earnestly believe it should be, all subsidiary mechanisms, particularly an attempt to value ecosystem services and, if you like, value the wider environment, need to flow from that understanding. I think there are considerable questions about the successful ability for us to do all that valuation work and develop the metrics to deliver it, and I look forward to them being developed, if they can be.

But at the moment the difficulty is, to give you a really concrete example, the NPPF departs significantly from the 2005 UK Sustainable Development Strategy in one important regard—it no longer discusses environmental limits. Environmental limits is probably the most important principle in planning to delivering the agenda, which we welcome very much, set out in the Natural Environment White Paper. I earnestly hope that the Communities and Local Government Select Committee have pointed that out and I would earnestly hope that ministers will be considering revisions to the NPPF. I think we are at a very foundational stage, if you like. If we cannot agree even our core objective on sustainable development then it is very unlikely, I think, that we will be able to agree down the line on ways of implementing it.

Q155 Mrs Glindon: Can I also ask, have non-Defra departments such as Communities and Local Government (CLG), the Treasury and the Cabinet Office, demonstrated tangible commitments to turning the principles in the White Paper into practice, particularly on embedding the value of nature in national accounts?

Councillor Parsons: I think that they could do better, not to put too fine a point on it; speaking together and co-operating—I am sure that is happening—would greatly assist the process.

Q156 Mrs Glindon: Could I ask you, Councillor, and, Mr Bradford, do you think it is clear what the local authority role will be for embedding the value of nature in accounts?

Tony Bradford: I think it leads us in the right direction, but I think some greater clarity on that—Dr Ellis has pointed to an area, which, much more clearly, regarding the NPPF, probably needs some clarification, in terms of the way that local government are going to place value on those ecosystem services, and then what mechanisms are going to exist to ensure that the funding is driven from that.
Q157 Mrs Glindon: Has the LGA had any contact with the Treasury about feeding into the Natural Capital Committee?

Councillor Parsons: I cannot answer that. I am happy to get some stuff back to you, ma’am, if I may, after this.

Mrs Glindon: Thank you.

Chair: If you could drop us a note that would be helpful. Does anybody else wish to answer? No.

Q158 George Eustice: You mentioned in, I think, your written evidence about Local Enterprise Partnerships (LEPs) and how they might fit in. Can you just expand on those? They were very focused on economic delivery and job creation.

Councillor Parsons: They are and, of course, they are largely unfunded so there is a great danger of putting too much stuff on them. I think they are ideal, from the point of view that they do cross boundaries. If you go to LEP you will get a variety of local councillors there from a variety of areas and, more importantly, I think, you will get business there as well. If you want business involved in this, and maybe business helping to pay for this, then that is important. I see LEP as a big untapped resource, but I would be a little wary of putting too much on to them because, as you say, their principal focus is economic development, and naturally there is a huge need, I think, for economic development, certainly in my neck of the woods at the moment.

Q159 George Eustice: Dr Ellis, I know you mentioned this as well.

Dr Ellis: We did. I think this is an argument that I have a perfect record of losing, but I need to run it anyway, and that is, I think, TCPA’s concern about the join up, duty to co-operate, LEPs and the strategic question around the Natural Environment White Paper. The Local Enterprise Partnerships have boundaries there, but they are non-statutory bodies without a brief on this agenda and, as you have heard, with a focus on economic development. What we certainly do face is that while there is really genuinely much to welcome about local approaches, there is an open question now overall as to how they relate to each other, how Nature Improvement Areas relate to each other and how we can take strategic approaches to the natural environment. After all, the natural environment plays out, as the White Paper rightly says, as a catchment area on a large spatial scale. There is not an absolute delivery mechanism at a large spatial scale in England at all—in fact on any issue, but particularly on this one.

Q160 George Eustice: Do you think they have the balance right, in terms of having a workable framework, seeing the national ambitions they have for this Natural Environment White Paper and the principle of localism that says things should be done locally, or is there just a conflict there?

Dr Ellis: I don’t think there has to be a conflict because I think with the right structures implemented in the right way it can be enabling and there can be guidance. But I think at the very least you must have a national and sub-regional understanding of progress on the natural environment and I do not see that the mechanisms are there to deliver that. A clear example of that would be that there is no longer an accounting mechanism through planning, for example, because monitoring and review now are completely localised and not passed up the line, if you like. If we are going to make progress, you have to have milestones and you have to have an evidence base and that does not reflect at sub-regional national level. I am just thinking particularly about coastal change practices on the east of England; they are extraordinarily important over the next 50 to 100 years and they are dramatic sub-regional processes with huge implications for the natural environment. For example, climate change has a much greater land use impact than build development will have, by a huge margin, over the next 50 years. England must have, it seems to me, a sub-regional way of dealing with that. It doesn’t have to be a top-down way—it doesn’t even necessarily have to be a tier of local government—but it must be a place where understanding can take place and co-operation can be ensured.

Q161 George Eustice: Are any of you familiar with the report Professor Lawton did, “Making Space for Nature”? Do you think the structure statement—from memory, it is about ecological resilience, talking about corridors that might need to expand in different areas—has enough flexibility to fit that?

Tony Bradford: I think so. Certainly the Nature Improvement Areas mechanism and the challenges it lays out are very clearly targeted at implementing landscape scale change and that is clearly what is set out in the Lawton Report. The landscape scale he is talking about would be the creation of hedgerows to link woodlands, the re-establishment of woodlands and woodland management to ensure that those resources remain sustained in the landscape and that their biodiversity benefit continues. There are some existing mechanisms that contribute to that, such as Defra’s environmental stewardship scheme, although clearly that has quite a short life, currently, and we look forward to hearing Government’s proposals on environmental stewardship too, depending how it develops.

I think, yes, some of the mechanisms are there and they are sufficiently flexible to allow organisations to invite local government to take a lead and to adapt those for the local context. I think one issue that we have discussed around Local Nature Partnerships is how they are established and how they develop the gravitas to be able to influence the Local Enterprise Partnerships, the LEPs.

Q162 George Eustice: I was going to come on to that. You have been pretty clear, all of you, there is an issue around resources. Do you think they have sufficient powers to deliver also? You have just used this wonderful word “influence”. Is it one of these benign things—a sort of stakeholder, perhaps—that floats around and says what ought to go on? But do they have the clout to get things done?

Tony Bradford: Specifically, LEPs?

George Eustice: This is the Local Nature Partnerships.
**Tony Bradford:** It is a very early stage for Local Nature Partnerships and equally for LEPs because I think that depends on how they develop. I think this issue of gravitas and influencing the agenda around Local Enterprise Partnerships is going to be a big ask for the Local Nature Partnerships. We have certainly discussed some of the issues around the LNP not being hijacked by groups that might be considered to be less well supported by or that may raise concerns with the LEPs, or may not engage with the LEPs—

Q163 **George Eustice:** Would it be fair to say that the kinds of tension around the Local Nature Partnerships being the same as you have with the Local Enterprise Partnerships? On the one hand, are they just the stakeholder in the council?

**Tony Bradford:** I think there is concern that it is seen as such. You have talked, to some degree, around delivery on the ground as well, and I think local government have quite a good reputation of delivering on the ground, but there are challenges and Lawton talks very clearly about wildlife sites and networks of wildlife sites. Hertfordshire is a good example. There are 1,900 wildlife sites in Hertfordshire and a large majority of those are in private ownership. Influencing engagement is a key route to enable improved conservation management.

**Dr Ellis:** I will very quickly answer that. The concern that we have is it is interesting in the secondary legislation and the Localism Bill on planning that LEPs, although they are not a body corporate and have no planning powers, are referenced in secondary legislation as something that local authorities need to take account of as they are preparing their plans. From memory, I am fairly confident that Local Nature Partnerships are not and I think that one of the biggest tasks, whether they are or whether they are not, for those partnerships is to have that kind of weight in a very difficult planning environment because the core purpose of planning in the NPPF is defined by the presumption in favour of sustainable development. But it also has three very powerful paragraphs about economic viability. Certainly from our experience, those partnerships are going to have to carry significant weight. There is certainly a case for them having some enhanced status if they are going to have a powerful voice in local planning.

Q164 **George Eustice:** Just finally, I wanted to pick up on what Mr Gardiner was saying earlier about perhaps linking it to the burden that this places on local authorities and the extra work. I am just keen to probe the kind of view, perception, attitude, if you like, among local authorities towards this. Do they embrace it as a really positive thing that they really want to do and they think it is fantastic? I get the sense that it is a bit like something else in the in-tray that they do if they have to, “We’ve got a job to do; well, get on with it,” but there is not a huge amount of enthusiasm for taking on this work. Would that be fair?

**Councillor Parsons:** No, I think that is unfair. In my own local authority it is taken really seriously. So speaking from my own perspective, country parks, the national forest, getting schools in the country parks, links with health, as local authorities now are becoming responsible for public health—all those things are incredibly important, so I do not think it seems—

Q165 **George Eustice:** Sorry to interrupt. I can understand that point, but specifically on getting the accountants in to try and put a value on every decision you might make in terms of this wildlife has all the ingredients of something that could end up as one of those box-ticking exercises where it is another risk assessment that has to be done, but does not mean very much. Whereas what you have just described is a very tangible real thing—proper woodland, children visiting it. Is there a feeling that this could end up being a paper trail rather than a genuine exercise?

**Councillor Parsons:** I do hope not. I think Mr Gardiner put his finger on this. I think some councillors, not all, are just waking up to this stuff, if the truth were known, and I think are very interested in this. Actually, I think I would rather have local authorities in the key role in this rather than LEPs. I love dearly the members of my LEP board, but the thought of putting them in charge of Local Nature Partnerships does not immediately ring true to me. The ability of people to get to their local councillor and get their view and pursue these things in the democratic way is the way I would rather go.

Q166 **George Eustice:** That includes doing the paperwork and trying to—

**Councillor Parsons:** No, I hate paperwork. If we can get rid of all this paperwork I would be an enormously happy chap.

Q167 **Chair:** Dr Ellis, you say that you mourned the loss of regional spatial strategies; I think you might be on your own there. You talk about the benefit of coastal erosion and working together with local authorities. Surely now working in catchment areas is the way forward, working together with the system that the local authorities’ upper tiers are meant to be putting in place. Is that not a much more local and direct way of interesting parties?

**Dr Ellis:** I think if you could be confident that those mechanisms, and this is genuinely I think an open question, we see how these develop, but if we were going to face environmental management on functional sub-regions based on catchments in the way that the Environment Agency breaks up the country on their regional basis—

Q168 **Chair:** If you could stop using expressions like “sub-regions” because—maybe I am the only one—I do not understand what you mean. If you are talking about the county council, I know what you mean, or a unitary.

**Dr Ellis:** My apologies.

**Chair:** If we could talk plain English that would help. **Dr Ellis:** I will do my best, my apologies. County councils do represent what we mean, I suppose, by greater local and sub-regional, but the issue around the kind of function of catchment areas is the environment agencies are saying how it creates those boundaries. But my core concern is that if those associations of
local authorities function properly with significant weight and power then they can uphold important issues. But there is not a clear sign from what might be described as a mosaic of organisations evolving that we will necessarily get the outcome that we need on some of those very larger-scale issues. So, you are talking about an Environment Agency area that stretches for them from the Humber down to the Thames and covers the whole of the Anglia part of England. At that scale we are talking about major flood risk, major change to the natural environment. The question I have is, do we have, through this process, the mechanisms to ensure sufficient progress on that scale? It is not that in some ways we want to get back to any kind of centralised planning; it is just that these processes in the natural environment play out on a bigger scale.

The duty to co-operate certainly is a measure that may drive some change in planning, but it is not, in my view, the kind of effective measure that will drive sufficient change. It does not ensure that local authorities will work together on this agenda. If LEPs do not have necessarily the focus or the interest and if the nature partnerships themselves have a problem in how they aggregate together, what is the solution to that bigger spatial scale? At the moment I cannot see it from what is proposed on the table.

Q169 Dan Rogerson: Good afternoon, gentlemen. We talked a little bit about the National Planning Policy Framework. What do you think needs to be in that to ensure the aims of the White Paper can be delivered?

Dr Ellis: Three things: firstly, there needs to be a clear cross-reference with the agenda, which is not there at the moment. There are many very positive things in the Natural Environment White Paper and it will be very helpful to see them cross-referenced in the National Planning Policy Framework, so I think a clear understanding, and that reflected powerfully in the NPPF as important. But secondly, I think that the NPPF takes us in a very new direction for planning and it is an uncertain one with lots of potential implications. The presumption in favour of sustainable development, in essence, is still quite a confused thing in the NPPF. One of the definitions, for example, in the first 10 pages is it is normal to say yes to all forms of development. That set against the Natural Environment White Paper and it will be helpful and of course local authorities have not got the weight and power then they can uphold important agendas round the natural environment raise obvious tensions and conflict, so there needs to be much clearer definition about what we are trying to achieve with the presumption in favour of sustainable development.

As I mentioned earlier, the critical one is a clear definition of what “sustainable development” means based on the 2005 strategy. The one thing I think is important—it does not look like it is important, but it is absolutely critical—is the three paragraphs in the NPPF about viability. If we have said that this is an agenda that might struggle financially and for priority, the three paragraphs that say local authorities shouldn’t require anything that compromises the viability of a willing developer and a willing landowner potentially have the prospect of weakening local governments and negotiating abilities at a local level because that viability test also means that the whole of the local plan now has to be tested for its financial viability. The whole of the plan policy has to be tested as well as individual policies like CIL. There are great benefits of that in some ways, but that does need to be balanced by the long-term benefits, which nature conservation generally and the natural environment and ecosystem services bring. But the NPPF as a whole also of course, just finally, takes out tremendous amounts of detail and everyone in the whole universe, apart from me, is in favour of reducing the amount of planning guidance. Of course there is a strong case for reducing the amount of planning guidance, but I honestly believe you would need more than three pages on biodiversity in the natural environment in a national document, bearing in mind that all of the Planning Policy Statement (PPS) existing guidance will be swept away. So there is a good deal of work, I think, that needs to be done, and I hope it takes place in the final version of the NPPF.

Q170 Dan Rogerson: Thank you, that is helpful. Is there anything you would like to say?

Councillor Parsons: We have been arguing that there are the three strands to sustainable development: economic, environmental and social. At the moment, there is quite a weighting on economic, for obvious reasons. I think that you have to consider the relative weighting. We are saying in the NPPF that we want to see substantial weightings on environmental and on social issues. That is the first thing I would say. The second thing I would say is I do not want national government bossing us around. The less that is in, in a sense, the NPPF the better because it means we can help you, ladies and gentlemen, nationally to tell you what is important in our areas and perhaps get a bit of diversity there. One set of clothes does not fit all, does it? Let us reflect our differences in this as well by not being over-prescriptive.

Q171 Dan Rogerson: That is fine, but would you say therefore that the approach to developing partnerships is a helpful one in setting what those priorities are locally to assist local authorities—not take the lead in doing it, but in setting those priorities?

Councillor Parsons: Yes, I would say that that would be helpful and of course local authorities have not got to be bossy in their own areas, which is quite important.

Q172 Dan Rogerson: Just briefly, a couple of things on some specifics. In some of the written evidence we have had, there has been a bit of concern about just what some things may mean and there needs to be a bit more detail. I wanted to ask, perhaps Dr Ellis first of all, about the lack of guidance that seems to be on the relevant maps with the areas that are designated on what should be buffer zones, what should be core areas, what should be so on. Do you have an understanding of what those are, what those concepts mean?

Dr Ellis: No, not at the moment, and I think there is certainly need for more guidance. The issue on buffer zones has been a long-standing one, certainly in
planning policy, but there is a great need for clarity around that.

Q173 Dan Rogerson: You think there needs to be more guidance, and the White Paper as it is at the moment does not include enough information on those?

Dr Ellis: I think it gets back to the core issue of does the White Paper, looking at its delivery mechanisms— and plainly spatial planning is an important delivery mechanism—provide enough clarity and is that then feeding into the NPPF in a way that is useful on the ground? The point about that is that it is okay to be brief, if that is effective, but if you are brief and uncertain all that happens is you just run into hundreds of appeals or legal cases on the ground, which cause a great deal more cost to business and to communities.

Q174 Dan Rogerson: Is there any more understanding you have in local government terms about what those concepts might mean—those designations—or are you still looking?

Councillor Parsons: I think the answer is probably no, but I am more than happy to enter into a dialogue with what they might mean. I mean I hope that we do not have to do that. That might be unrealistic, but nevertheless that is where I stand. I think there is a balance between being too prescriptive and being not prescriptive enough. So general stuff from Government—specific stuff locally—is where I am.

Q175 Dan Rogerson: Yes, but in terms of these designations presumably the Department must have an idea as to what they are talking about when they put it in the White Paper, so it would be helpful to you to know a little bit more about what their intention is?

Councillor Parsons: Clearly, yes.

Q176 Neil Parish: You talk about flexibility, I want to talk about biodiversity offsetting now. In LGA’s written notes it supports a voluntary offsetting but provides little detail on how it envisages operating on local authorities’ views on any potential drawback. What I want to ask you is, is there a danger that biodiversity offsetting will compromise ability to protect specific species and habitats, and how do you see all this working on a local basis? I can understand you wanting it on a local basis, but how do you see it working?

Councillor Parsons: Speaking personally, I think I just about understand the question.

Q177 Neil Parish: That is where you put a road through somewhere and then provide habitat in another area.

Councillor Parsons: Clearly, if you destroy habitat you probably destroy the ecosystem that it relies on, so, as I understand it, you provide it somewhere else; you perhaps start a new ecosystem there. I am not an expert on that. Tony, you are.

Tony Bradford: I think the issue around habitats comes down to that in-depth ecological understanding of their significance. We take an example from a conversation that I had quite recently with some local people around a small woodland where they were, in effect, opposing some proposed ecological improvements in the woodland and their key focus was on the trees and an understanding, which perhaps I can understand, that the woodland is purely about the trees, yet the ecological activity that we were proposing was intended to recruit new trees for generations, which will be beyond their lifetime, and also to enable some of the ground flora, which would otherwise exist in the woodlands but is completely shaded out, to recruit new seed and continue again in a sustainable way.

Habitat loss, at a very simple level the habitats can be replaced. You can plant a new woodland over here, having taken out a woodland there. But there is a lot of evidence that shows that woodlands are more than trees. The Government has a great policy of planting across the country, new woodlands, but they are woodlands of trees as opposed to a woodland habitat, which includes small creepy things that I could not give you the name for that live within the dead material, wet soggy things that hang off the trees, the trees themselves, the bluebells and everything else that goes into a woodland. I think the challenge around ecosystem services, if it is around mitigation, is being able to enable a like-for-like replacement.

Q178 Neil Parish: The idea of biodiversity offsetting is finding land and habitat that is similar somewhere else and is able to create that habitat, then surely at a local level there would be some benefit for dealing with it from there, rather than trying to find it from here in London or wherever.

Councillor Parsons: Absolutely. You have no hope in doing it from London so you need us guys to go round in our wellingtons and show you where. I am happy with that.

Q179 Ms Ritchie: Just to pursue the issue of regulatory impediments and Habitats Regulations, and if I could ask Dr Ellis, are there currently any regulatory impediments to implementing or offsetting, for example, the operation of the Habitats Regulations?

Dr Ellis: It depends how offsetting was implemented, but that does provide a level of protection and we pursued a traditional way with regulation of identifying species, of identifying habitats, and trying to protect them at a European level and at a national level as well. My understanding, though, was that those existing designations were not in any way to be undermined by the introduction of offsetting. Those designations would remain, and I think that is a very important part of my understanding because if that was not the case then I think attitude to offsetting becomes very different. In other words, if it is not about being able to undermine existing designations or existing species protected by those designations, it is about being able to provide in some forms of development—which are not horrendous, if you like, of themselves—potential benefit to biodiversity and the natural environment.

So I would not see them as impediments. You could say, of course, depending how you pursue it, the
Greater public engagement is a Councillor Parsons:
you going to, as a local authority, facilitate this?

health and safety checks that they need to do that.

to do things like take kids out to ponds, to pass the

aren't there? You know probably better than I at a

about Department of Health. Looking at it a little bit

that that comes about? Councillor Parsons, you talked

going to approach that? How are you going to ensure

is one of the goals of the White Paper. How are you

planning and planning regulations potential

impediment to it because essentially it would have to

be enshrined very clearly, would it not, in planning

decision-making in a way that, again, I do not fully

understand yet. For example, our attitude would be to

a new development that comes before the local

authority area where normally we would have said no,

but as a result of an offsetting scheme we are now

going to say yes, because of the creation of habitat

elsewhere. Quite how that is enshrined fully in

planning still, I think, needs considerable thought, as
does, I think also, the local political nature of

planning, because I would like to suggest that
certainly many communities would find the creation

of habitat in Leicestershire for a loss in London not a

great incentive to support a planning application. That

is very important in relation to the way that housing

gets delivered. There is a big debate in planning about

people’s attitudes to development and how those

attitudes might evolve and change as a result of seeing

benefit from saying yes to development.

All those things need to be put in place, but I think

that there is at heart quite an interesting profound

conflict between traditional regulation and the

attempt, which has been very successful from national

parks onwards, to identify and protect through

designation, through a planning framework and a

valuation mechanism, which is essentially about

saying, “Well, we will create various funds of market

mechanism or offsetting mechanism,” and I think we

need to be very careful in proceeding to ensure those
two things will work in parallel together.

Q180 Barry Gardiner: Greater public engagement

is one of the goals of the White Paper. How are you

going to approach that? How are you going to ensure

that that comes about? Councillor Parsons, you talked

about Department of Health. Looking at it a little bit

more closely, there are all sorts of other problems,

aren’t there? You know probably better than I at a

local level just how difficult it is for schools who want
to do things like take kids out to ponds, to pass the

health and safety checks that they need to do that.

How is this all going to play out in practice? How are

you going to, as a local authority, facilitate this?

Councillor Parsons: Greater public engagement is a

must, so how do you go about it? In my own county,

getting people into country parks is not difficult. In

fact, there are a large number of people who want to

be engaged in all this sort of stuff. Getting schools in

is not difficult. I had not thought about health and

safety and ponds and all that stuff.

Q181 Barry Gardiner: I will just stop you there,
because I agree that there is a section of the public

who are keen—you do not have to persuade, they

have their walking boots on every weekend and they

are out there with their kids—but the White Paper
talks about greater participation, and that is about how

we reach out to those people who think that the idea

of going out for a walk on a Sunday afternoon is about

as likely for them and their family as flying. It is those

people that the White Paper is asking you to get at, is

it not?

Councillor Parsons: I do take your point, but if your

neighbour is going out and taking their kids and

having a good go in a country park, they will talk to

their neighbour over coffee, so that is one mechanism.

Putting it in our superb local newspaper, published by

Leicestershire County Council—

Barry Gardiner: Shameless.

Councillor Parsons: And completely self-sustaining.

Barry Gardiner: It is thin gruel though, is it not,

Councillor Parsons, for the aspirations that the

White Paper has. I agree with you and I understand

the problem. I think you have to try and do all of

these sorts of thing, but there is just a sense that our

ammunitions here—our tools for the job—are

somewhat thin.

Councillor Parsons: We said that a bit, but this has
given me new fire in my belly, and I think it will for

other people.

Q183 Barry Gardiner: Mr Bradford, how is the fire

in your belly, and what are you going to do about it

in Hertfordshire, and throughout the LGA?

Tony Bradford: I employ 13 people to do this very

thing. We have—

Barry Gardiner: I thought you had 14; 14 includes

you, yes?

Tony Bradford: That is right.

Q184 Barry Gardiner: I thought you had had

another cut there since we started.

Tony Bradford: I will check my BlackBerry. In

Hertfordshire we have a programme that we call

Friends of Groups and it touches very much at the

heart of your question about health and safety and the

concerns over that. These groups are people who take

an interest in their green space or their woodlands, or,
as I was traipsing around this morning, in

Hertfordshire’s own national nature reserve. They

were initially established by a countryside

management service, which has been working in

Hertfordshire since 1975 and has running through it,

like the word “Brighton” through a stick of rock, the

word “volunteering”. Yet the more groups we

establish the more staff I need to manage them. The

way we have squared that circle is simply to provide

those groups with the skills that my staff have, who

provide them with free training in leading volunteer

activities. We provide them with a suite of risk

assessments that describe in very practical terms how

they ensure that their volunteers do not bash into each

other with pieces of equipment that would otherwise

damage them.

We meet them once or twice a year to ensure that their

work programmes fit with the management plans that

are on the site. With those circumstances squared

away—first aider on site; again, simple training—they

are able to work independently of my officers and that

supervision, and take an active role in the
conservation management of Hertfordshire’s wildlife science. It works, it squares the risk assessments, it squares away with their insurers who, I am sure you are aware, are notoriously scrupulous around these sorts of thing.

That is one aspect of the involvement in Hertfordshire. Similarly, we run a programme called Health Walks, which has 140 simply-trained leaders—a programme that your own Natural England, and before it Countryside Agency, champions.

**Chair:** Dr Ellis, do you want to add anything?

**Dr Ellis:** I have a very quick positive example and a challenge, which is that the Localism Act contains a whole new neighbourhood planning framework, and that is designed to engage good communities. But it is interesting, I think, in terms of the challenge for that, that there has not been an active debate about what it might mean for this agenda. I do think at that scale communities need resources and they need guidance and enabling resources, and I would be very keen to see that emerge in the sector. But the drawback to it is that CLG’s estimated costs for neighbourhood planning are between £16,000 and £60,000 each neighbourhood plan. The money has to be found partly from a grant, but that is only £20,000 local government. Local government has to find the other money and communities have to find a substantial amount of that. If we are not careful, some of those mechanisms might prove to be used very actively by those with a social financial capital, and certainly already there is some evidence from the frontrunners, not so much by communities we want to engage.

**Chair:** Councillor Parsons, Dr Ellis, Mr Bradford, thank you very much indeed for participating. We apologise for starting late and running over, but we are very grateful for your contribution. Thank you very much.

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**Examination of Witness**

**Witness:** Professor David Hill, Chairman, the Environment Bank Ltd, gave evidence.

Q185 **Chair:** Professor David Hill, may I welcome you most warmly and thank you very much indeed for joining us and participating in our inquiry on the Natural Environment White Paper? Just for the record, if you could give your name and position.

**Professor Hill:** I am David Hill, and I am Chairman of the Environment Bank. Should I mention I am Deputy Chairman, Natural England, but I am not saying anything that is Natural England today?

Q186 **Chair:** I think we are aware in our paperwork; that is very helpful indeed. You are the co-founder of the Environment Bank.

**Professor Hill:** I am.

Q187 **Chair:** Would you just like to speak briefly about its history and when you set it up?

**Professor Hill:** Yes, very much. I had been working for about 25 years in planning and development control as an ecologist and designing section 106 agreements to mitigate for development-related impacts and realised that, if I may coin a phrase, they are almost a waste of time and money. I went to a conference, and spoke, in about 2005 and I asked 400 ecologists in the audience if they could all put their hands up to tell me if they could take me to a section 106 mitigation site that had worked well, and no one put their hands up. So in 2007 I decided that I would bring the idea of mitigation banking into the UK, bearing in mind in the States it has been operating for about 20 to 25 years as a fully functioning business.

In the early stages, from 2007 up to 2009, I did quite a lot of work as to how it might be structured and talked to Defra people in particular, and then had a bit of a breakthrough. I think in 2009, where the Shadow Secretary of State, as he was then, had looked into a scheme called biodiversity offsets in Australia called biobanking and so I contacted him and said we could tell you a little bit about this. Went down, came back two weeks later, gave a presentation to shadow Cabinet and from that point onwards the momentum started to be generated.

I would not say we take much credit for it, but the fact that now biodiversity offsetting is in the White Paper is, in our view, a good initiative and there are lots of good parts to the NEWP, but others are not quite so good.

Q188 **Chair:** Would you say you broadly support the White Paper sustainable development approach?

**Professor Hill:** Very much so, yes.

Q189 **Chair:** Do you believe that it has the balance right in the sense of scope for payment of ecosystem services, particularly when you look at SUDS, flood alleviation schemes, coastal erosion schemes we have just heard about—that there is sufficient incentive and farmers and landowners are sufficiently aware of the business case?

**Professor Hill:** No, I do not think they are. There might be opportunity to come on to how one might look at the financial incentivisation. I think that throughout the White Paper, and for obvious reasons, there is still running through it a large element around treating the environment as a charitable exercise. Our business model is around the fact that that has failed and it will not continue. That does not mean to say the NGO sector has not done a fantastic job; it is just they cannot do it on their own. So our interest is around trying to find business approaches where people take the natural environment as an investment vehicle, and that is where the difficulty arises, but I think there are some lights at the end of the tunnel, because if we carry on just seeing it as a charitable exercise it will not go very far and I do have a few criticisms—there are some parts of it that are very disjointed and not thought through within the paper itself. Then when you take into account other Departments, there is greater fragmentation and lack of joined-up thinking as well.
Q190 Chair: Can I pursue this—that the Environment Bank acts as an honest broker so you provide the necessary infrastructure to facilitate markets for offsetting impact to ecosystem services? In your written evidence you support this greater focus on business enterprise, going beyond the public and charitable sector. Do you believe that the White Paper goes far enough? How would you like to see the potential in business being harnessed?

Professor Hill: If you imagine the full functioning of biodiversity offsetting, for example, is around—there are three parts to this thing. There are conservation credits for biodiversity offsetting, there are payments for ecosystem services and then there is effectively something we are calling eco-credits, which is around getting people to invest in ecosystem services that have, or are thought to have, an impact on those. In a way if you are setting up a credit-based mechanism there is no real point unless you have a market that you can trade them in, and if you want a market to trade them in, then it is a much better approach to have some sort of soft regulatory framework. If it is voluntary, which is where we are at the moment—and this was a criticism that we did get from Defra officials—then basically on the one hand the local authorities can volunteer the idea of offsetting in that area and the developer can voluntarily use it. We have done some legal work on a conditions precedent where the local authority would be required to use offsetting, and all local authorities could do it. It does not create any more work for them, and having—sorry, are you okay?

Q191 Chair: I was just saying if it is in the public domain it would be interesting to show it to the Committee.

Professor Hill: Yes, we can send you a paper on it. If you wanted to create a market where you can trade it is much better that it is potentially done through a regulatory framework, and we have done quite a lot of consultation with developers, bearing in mind we do a lot of work with developers, or in a previous life I did, and their line on this is that if everyone is doing it that is fine because it creates a level playing field. If it is voluntary then basically you have a disjointed approach which is regionally very disparate. I can give you real examples about this where one set of local authorities decide it is too difficult—they do not really want to get engaged with it—and another that wants to embrace it. If you are a housing developer in one part and a housing developer in another part, it is creating an unlevel playing field. If I can just make one more point about this: if it is done through some form of self-regulatory framework in the planning system, it would be very simple to introduce. It gives a guarantee to the developer and it is not necessarily seen as an additional cost to the development scheme, which I think worries Department for Communities and Local Government (DCLG), because we think that the payment for things like biodiversity offsetting would come through an impact on residual land value, so as and when developers know this is happening they can factor it in to the price they pay for the land—it comes from the uplift in value generated by the planning consent.

If you imagine—if I might for just one more minute—arable farmland as it stands without planning permission, let us say it is worth £5,000 to £6,000 an acre, in old money; with development for housing, it may be £500,000, £600,000 or more an acre depending on where it is, and I took the point of Councillor Parsons around regeneration areas not freeing up that level of finance, but none the less that uplift value is substantial and the developer will come along and factor in the costs of potentially some CIL, but some section 106 deducts and its conservation credit payment and the actual value that the land is worth is X, so it is really the landowner that takes a hit. But in an uplift of whatever it is—100 times—we think that is reasonable. But it is very difficult to do it if you are talking in a voluntary way. If you did it in a regulatory way it would be much easier to implement.

Chair: Thank you. I am sure we will pursue that.

Q192 Neil Parish: Some organisations have said there is a lack of funding within the White Paper. Do you consider the lack of funding streams to establish projects as a key stumbling block to the business sector delivering the White Paper objectives or how can we enhance that?

Professor Hill: I do think there is. The ambitions in the White Paper are excellent and there are some good hooks in there. In my view, it cannot be delivered because there are not the funds available and it will not anyway be delivered through the public sector because there never will be the funds available, so if you talk to John Lawton’s “Making Space for Nature”—£1.2 billion, we have heard that figure. We are already falling short on delivering the UK biodiversity action plan by about £900 million a year. It is just not going to happen, so that is why a step-change is needed. In order to do that, one needs, I think, definitely to find a means of finding an investment way forward so that people invest into the natural environment. So basically you take the argument of Pavan Sukhdev’s The Economics of Ecosystems and Biodiversity (TEEB) report, making nature economically visible is what we have to be doing and we have some ideas. There is starting to be some interest from a whole range of sectors from investment sectors, trusts, through corporates—not social responsibility, but just corporate responsibility where they might pay for the impact they have that they cannot mitigate themselves within their own business supply chain. We think there is some mileage in that.

If I give you one very small example, the biodiversity conservation community almost splits into two. On the one hand there are people who talk about new financial mechanisms. On the other there is the NGO, the third sector, looking at getting sponsorships and those sorts of payment. On this side I had someone who came to me and said they had a fund of £300 million. They wanted to invest in a UK-based environmental project that was underpinned financially, but they could not find anything where the asset was properly accredited. So a soft regulatory framework—a range of accreditation mechanisms—
Q193 Neil Parish: My next question is along similar lines, in a way. Has the private sector been convinced by the argument for ecosystem service payments, particularly in an era of austerity?

Professor Hill: The quick answer to that, I suppose, is in the short term it is going to be difficult. We heard from the three previous panellists that it is going to be difficult, but most corporates are looking now at the next five to eight years. To give you an example, Unilever are very keen on how corporate investments for these sorts of thing can give them an advantage when we do come out of this pretty awful austerity condition.

A lot of the corporates are not talking about the doom and gloom now. They are looking at where they are going to be in three to five years’ time, and we think there will be the investment money available.

Q194 Neil Parish: How should the White Paper look at the regulation and also use the limited amount of financial incentives that might be there to sort of pump-prime the business sector? That is what I am very interested in.

Professor Hill: There are three things immediately I think one should do. One is of course the Government set up the Ecosystem Markets Task Force, which is looking at this. I sit on that. They are looking at new models and methods of bringing investment into the sector. The second is definitely some form of soft-regulatory mechanism around biodiversity offsetting. We did some calculations on DCLG figures of development and reckoned that it could yield between £600 million and £1.2 billion a year through that mechanism. We have done a variety of studies looking at how we would factor those in.

The third area is maybe to look at something to do with Common Agricultural Policy (CAP) and where do we spend CAP money, and it is a bit of a thing that I have at the moment around CAP where I think we could use single farm payment in a much more structured and better way. Of course it is pretty topical, but also there are lots of vested interests in single farm payments and it is going to be not that easy. But the figures are very simple. If you look at the contribution to GDP of farming using 70% of the land, it is £3 billion, £2.6 billion of which we give in single farm payment. Could we be much more structured in that? Could you, for example, bias that to some of the better areas of conservation—the better soils where you can do some good investment work there? Could you then underwrite an environmental bond that would then suck in other investments? So there are all sorts of things that one might want to look at.

Chair: We will come on to CAP.

Q195 Neil Parish: Just a final point: what is your assessment of the levels of investment that the private sector might be expected to make in environmental improvements and in the White Paper’s approach? Good scenario, bad scenario?

Professor Hill: Bad scenario is that we will muddle on with Local Nature Partnerships, LEPS, very localism driven, lots of interest about building—it is probably going to be controversial—little unjoined-up empires in little locations, and there will be no investments. The finance sector is just not interested in that.

With the right mechanisms in place, and it is not rocket science, one could set this up quite well, definitely in development-related areas in the order of £1 billion a year. If you imagine that globally biodiversity markets at the moment are worth £5 billion to £10 billion and they are predicted to go to around £40 billion to £50 billion by 2020. That is already happening. Some of that is voluntary, some of it is under a related framework, but significant investments at the moment are worth around $5 trillion, so there is a lot of money there that people are looking for models. The problem may be in that Government and the conservation sector do not talk to these big business areas. They do not do it and I think that the dialogue—hopefully, the Ecosystem Markets Task Force is a new idea that might start to generate interest. They are big sums of money, I think, that are available.

Q196 Barry Gardiner: You very comprehensively set out the problems you see in a voluntary approach, but given your proposal for a company balance sheet taking on board the costs of offsets, how would you see that developing? Would it be mandatory reporting of that for those companies or would it be part of the company’s social and environmental reporting on a voluntary basis?

Professor Hill: I think that if one had a mandatory requirement to describe the investment that corporate is making into the natural environment, because it has an impact on the natural environment, its whole supply chain has an impact. There are economies that are looking at individual corporates and measuring that so that people can be offered eco credits potentially. I think you do need some form of mandatory reporting, but if it is good, and it is good news, the corporates will want to do it to get to be seen to be done there already. TEEB for Business gives some good tools around how one might achieve that. I do not carry that information in my head, but there are tools that we have that we could start to get corporates using.

So the answer is, in the short term it will be voluntary and they will do it for commercial reasons. They are not doing it for philanthropic reasons. They are doing it purely for commercial reasons. The second is that you could expand the value of that out by a mandatory approach to how they describe things on the balance sheet in their annual accounts.

Q197 Barry Gardiner: Just to flesh out, when you are referring to TEEB for Business you mean the TEEB analysis that was prepared specifically for business?

Professor Hill: Absolutely.

Q198 Barry Gardiner: Aren’t you in a dangerous position because you are the groundbreaker? As the
Professor Hill: To start with the NPPF does need to effectively offsetting and to ensure that that can be established framework needs to include to ensure biodiversity planning reform. What do you think the planning will be clever enough to look at our transaction costs forces say that we will move out, but hopefully we brokerage and if someone comes along with a better and that is what we are doing. So we run that be centralised Defra, could run that accreditation different parts of England. I think that that is where in Northumberland the metrics apply across the same information so that if you have a site evaluated to set the accreditation standards and the other will be centralised Defra, could run that accreditation mechanism. They do not need to run the brokerage and that is what we are doing. So we run that brokerage and if someone comes along with a better brokerage system that is cheaper to operate, market forces say that we will move out, but hopefully we will be clever enough to look at our transaction costs to make sure we stay in there.

Q199 Ms Ritchie: It is the links to planning and planning reform. What do you think the planning framework needs to include to ensure biodiversity offsetting and to ensure that that can be established effectively?

Professor Hill: To start with the NPPF does need to embrace the use of biodiversity offsetting, and I think that had it not been just seen as a voluntary thing, if it was seen as a regulatory mechanism, in some shape or form it would—if it was basically such that local authorities were going to be required to use biodiversity offsetting in their toolbox, that would work and NPPF should have referred to that. I did do a consultation with a colleague of mine that had been involved in writing NPPF, and he had not been sighted on anything to do with not only the Natural Environment White Paper, but the biodiversity offsetting element particularly, and when we explained it to him and how it would operate in our view, he thought it was a fantastic idea. Again, a couple of paragraphs referring in NPPF to the use of biodiversity offsetting would be a good move, I think.

Q200 George Eustice: I will touch on CAP in a minute, but first of all, just on more basic principles. In the last evidence session we heard Dr Ellis talk about the three tools in the toolbox that people have to deal with biodiversity: there is straightforward regulation, and then designation of national parks, and then finally the market mechanisms, which are obviously a key component. I wondered if you could explain the relative importance of each of those in terms of protecting our biodiversity. Does it decline as you go down, and also have we reached the limits of what can be achieved by regulation? Is that why you think we need this or is it because regulation is difficult to do that everyone ducks it and switches to talking about markets instead?

Professor Hill: We think the reason why offsetting was not put in as a regulation was because the bad “R” word at the moment is not a trendy word to use. But there is good regulation and bad regulation. We think you can set off a pretty good regulatory framework for this. If you look at the success that we have had in biodiversity conservation, there is a direct correlation—very strong correlation—in terms of favourable condition between the European Natura 2000 sites, which are protected, so they are Sites of Special Scientific Interest (SSSIs) and they have the additional Special Protection Area (SPA) and Special Areas of Conservation (SAC) designation. Very rarely have they been impacted, to be quite honest, so the regulatory mechanism through the Habitats Regulations, which implements the habitats directly, has been a real success in my view. Below that, yes, there is then designation of sites such as national parks, which is a bit different, but then you have, obviously, SSSIs that do not meet your European value, and then below that you have county wildlife sites, and then local nature reserves. As you go down that hierarchy we have been much less good at protecting those. In fact, indeed, with biodiversity offsetting there may be some instances where county wildlife sites have become degraded in some shape or form—a big development that is required for socio-economic reasons comes forward, which is perfectly the place to use offsetting.

Q201 George Eustice: But it is the failure of the regulation then? It is a failure to regulate clearly and say this is a nature reserve.

Professor Hill: It is a failure in that being a local nature reserve does not protect it in the same way as if it is an SSSI, which does not protect an SSSI in the same way that it does if it is a Natura 2000 site. The European directive is the biggest hitter because if the Government breaks the rules on that, it can be infracted, and that is a pretty damaging consequence. I would say one thing where offsetting could be potentially used in the Habitats Directive and that is in cases such as ports or other infrastructure projects where there is some either direct or indirect potential impact upon a Natura 2000 site, where the development is deemed to be of imperative reasons of overriding public interest (IROPI). So you go through the whole assessment process for your big development scheme and if you then see that we
Q202 George Eustice: I will be honest: I care deeply about biodiversity and I am just a bit sceptical about some of these market mechanisms that they can end up, I think, being a very complicated paper trail, but perhaps sometimes, even though I am a Conservative and against regulation, clear regulation that achieves something and is—so what I am just keen is, have we reached a limit in that regulation or could we, in your hierarchy of designation, in that some of those work less well than others, strengthen the regulation on some of those and achieve much more than you might be able to achieve with this market?

Professor Hill: If you could come up with a mechanism that says that this county wildlife site is completely sacrosanct, that would achieve that, but I just do not see that happening within the planning regime. I just do not foresee it happening. What is always levied at offsetting, and I think we have probably won the argument now, is that it could be seen as a licence to trash. You say, “Well, we can go and build on this SSSI because we can just buy credits and off we go, we can get on with it.” That will not happen and that is why the key job of the local planning authorities is to do the planning control in exactly the same way as they do it now, but rather than say this development can go ahead and we can capture impacts through a section 106 fund, you do it exactly the same way as they do it now, but rather than say this development can go ahead and we can capture impacts through a section 106 fund, you do it than say this development can go ahead and we can capture impacts through a section 106 fund, you do it.

Professor Hill: That is the 27-country agreement issue and I am not as up on the European negotiations as many, but it just seems to me that if you could construct some financial thing around that £2.6 billion, which is the Pillar 1 value, that goes into agriculture that could—that is a phenomenal amount of money that we should be able to—

We had the Secretary of State in last week, who in evidence said on a separate review that there is an openness to flexibility within the way that you have to do the greening in Pillar 1. Do you think this is a realistic prospect given we have 27 countries you have to get agreement with?

Professor Hill: That is the 27-country agreement issue and I am not as up on the European negotiations as many, but it just seems to me that if you could construct some financial thing around that £2.6 billion, which is the Pillar 1 value, that goes into agriculture that could—that is a phenomenal amount of money that we should be able to—

Q205 George Eustice: What would it look like? So a single farm payment goes and is replaced by what?

Fill in the blank.

Professor Hill: Replaced by more targeted—almost like Higher Level Stewardship (HLS), but on a bigger scale where you are unable to pay more money per hectare than certainly the Entry Level Stewardship (ELS), because I do think the ELS is too broad in my personal view. But with £2.6 billion one ought to be able to construct some good targets. It would mean that some farmland areas would be intensified in terms of their agricultural component, but the funds would be used to underwrite some form of investment ability in those bigger swathes of areas, particularly at a catchment-sensitive level. I think that a catchment scale is the area to do it at.

Q206 George Eustice: So you mean very productive fertile land can still be just farmed quite intensively, but the less—

Professor Hill: I do think that needs to be—because I think we have a real tension in agri-environment payments in that a lot of farmers do not really want to be doing it, certainly in the Fens and those sorts of area. Whereas you could construct a mechanism that was much more realistic to achieving it, where the soils are not grade 1 agricultural land maybe it gives you more scope to do biodiversity because you will always deliver better biodiversity where you have low soil fertility. I think you could do something with CAP, but it is a big ask, I know.

Q207 Dan Rogerson: The purpose of the whole thing is to reflect the true cost of activity or development. Do you think the proposals as they stand in the White Paper allow that to be captured—to be reflected in the final outcome? Do you think they go far enough?

Professor Hill: I think if you take at face value the Lawton review with NEWP and the National Ecosystem Assessment and TEEB, everything is pointing towards better valuing of nature. As it stands at the moment, NEWP I do not think can deliver that because you have to embrace the value of nature, not just within one Government Department; it has to be across Government, and that is where I think we have to do a lot more.

Q208 Dan Rogerson: On that, do you think Defra are doing enough to get the other departments to wake up to that?
Q209 Dan Rogerson: That is very tactful of you. 
Professor Hill: I hope they are doing a huge amount, which is different from they are. To be honest I am not party to exactly what they are doing across Government, but all I can say is that there is lots of pressure through DCLG, lots of pressure from Treasury, lots of pressure from Cabinet Office and, to be candid about it, those three Departments know a lot less and just do not get it yet around the natural environment.

Q210 Dan Rogerson: There is a big job for Defra to do.
Professor Hill: It is a big job for Defra, and it should not be just Defra’s role. Pavan Sukhdev said he was asked by many people, “What is the value of nature?” The answer is it is infinite because it is the bedrock of everything we are about. If you cannot invest in the bedrock of your business, the only way is down, and how do we get that message through to the people that control the Treasury?

Q211 Dan Rogerson: Do you think in trying to capture some of these things there is a threshold issue in that—quite small developments, so the sorts of constituencies that some of us represent, you are talking about exception sites and so on for housing development, which already will have a chunk of that value captured for the affordable housing scheme or for any other public goods and social sustainability that we were hearing about earlier on. Then when you add on top of that now increasingly more assessments that have to be done, such as bat surveys and all these kinds of thing, it starts to become quite—the margin that makes it attractive to do and the risk that is involved if some of these costs are upfront and there is a risk of the project not coming off, do you think we are getting to saturation point for some of these smaller schemes?

Professor Hill: Some of the smaller schemes there would be a slightly different way of doing it. If it is a very small potential residual impact, then you can have something called a payment in lieu system, so a payment of fee in lieu. Basically they make a contribution into a fund, which can be aggregated, so rather than you selling 56 credits to Mr Barrett for a 600-acre housing scheme, you would enable them to buy three or four credits and that goes into a pot and lots of little ones come together and then you can invest that fund. That is the beauty of this. You can’t do that through a section 106 because, as far as I understand it, the planning and delivery have to be linked to that specific fund.

Q212 Dan Rogerson: But there is no minimum level. You think that, however small, they should still make some contribution?
Professor Hill: We were thinking that probably in the area of half a hectare is certainly—you are not going to capture a great deal from that. You did make the point about—coming back on protected species, personally there is a weight of interest around looking at how we deal with some of the annex 4 species of the Habitats Directive, for example great-crested newts. It is the one that is totally on its own and gives us all sorts of difficulties in the way that we deliver newt conservation. We have been thinking, well, you could do offsetting in relation to that, for example. And bats might be another one in certain areas, but only certain species.

Q213 Dan Rogerson: I do not know if you have been looking at much of the process towards designating the Nature Improvement Areas, and that is going down now. It is 15 I think they are going down to—
Professor Hill: They are down to 15 and they are going down to 12.

Q214 Dan Rogerson: Bearing in mind what we have said about Departments like Treasury and so on, do you think they have had enough input and involvement in that process to ensure that they are then engaged with delivering it later on?
Professor Hill: No. It is entirely Defra and it is still too small a scale and fragmented even though—what it has done is it has basically been a pilot to generate lots of interest and it has done that. The problem is it has generated lots of expectation and unless you have the financial backing, which will not come from the public sector, then I do not—

Q215 Dan Rogerson: There could be more Government engagement in that designation process?
Professor Hill: Absolutely.

Q216 Chair: We are very grateful, Professor Hill. There is one last question we would like to put to you in writing, if we may. I am just going to say that the witnesses last week were very positive, both from the National Farmers’ Union (NFU) and the Country Land and Business Association (CLA), particularly looking at projects like the Green Food Project, so we are very grateful, building on the back of that, to hear your evidence today. Thank you very much.
Professor Hill: Thank you. Thank you for the opportunity.

Chair: We stand adjourned.
Wednesday 29 February 2012

Members present:

Miss Anne McIntosh (Chair)
Barry Gardiner
Mrs Mary Glindon
Neil Parish
Ms Margaret Ritchie
Dan Rogerson

Examination of Witnesses

Witnesses: Rt Hon Oliver Letwin MP, Minister for Government Policy, Cabinet Office, and Miss Chloe Smith MP, Economic Secretary to the Treasury, gave evidence.

Q217 Chair: Good afternoon. Welcome. Thank you, both, very much indeed for agreeing to appear before us in our evidence session on the Natural Environment White Paper (NEWP). We are going to explore the respective roles that your Departments play in addition to that played by the main Department, Defra. To begin with, how can we put a value on nature?

Miss Smith: If I were to begin with something that the Treasury is very excited by in all this, it is the opportunity to update the Green Book guidance that we use. It is clearly a level of detail, but I begin with it particularly because we have published supplementary guidance to it today, which no doubt Committee members have had a chance to read in detail before arriving here at one o’clock. That endeavours to pull together different assessments and different ways of putting values upon things, and the environment is absolutely at the heart of that, which I think is very exciting and very fully underpins what we are trying to do with the White Paper and discussion in the inquiry.

Mr Letwin: Can I just add to that? I have to pay tribute, unfortunately, to our Labour predecessors; this all started when they commissioned the National Ecosystem Assessment (NEA), which I think is one of the canonical works. It may even have been under the watch of one member of the Committee that this was developed. What is really important about the NEA is that it identifies the quantifiable economic and social value. It measures that. The Treasury guidance does is to instruct Whitehall in how to perform assessments of total economic value, breaking it down into all the elements that the National Ecosystem Assessment dwells on. It actually goes further and instructs Whitehall officials in how to use things like revealed preferences to establish monetary values. This is an enormously important departure, and it is coincident that it happened today, but I think it will have its effects over many years to come.

Q218 Chair: Was there a particular reason, given the fact that we have a Green Book on guidance, the supplementary guidance published today and we talk about creating a “green economy”, that no value has been placed on farming and food production? Was that an omission by default or was it a deliberate omission?

Mr Letwin: It is a mistake to suppose that no value has been placed on farming and food production. Farming and food production has an absolutely immediate and measurable economic value, as well as, of course, a much more complex but equally important social and environmental value. The National Ecosystem Assessment, as you will be aware, starts with provisioning and assumes that as a background. It assumes that farming is a hugely important economic activity, as well as a hugely important social and environmental activity, and then looks at the way in which more ecologically sophisticated and more ecologically sustainable forms of farming, for example—and one of the members of the Committee here is a world expert on this, so I am teaching grandmas, but nevertheless—feed back into more productive farming, which has its own economic value. It measures that. The Treasury guidance specifically draws the policymakers’ attention to that sort of phenomenon.

Basically what it is saying is: “Let us assume that, as a background, farming like every other major industry in Britain is a major industry of incalculable importance. Now let us ask, by making that or, indeed, any other aspect of our national life more ecologically sound, how can you improve further the economic and social effects?”

Miss Smith: If I may only add to that just to give some examples from the NEA, and to put a number precisely on the value of farming, if you like, UK farmers generate £6.6 billion for the economy every year. The NEA has indeed tried to take on that challenge and succeeded in quantifying the benefits of...
farming. As Oliver then says, it goes on to talk in many other ways about how we can ensure that changes continue.

**Chair:** If we could now turn to the roles of your respective Departments, I will ask Neil Parish to take over.

**Q219 Neil Parish:** Thank you very much, Ministers. Mr Letwin, given that the White Paper’s application goes well beyond Defra, who is in charge of the delivery of the White Paper? Is it Defra, is it the Cabinet Office or is it the Treasury?

**Mr Letwin:** I would say all three.

**Neil Parish:** I thought you might.

**Mr Letwin:** But with different roles. Clearly the lead Department in producing and in delivering against the commitments in the White Paper is Defra. I am sure that you will have been speaking to the Environment Secretary about this at length, and she has been the leading force and it remains that way. We all acknowledge that no single Department in Whitehall is capable of mustering the necessary forces to ensure that the rest of Whitehall pays sufficient attention to an agenda which, in this instance, is absolutely central to the Government’s overall agenda. In order to make that happen, it is also necessary that two things occur, one of which Chloe can speak about much better than I, which is that the Treasury should follow through. The other is that, in our work in No. 10 and the Cabinet Office in holding departments to account for delivery of the Government’s objectives, through the business planning exercise but through many other things as well, we aid and abet the lead department, where they are carrying forward a central Government policy to ensure that each other department takes it with due seriousness. I literally have lost count of the number of times that I have had conversations with Caroline Spelman about what we needed to do in order to make sure that some other department was doing something in a way that cohered with, for example, the Natural Environment White Paper.

**Q220 Neil Parish:** Can I just say, generally on the value of ecosystems, the White Paper, in my opinion, is very strong on the valuation of eco-services and ecosystems, but there is not as much exact and in exactly what we are going to do with it once we have valued it, and how it will concretely improve the environment we live in. That is what I would be slightly critical of. Are you keen to make sure that this goes from just the theoretical? I rather fear it is a theoretical exercise, and I am not quite convinced where it leads to in practical terms.

**Mr Letwin:** Chloe may want to add to this, but I would say that there are two enormously important respects in which the White Paper’s agenda and commitments are already beginning to happen on the ground and in which they will continue to happen on the ground over succeeding years. I hope even decades. One is in changing the way we do policy across a much wider waterfront. The other is in specific schemes that improve ecological outcomes. If I can just deal with the former first, the item we were just discussing—the guidance on the Green Book, which goes out to every department—is taken extremely seriously by permanent secretaries and by everyone working under them, as Mr Gardiner in particular will be very aware. It forces departments now, when formulating a policy about, shall we say, a road, the road system or the way in which we build houses, to pay attention to the ecological effects and the costs or benefits of those ecological effects. That tilts departmental policymaking on the ground, as this is real life, towards trying to do things in ways that not only achieve whatever the primary objective is—getting people from A to B or getting them a house to live in—but also, at the same time, achieves an improvement rather than degradation of the environment. It does this in a hard-headed way. It actually says to the Permanent Secretary and officials in that department, “Look at this and assess it in terms of cost, because you will not get your policy through unless you can show that, actually taking account of the environmental costs or advantages, it is worth doing in net present value terms.” That is an enormously important bias in the policy framework, which will actually have an incalculable effect over many, many years. I hope this is a matter entirely of political consensus across the parties, and therefore think that this is here to stay and is, therefore, very powerful.

Secondly, however, the White Paper contains a series of entirely concrete—a bad word to use—or tangible commitments, which we are now rolling out. Last Monday, as the Committee will be much more aware of, is the 12 Nature Improvement Areas (NIAs). One happens to touch on my own constituency, so is obviously a very live interest to me, but these are landscape-scale areas, where we are actually making a difference in a way that is imaginative and goes beyond what has happened before. There is also the capacity building for Local Nature Partnerships (LNPs), the building of an Ecosystem Markets Task Force to look at ecosystem services and a whole series of things that fall more on Chloe’s side of the House—actually getting a Natural Capital Committee (NCC) together, so that we keep check of what we are doing to natural capital. There is a whole series of practical things that come out of the White Paper. It is not just a theory.

**Q221 Neil Parish:** A lot of my second question you have answered already: how you are holding government departments to account on the mainstream sustainability of their business plan? The other part of it is: have you set specific targets or required any specific departments to re-address their sustainability measures?

**Mr Letwin:** What we are doing is something that we think is more powerful than those things. Apart from driving the analysis in the way that I have described, we are also now going through the whole of the business plans for every department, which Danny Alexander and I are responsible for monitoring and enforcing and refreshing. As we do so, we are looking in every case at whether sustainability has been built in an appropriate fashion. That is what Caroline said in a previous set of evidence to the Environmental Audit Committee we would do, and
we are now doing it. That is a very powerful means of holding departments to account, because secretaries of state and permanent secretaries have to come in and explain to us how they are living up to their business plans on a regular quarterly basis, and clearly that becomes quite a matter of importance to them, between one meeting and the next.

**Miss Smith:** May I come in and give answers as well, where I can? I wanted particularly to come to the practicality point that Neil raised, because I think it is fascinating. On a first read, no doubt many people may think that of such a thing as a White Paper that tries to talk about the natural environment, but I do think that the approach we have set out, not only through that document but also through the rest of the literature that Oliver has referred to and that the White Paper sits within, is actually immensely practical. If I take the example of green spaces, you can pull a number of very—and again, bad word—concrete benefits or practical benefits from the maintenance, upkeep and provision of new green spaces in the areas we all live in. You can quantify health benefits from it. Indeed, the NEA quantifies universal access to quality green spaces as saving the NHS around £2.1 billion every year. Again, that is something we can value and something we can put to very tangible effect for every generation that might pass through a green space.

Turning then from there to business benefits also from green spaces, whether they are in rural or perhaps in built-up areas, you can start to see benefits such as a cooling effect in the summer, quite simply. You can almost tangibly have a better environment for everybody who passes through it, such that the economy can also benefit, on a shopping high street for example, if it is a pleasant place to be, live and work. You can absolutely quantify, in many ways, the practicality of something so simple as green spaces. I think, as Oliver has said, I am starting to teach him to think. The one case that may take us all the way to the Committee—that every department is in the green and yellow lines. Those represent specific departments that are doing well or badly so far. My and Caroline's confidences, so to speak, but I have here—you may be able to see, even at that distance—some red, green and yellow lines. Those represent specific departments that are doing well or badly so far. My and Caroline’s job is to make sure—that every department is in the green on these charts by the time we have committed that everybody should be in the green. That is a very specific concrete example, nothing to do with theory, of actually driving the machine to be more ecologically sophisticated and sensitive.

**Q224 Chair:** Can I give you a very important example, we have entered into a whole series of commitments about carbon reduction, waste reduction, water reduction and water use reduction across Government, which we control much more closely than things that are going on outside Government. You put your own house in order first. We have, for example, made the commitment to reduce the carbon emissions of Government by 25% by 2015, having reduced them by nearly 14% in our first year. I am delighted to tell you that we are broadly on track to achieve that across almost every department, actually earlier than 2015, I think. The one case that may take us all the way to 2015 is the MOD, which is a peculiarly difficult case. It is not, as I say, just a matter of carbon. We are seeing really large-scale reductions of waste, water and paper use. I am not going to reveal them to the Committee by name, because this would be betraying confidences, so to speak, but I have here—you may be able to see, even at that distance—some red, green and yellow lines. Those represent specific departments that are doing well or badly so far. My and Caroline’s job is to make sure—that every department is in the green on these charts by the time we have committed that everybody should be in the green. That is a very specific concrete example, nothing to do with theory, of actually driving the machine to be more ecologically sophisticated and sensitive.

**Q223 Chair:** Could we just have examples? Could you give us some concrete examples?

**Mr Letwin:** I was about to come to that, because I was going to say they are not the same as investing emotionally in specific things. Part of what I spend my time doing is making sure that, as we discuss very specific policies with the Department for Transport, Department for Communities and Local Government (DCLG) or even the Ministry of Defence (MOD), we try to make sure that they are building ecological considerations into the discussion we are having. If I can give you a very important example, we have entered into a whole series of commitments about carbon reduction, waste reduction, paper reduction and water use reduction across Government, which we control much more closely than things that are going on outside Government. You put your own house in order first. We have, for example, made the commitment to reduce the carbon emissions of Government by 25% by 2015, having reduced them by nearly 14% in our first year. I am delighted to tell you that we are broadly on track to achieve that across almost every department, actually earlier than 2015, I think. The one case that may take us all the way to 2015 is the MOD, which is a peculiarly difficult case. It is not, as I say, just a matter of carbon. We are seeing really large-scale reductions of waste, water and paper use. I am not going to reveal them to the Committee by name, because this would be betraying confidences, so to speak, but I have here—you may be able to see, even at that distance—some red, green and yellow lines. Those represent specific departments that are doing well or badly so far. My and Caroline’s job is to make sure—that every department is in the green on these charts by the time we have committed that everybody should be in the green. That is a very specific concrete example, nothing to do with theory, of actually driving the machine to be more ecologically sophisticated and sensitive.

**Q222 Mrs Glindon:** Can you give some examples of how the Cabinet Office is ensuring that the value of the natural environment and its services are more firmly embedded in the assessment of Government policy?

**Mr Letwin:** This is a joint endeavour between the Cabinet Office and the Treasury. One of the main tools is the one we have been discussing so far, the new method of assessing policy. Another is one I have just been talking about, which is the business plans and making sure that ecological and sustainability considerations are present in every department’s approach to their overall policy. It goes beyond that because, if I may put it this way, a set of papers, measures and commitments in business plans is a very important discipline, but is not the same as—
network in the UK, which is the only major European country that does not have one—we are currently heading, if we do not build HS2, to having 0.07% of the Western European high-speed rail network—a large amount of the traffic that would otherwise have been generated on our roads and, indeed, eventually in our skies will be able to go by rail. It will have an incentive to go by rail. That is a vastly more ecologically desirable outcome than road or air travel, so we think that there is an enormous advantage in this.

Of course, it is also the case, and I am sure the Committee wants to talk to our colleagues in the Department for Transport about this, that very careful steps have been taken to try to minimise the immediate impact of HS2. Indeed, a great part of the cost of the whole enterprise arises from tunnelling and environmental adaptations. Both in the way we are carrying this out and the overall aim of which it is part—to create a high-speed rail network—the policy is ecologically driven.

Q225 Chair: May I just ask the Treasury, Chloe Smith, whether the supplementary guidance that you have just published would have had an impact on the detailed plans for the drawing-up of High Speed 2 and the impact on the natural environment of the route? Would your supplementary guidance have had an impact on the actual route that is being proposed?

Miss Smith: I have not been privy myself to such planning meetings, to be clear. But I would anticipate, drawing on the principles that the Green Book represents, that every official discussion that deals with the cost/benefit analysis of such decisions does draw on that guidance. Yes, I would entirely expect that to be the case, as you asked.

Mr Letwin: Although this guidance is an enormously important step forward, it was already the case that environmental considerations are deeply built into the impact assessments which the previous Government introduced and which we are enforcing. We are in fact enforcing them more aggressively than previously. Therefore, in the evolution of HS2, both under the previous Government and under the current Government, the impact assessments do of course look at the environmental effects. We are talking about a more sophisticated look, rather than no consideration previously and now some consideration.

Q226 Barry Gardiner: I want to start off by paying tribute to the Minister of the Cabinet Office, because I know he was one of the first people in Government to actually get natural capital and to enable it to be driven through Government in the way that it is. I am deeply grateful to him for that. Just picking up the theme of HS2, what depressed me in the response from both Ministers was that the focus came back to carbon, and doesn’t it always? When we are reaching for an example, we always come back to, “Oh well, we can say something about climate change, carbon and CO2.” To be able to look at HS2 as the first major infrastructure project in this country that allows for connectivity of landscape, that allows for migratory corridors for habitat change, for climate change, for species to move into habitat as they are driven northwards or indeed southwards, depending on where they are coming from in the first place, is a huge opportunity for biodiversity. What does depress me is that the only thing that Ministers who come before us seem able to draw on as examples always comes back to carbon and CO2.

Mr Letwin: Sorry; I was being, in that case, inarticulate. My point about the overall high-speed network is indeed a point about carbon. My point about the way in which we have done HS2 was meant to be a point about ecology. I completely agree with what you are saying. My own view is that, as a wildlife corridor, this is enormously important. A great deal of thought has gone into that. Leave aside landscape-scale improvement; if we do not have wildlife corridors, we are nowhere. I completely agree with that. Also, the whole design of the thing has had to be ecologically as sensitive as possible, right from the word go under the previous Government and now.

Barry Gardiner: It was more of an aside.

Miss Smith: Extremely briefly, only to perhaps try to reassure the Committee—maybe you will ask me such a question—if I were to be talking about greening the economy, I would not only be drawing on examples of low carbon; I would be talking about trying to make every sector of the economy greener, rather than the economy skewed, as it were, towards one technology or another.

Q227 Barry Gardiner: Good, okay. So far we are on the same page. Let me put it to you, Minister, that there is a real tension, if not conflict, not only at the heart of Government’s approach here but also of your own Department, in the way in which the Government sees the benefit for a cost/benefit analysis of valuation of natural capital or payment for ecosystem services but at the same time, through the Red Tape Task Force and the desire to rid Government of regulation or to rid business of regulation, is tending to move in two different directions at once. Your famous 12 February meeting, where I believe you spoke of distilling environmental regulations down to a 50-page booklet, has sent shockwaves through the natural environment community in this country. I know, as a former Minister with responsibility for regulation, when you have the website and you ask people to put in any?

Mr Letwin: That’s right. I am very happy to explain both of those things: one, why you do not see it as a tension; and two, that you are not going to distil environmental legislation down to a 50-page handbook.

Mr Letwin: I am very happy to explain both of those things. Let me say, I think it is a very profound question, so I hope you will forgive me if I answer it in full, because I think it is terribly important. The first point I would make is this: environmental regulation, like a large part of regulation as a whole, is actually very valuable. You need to have all sorts of things stipulated in law in order to preserve the environment, because there are all sorts of things that would otherwise be done that we do not want to
happen. This is a common ground and, indeed, it is not unique. Criminal law is another example of a case for which you need a lot of regulation. We all accept this. Nobody is trying to sweep away environmental regulation.

The second point is that, in order for environmental regulation to be effective, it needs to be clear; it needs to be accessible. That is partly for the sake of regulators, it is partly for the sake of the people who are being regulated and it is partly for the relationship between the two. I do not see any tension at all between believing in the need for environmental regulation and believing in the need for the clarity and accessibility of that regulation. In fact, I think they go hand in hand.

The third point is, at the moment, while you are quite right that, in contrast to some other areas of regulation, it is not the case that you get people coming up with very specific examples of a particular regulation or particular clause of a particular regulation that is causing trouble, there is a lot of evidence that people who are trying to do things that are very beneficial, not incidentally just socially and economically but sometimes also environmentally very beneficial, find themselves much less able to do so than they would like to be, because they cannot get hold of a sensible understanding of what it is the regulation is about at an early stage. If I could just draw your attention to one particular area there, which I am sure the Committee has already attended to, the question of the implementation of the Habitats Directive, which—

**Barry Gardiner:** The Chancellor so famously spoke of.

**Mr Letwin:** The Chancellor has spoken about it and the Environment Secretary has been reviewing it. What we have discovered is that there are many cases in which there are perfectly good, workable solutions that meet the needs of a particular development, for example of an offshore wind project, which is—I apologise for talking about carbon—very important in carbon terms, but which have ecological effects. There are cases in which it is perfectly possible to find a workable solution so that the offshore wind project can move forward quite smoothly and the ecological requirements of the Habitats Directive are met. What was happening was that the promoters and regulators were locked, if I can put it that way, in two machismo positions, unable to get to a sensible conclusion and shooting at one another.

**Q228 Barry Gardiner:** Forgive me, but there are always going to be struggles over interpretation, but that is not what the Red Tape Task Force is simply about, is it? It is also about doing away with regulation, with one in, one out.

**Mr Letwin:** Let me deal with one in, one out.

**Q229 Barry Gardiner:** You have set to reduce the amount of regulation, and we both accept that regulation can be a good thing. Indeed, if you look at the European telecoms regulation, it has created 600,000 jobs. Regulation is necessary to enable the economy to advance. It does so by regulation, because it creates markets. Without regulation, you do not have markets. What troubles me about this is that you are saying there are specific areas where they are locked in conflict. Yes, of course, but equally that is not about the regulation itself and doing away with it.

**Mr Letwin:** Precisely.

**Barry Gardiner:** Why are you trying to do away with regulation?

**Mr Letwin:** We are not and I will come on to that in a second. You cut me off just before I was about to say that what we have discovered, in relation to the implementation of the Habitats Directive, is first of all we cannot change the Habitats Directive, even if we wanted to. It is there; it is European legislation. The Chairman is very well aware it is not something we can suddenly do away with or, indeed, do away with on our own, at all, ever. What we have discovered is that, by setting up a unit in Defra to have sensible discussions with the promoters of these projects and with the regulators, without changing a single aspect of any regulation at all, we have been able to come by workable solutions that have enabled project after project to go forward. It is not a question of doing away with the regulation; it is a question of trying to locate the right kind of relationships between regulators and the regulated.

**Q230 Barry Gardiner:** Sorry, just for absolute clarity's sake then, are you telling this Committee that the Red Tape Task Force has not got, as its mandate, the objective of cutting regulation, but only mediating between the regulators and the regulated?

**Mr Letwin:** In this domain, yes. Our view is that environmental regulation is there for a purpose. There are many other parts of the regulatory scene, for example health and safety legislation, where I think we have gone beyond the sensible and where we need to make adjustments. In the case of environmental regulation, having now been through the whole of it at a first cut—I mean, sorry, at a first approach, just to avoid any ambiguity—our view is that all of it is necessary as regulation. I do not believe that the way it is put, the way it is communicated and the way it is enforced is in any way adequate. The guidance and the regulations themselves could be made a great deal clearer and a great deal simpler, while preserving every single one of the constraints that they rightly impose.

**Barry Gardiner:** That is fine. Thank you very much.

**Q231 Chair:** Could I ask specifically why the Habitats and Wild Birds Directive was singled out for a special review by the Chancellor? We understand they are being kicked into the long grass and are before the Law Commission, which could take years to report.

**Mr Letwin:** No, it was singled out because the implementation of the Directive, which as I say we entirely recognise we have to keep, was causing very specific problems. Perhaps it would help the Committee if I describe the process by which we came to that conclusion. For the first time, this Government set up a national infrastructure plan and a process to arrive at a national infrastructure plan. One of the things we did in establishing that was we identified the 40 major projects on which the economy most
depends, and a very large series of less major projects, which are also important for economic growth. Then we started looking at reasons why any one of these projects was stuck, and there were, as you might imagine, a range of reasons and cases. One of the things that became very clear was that, in a series of cases—I have mentioned offshore wind and it was particularly true in that domain—there appeared to be a sticking of the project because of the Habitats Directive. That led to the launch of the review. What the Secretary for the Environment has discovered, as a result of that review, is as I say that it is not the wording of the Directive that is causing the problem; it is the way in which it is being implemented.

Q232 Chair: My point, briefly, is that by sending it to the Law Commission—
Mr Letwin: She has not sent it to the Law Commission.
Chair: Richard Benyon told this Committee that—
Mr Letwin: She has not sent the whole issue to the Law Commission. She has established the unit. We are enlarging the unit.

Q233 Chair: The way that the Habitats Directive is being implemented has been submitted to the Law Commission.
Mr Letwin: Yes, but that is a separate exercise from the exercise of busting the problem through the unit that she has established, which is at work now.

Q234 Chair: I think it is one and the same. Unless I am being very thick here, the issue the Law Commission has been asked to report on is whether we in this country are over-implementing the Habitats and Wild Birds Directive.
Mr Letwin: Yes, but there are two senses here of “implementing”. It is the ambiguity of the word that is leading to this discussion at cross-purposes. There is the technical sense of implementing a European Directive, i.e. transposing it into English law.

Q235 Chair: Gold-plating.
Mr Letwin: Gold-plating. That is the issue that the Law Commission has been asked to consider.

Q236 Chair: Which will take years.
Mr Letwin: Indeed. Separately, there is the question of how the Habitats Directive and its associated English law regulation are being implemented in England. In that sense, which is the important sense for today, what we have discovered are the very things I was describing in relation to Mr Gardiner. That is to be solved not by sending anything to the Law Commission, not by changing any laws, but by getting down on the ground and having people in Defra doing something rather unusual in Whitehall, which is going and talking to the warring parties and saying, “Oi, if we did this, could we not get round this problem, and actually meet the objectives and constraints of the Habitats Directive and also meet the objectives of the environmental services in economic growth?” for example. The answer is that has proved very successful and we are now moving forward with that.

Chair: Perhaps Defra would come possibly to look at the bats in Ellerburn church and the other churches as well.

Q237 Dan Rogerson: My apologies for missing the beginning of the session. The White Paper argues for the embedding of environmental services in economic assessments of policy across all government departments, so there are a number of things flowing from that. First of all, should there be any exceptions to that principle?
Miss Smith: One of the things I have been discussing with the Committee, and I think you heard much of it, was about the supplementary guidance to the Green Book, which has been published today. Indeed, I have a copy of both here with me. I was saying that the principles within the Green Book and the practices laid out within it, for the purposes of making good decisions, are embedded across the whole of Government, so I would anticipate it to be universal.
Mr Letwin: May I just say that is right insofar as policymaking is concerned? But I would not want to mislead the Committee. You will find this very obvious when I say it, but clearly if the Army is fighting a war, we are not requiring them to consult the Green Book. There are exceptions of practice but, when formulating policy, what Chloe said is absolutely true.

Q238 Dan Rogerson: In policy terms, that is it. Secondly, and this is a fundamental question, how should the economic and environmental considerations be balanced with other priorities? What is the mechanism for doing that?
Miss Smith: I will give a brief answer, and no doubt we both have things to say. The answer is you have to take a fairly blended approach, and no doubt it will depend on the particular policy at hand. Let me, if I may, stick in the policy sphere, rather than the extremely good practical example my colleague just gave. I think one of the key challenges that the White Paper sets out is about how to quantify the natural environment and how to attach appropriate value to it, and then there are questions of what you can do with that value, once you have attached it.
The Green Book guidance seeks to set out a method whereby you can balance different types of value. Probably the ultimate answer to your question is there will never be a highly calibrated method of making sure that type of values X are just the same as type of values Y, because some things are easier and some things are harder to quantify. There will always be error in that sense or at least there will always be space for further development.
The other point I want to make about it is it is a very collaborative process, and every department is absolutely free to add their experience to it, which is what we would anticipate. In answer to your question, yes, that is absolutely the challenge; it is to put an accurate and adequate economic value, if you like, on something that is not, at first pass, an economic item. The Green Book attempts to do that, but it does acknowledge that such a balance has to try to put together things that are easier and harder to do.
Mr Letwin: I do absolutely agree with that, but the point I wanted to add is that I think it is incredibly important the effect of the National Ecosystem Assessment and of the Green Book in Whitehall, as we see it, should be cultural. When I say cultural, I mean it should shift from a wrong view—and here I think Mr Gardiner was one of the groundbreakers some while back—that suggests that you face environmental constraints and economic and social objectives. This is of course true to some degree, but actually it is not the whole story. There are an awful lot of economic and social advantage that can be got from ecological activity—the right kind of ecological activity. What the whole of the National Ecosystem Assessment is really about is precisely the much-neglected fact that building natural capital is not an anti-economic or anti-social activity; it is something that makes not woolly brigade, sandals brigade stuff but quantifiable, rigorously assessable effects, as well as qualitative effects, on economic and social prosperity. What we are trying to do is to get people not just to perform an analysis that tots up on cash register basis but to think that way, so they are asking themselves the question: "When I am doing X"—and Mr Gardiner’s example of HS2 is a classic case—"can I do it in a way that will have a huge ecological advantage, which in turn will have a series of further economic advantages that increase the value of what I am doing?"

Miss Smith: For reference of the Committee, if it is of interest, chapter 3 of the supplementary guidance published today is explicitly about valuing non-market impacts on the environment. I suspect you will find the detailed answer there, whereby in general terms, basically you are potentially trying to compare apples and pears, but what you try to do is get to a commonly understood pound money value for those things, and you are aware of the limitations, perhaps, of some of them.

Q239 Dan Rogerson: In terms of doing something that ecologically has a benefit, it can unlock social and economic goods as well, and presumably the other way round; some development can also achieve an improvement of the ecology. The final part of this question is: to what degree do you think it is appropriate for the private sector to start to pick up more of the environmental costs of their activity and their operations?

Mr Letwin: This is not controversial or new, but our general view is that the polluter pays principle is a good principle. Exactly how you make it happen in all cases is, of course, complicated. There is a good deal of it already built into policy, much of which we inherited, some of which we developed. We can go further.

Q240 Barry Gardiner: Can I just talk about the means here, because you know the Lawton Report said it was £0.6 billion to £1.1 billion? As yet, departments have not been asked to produce an inventory, which was one of the recommendations that came out of the proposals at Nagoya. It seems to me that, in much of our discussion, I would like to think we are on the same page, but what we need to see in terms of action from Government at a departmental level is the plan, the funding stream to back that plan up and the actions that are going to translate this from something that looks little more than a beefed-up environmental impact assessment to a full-blown recognition of the value of natural capital and the value of ecosystem services being properly accounted for in the Government accounting framework. Specifically on funding and departmental inventories, can you respond with where your thinking is?

Mr Letwin: Maybe Chloe will say something much more learned than I can about the question of accounting for natural capital in the national accounts, a very important issue. Let me just talk about the funding and the scheme, so to speak. Without entering into partisan debate, we obviously inherited a quite tricky fiscal situation and there are some pretty strict limits on the extent of funding that we can, as a nation, afford at the moment. We would all like to see more. I have to say that I think the Environment Secretary did extraordinarily well in a very tough spending round to preserve so much as she did in Higher Level Stewardship (HLS), for example, which I regard as one of the gold standards, but there are constraints. I am not trying to mislead the Committee into supposing there is an unlimited quantum of money. If I tried to, Chloe would very quickly stop me, and rightly so.

However, within that, actually money is coming out and the Nature Improvement Areas is a case. Now, I accept that £7.5 million—if I am remembering the correct figure—is very small in comparison with £1 billion. However, one should not be misled into supposing that it is just a question of Government money; it is a question of gearing up Government money. One of the whole points of the NIAs, a point of agreement I think, is that they can gear up and produce quite a lot of ecological investment from elsewhere. There is no better example of that than the Local Nature Partnerships, because what we have done is to use a tiny sliver of public funding to build capacity, in the hope that Local Nature Partnerships will then gear up quite considerable local investment, some of which I am seeing in my own constituency. Our view is that the fact that we are constrained on funding, while regrettable, does not mean that we should abandon the effort to get things to happen at scale.

Q241 Barry Gardiner: I do not want to pursue a party-political Punch and Judy show; I am not interested in that. What does strike me though, and you rightly point it out—£7.5 million, and I will chuck in the other one that is there to £8.5 million in the White Paper—is if we are genuinely moving to a point where Government sees these as not in tension and opposition to each other but looks at environmental resilience and sustainability as a net genuine, real term—you said yourself that this can be cashed out in exactly the same way—benefit to the economy, surely we should see it as an equally worthy area for investment that produces returns as any other department of government. £8.5 million ain’t that.
Mr Letwin: Again, Chloe may want to intervene here, but understanding the importance of the assessment techniques means understanding the process of Government here. When we were doing the last spending round—and, as you will appreciate, spending rounds only happen once every few years, so this is not an annual thing—the Chancellor made a decision, which we addressed in the Public Expenditure (PEX) Committee, that we would take control centrally of the entire capital budget. Uniquely, for the first time, there was an attempt to rank projects on a return basis, rather than simply saying, “It’s Buggins’ turn. Department X should get something.” At that stage, there was not formalised within Government a method of assessing the ecosystem return; now there is. We have the guidance, which is an enormous step. Of course it is up to the Chancellor; I do not know when he is going to decide to do the next spending round, but shall we say it would normally occur either in 2013 or 2014? I fully anticipate—I think it is inevitable—that when those assessments of capital investment are made, now the ecosystem service benefits will be built into the NPP calculations and that will change the allocation of funding, as between projects that do and projects that do not have ecological significance. Here we are talking about very large sums, because the total capital budget is an enormous quantity of money. I think there is a danger in thinking that these sort of procedural items are just an interesting theory. They have a very direct practical effect when it comes to allocating money, and I think we will see a significant change as a result.

Miss Smith: If I may come in, there are quite a few things I would like to add to that. Firstly, you have put your finger on the £7.5 million, but also it would be wise to recall that the White Paper harnesses a wider range of funding, £5 million in fact for the environment in 2011–12. If you count things like agri-environment schemes and catchment management, there is a far wider scheme of funding there as well. The second point I would make is that there are also numerous other existing funding streams, which could well be said to be available to this domain. You can count in that things like the Regional Growth Fund. You can count in that things like the Green Investment Bank. You can count in that things like the Technology Strategy Boards, so I suppose this question is to the Green Investment Bank as well or not—probably not or does it?

Mr Letwin: The Green Investment Bank has a range of purposes, all of which of course are about investment rather than accounting, so it does not relate directly to accounting. Some of the investments that it makes will be investments in ecological, as opposed to carbon reduction, activity. To the extent that they are, the value that is attributed to them in the national accounts will be recognised.

Neil Parish: It will then be recognised in those accounts. Thank you.

Q245 Ms Ritchie: I suppose this question is to the both of you. All of this is very new, so a culture shift will be needed to ensure that there is full buy-in to natural capital accounting within your Departments. The first question is a subset of two: how will you be needed to ensure that there is full buy-in to that would be the establishment of the Ecosystem Markets Task Force, which again has come about as part of this White Paper and is a very positive and tangible piece of work that will report back very shortly and contribute, once more, to the ways in which we can push this all forward.

Q246 Barry Gardiner: And inventories, either of you?

Chair: We must move on, so very briefly.

Mr Letwin: Very briefly, it is something that is work in progress. We do need inventories, but it is a complicated exercise.

Q243 Neil Parish: To Minister Chloe Smith, talking of cash registers and natural capital, what progress has been made on the work with the Office of National Statistics (ONS) to produce a road map for fully including natural capital in the UK environmental accounts? My second question is—I will give it to you all together so we can keep going—how much detail will the road map provide on further improvements up to 2020? Also, the valuation of some of these services could improve or decrease in value. How are you going to cover that?

Miss Smith: In brief to start with, on the work the ONS is doing to include it in the environmental accounts, it is absolutely occurring. We expect it to be on track. I would point out the ONS is independent, so there is no set of greasy fingerprints all over it at this stage. We are expecting to receive that from the independent body. On the road map point, I understand, again as I say, it is on track to come to us. It will build on some of the detail already set out, just in the way you say. I also understand it then links up to some work that the UN and the World Bank have done as well. In totality, I fully expect it to be on its way to us.

Q244 Neil Parish: Will it involve the Green Investment Bank as well or not—probably not or does it?

Mr Letwin: The Green Investment Bank has a range of purposes, all of which of course are about investment rather than accounting, so it does not relate directly to accounting. Some of the investments that it makes will be investments in ecological, as opposed to carbon reduction, activity. To the extent that they are, the value that is attributed to them in the national accounts will be recognised.

Neil Parish: It will then be recognised in those accounts. Thank you.
**Miss Smith:** If I may pay tribute, some of the relevant skills are sitting directly behind me, and very skilful they are indeed. More seriously to answer your question, the documents I have been referring to today—the Green Book, which has been updated today with guidance on accounting for environmental impacts—demonstrate the depth of skill and experience in applying those skills to policy, not only in the Treasury, but also, as I have been saying, because they are collaborative documents across Government, if you like, although indeed owned by the Treasury. It demonstrates that those skills and that experience are there across the whole Civil Service. Most specifically, they reside in the Government’s economic service, the economists who would then be embedded or employed directly by each department, but who retain a link or a dotted line across the whole of the Civil Service together. It is their skills that you would see coming through in applying that decision making to every policy. Can I also just very briefly return to a theme I was just starting on about the kinds of skills that also sit outside Government, which I think is incredibly important to this? The Natural Capital Committee, again a result of the White Paper, is going to report to the Economic Affairs Committee, chaired by the Chancellor, so you see there a link between business, represented on that Committee, and wider society, linked into Government, the Treasury and what Ministers do, providing it with research directions for the future and providing it with policy evidence as well. I think there is a depth of skill inside Government, but also I want to highlight that depth that we are looking to draw on from outside the Government as well.

**Mr Letwin:** That was exactly the theme I wanted just to expand on briefly. Just as Chloe says, reporting to us in the Economic Affairs Committee, the Natural Capital Committee will provide a whole range of expertise that we could not expect to have purely within Government. One of the really impressive things, as I went through the National Ecosystem Assessment and talked to the people who had been involved in preparing it, was that it was completely cross-Departmental. It included not just ecologists of many different varieties but also economists of many different varieties, and working together. It was a very impressive bringing together of literally hundreds of people with two kinds of expertise, and getting them to learn to talk to one another in an appropriate set of languages.

As the research councils take forward this work to the next phase, and we have now commissioned another investment in this area, again there will be a vast body of academic and practical expertise brought to bear. It is terribly important to see this as not simply the layer of people within Whitehall who are skilful in this, and they are themselves much increased in number, but also as drawing on a huge area of expertise. I have to say—and again, this is easy to say in the Committee because it is a matter of bipartisan agreement and development—one way and another, perhaps by accident or perhaps on purpose, I think Britain has put itself in the lead in the world on this. I do not think there is any other country on Earth that has so far managed to assemble this kind of concentrated expertise in the area of accounting for natural capital. I suspect that this will also have its own ecosystem service benefit; we will find that we are exporting this expertise around the world. That will reinforce it. The whole effort to use the fantastic science base we have in the UK for this purpose is part of what we are about.

**Q246 Mrs Glindon:** In relation to cost benefits, does the current Treasury guidance sufficiently address the problem of ensuring that the right discount rates are applied to investments that have long-term benefits?

**Miss Smith:** Yes, I think it does. Again, it returns to some of the answer I was giving to Mr Rogerson, which is that, by the nature of trying to pull together so many different types of costs and different types of benefits, you end up trying to pull together all these different things in one place. Yes, in short it does, but I think again, drawing on the collaborative nature of the guidance that I have been highlighting today, there will no doubt always be space to improve that if policy scenarios throw that up.

**Q247 Chair:** When a delegation from the Committee went to Costa Rica to see on the ground how one of the more advanced countries looking for ecosystem payments was elaborating that, academics in Costa Rica, working together with a range of other bodies, seemed to conclude there is little experience of work to extend the payment for ecosystem services in a pure market-based system, which is what the White Paper is seeking to do. How would you respond to the findings in Costa Rica?

**Mr Letwin:** The Committee has the advantage over us that it knows about Costa Rica, which I cannot say we do.

**Q248 Chair:** It is referred to in the Defra White Paper. **Mr Letwin:** Yes, but neither of us is an expert on the subject.

**Q249 Chair:** You are too modest.

**Mr Letwin:** No, I am just giving you the unvarnished truth. I do not know anything about Costa Rica at all. I think I can say accurately. However, I suspect that, if the Committee were to go to any other country, the Committee would find that the development of ecosystem service payments is also not very advanced, because I think we are groundbreaking. I do not think that this is an area where there is an enormous wealth of experience around the world about these matters. That should not in any way deter us. We need to start developing this and talking to others. Eventually, I suspect, as I said in response to an earlier question, we can begin to export these things once we have developed them.

I feel very confident that we will find means of doing this. I see an analogy with Payment by Results in the social sphere, which is something that this Government has majored on. I think the biodiversity offsetting pilots that we are setting up will teach us a great deal about this. The combination of natural capital accounting and policy analysis, in terms of
ecosystem advantage, the task force looking at how you monetise that and the biodiversity offsetting pilots will be a powerful self-reinforcing nexus. I suspect that, two or three years from now, this will be an area where we are seeing this roll out in England. We can then begin, as I say, to be able to have delegations coming from other parts of the world to explain to them what we have done. No doubt they will then improve on what we have done. I am sure this will turn out to be a collaborative effort around the world.

Q250 Chair: If we could turn to the Treasury, the Green Economy Council has been set up with leading businesses to look at how business and industry can work together. Defra has set up the Ecosystem Markets Task Force, which has met twice. How do you believe, Minister, at the Treasury, that the Natural Capital Committee work with other initiatives such as the Green Economy Council and the Ecosystem Markets Task Force will gel? How will they work together?

Miss Smith: I am so sorry; I could only partly hear you. Are you saying how well the three will work together at the end of the day?

Chair: Yes. You have the Natural Capital Committee work. Then you have the Green Economy Council and the Ecosystem Markets Task Force. Are they going to converge or are they going to diverge?

Miss Smith: I think their current remits, technically speaking, keep them separate, so I do not believe there are plans for them to converge. Practically speaking, their work naturally informs each other, but also crucially informs the Government, which is what they are there to do in their various different ways. I think they all have exciting opportunities within them, if you like. The Green Economy Council, in particular, has a very wide remit. We touched on it today, but that is possibly one of the widest of the lot, in the sense that we want, as I have been saying, all of our economy to become greener. The national Ecosystem Markets Task Force has a fairly specific remit in relation to what has been said in the White Paper, and it brings business into the heart of that, specifically around following up from the work that has been done in the Assessment.

Finally the NCC, the Natural Capital Committee, does a third role, which is very important, which is that it brings in—not that the others are not independent and expert as well—an independent expertise derived from, I sincerely hope, a very high-quality set of members. It is yet to be fully set up, as the Committee will know. In conclusion, all three of those groups do valuable different things. They will inform each other’s work, but crucially they inform the parts of Government that they report to and, indeed, as always, Government is a collective effort. No doubt Oliver will say something about that, if he wants to add to that. The Green Book follows that as well.

Q251 Chair: If I could just stop you there, we are rushing for time if you really want to go at 2.30. If you could give us a little bit of leeway, that would be very helpful. Can I just ask, specifically on the Natural Capital Committee and its groundbreaking role, what reassurance can you give the Committee today that it will produce practical outputs, not recommending further research? Will the Chancellor be required to respond to the advice given by the NCC?

Miss Smith: My understanding, if I can just make sure I am very explicit on this, is the role, I believe, has three parts to it. The first is to provide advice on how natural assets are being used unsustainably. The second is to advise Government on how it should prioritise action. The third is to advise the Government on research priorities. I would not presume to say that any one of those three is more or less important, but I do appreciate your desire for it to be very practical in what it does, and I think that is absolutely right. As I have said before, it reports into the Economic Affairs Committee, chaired by the Chancellor, so you can say there will be a direct working link there. I am sure the Chancellor will consider its findings very carefully and with great interest, under all three of its headings. It is time-limited as you know, until spring 2015, so I would also just draw from that there is a lot of time in which to have and develop that working relationship, not only amongst the NCC but also of course with the EAC.

Q252 Chair: Will the NCC advice to the Treasury be published?

Miss Smith: I believe its working programme and some of its papers will be made available in the same way as other types of Committees, yes.

Q253 Barry Gardiner: Ministers, what do you know about micropaleontology?

Miss Smith: I have a friend who is doing some research into it but, apart from that, not personally a great deal.

Q254 Barry Gardiner: Probably as little as Mary Glindon and I knew about it, before we went as part of the All-Party Parliamentary Group for Biodiversity behind the scenes at the Natural History Museum this morning. Micropaleontology is one of the skills in ecological and environmental science. It is particularly important to this country in that, if you want to drill for oil, you need to understand the strata that you are going through and you can then exploit the oil resource. Uniquely, this country has a resource in that that other countries benefit from.

Chair: Mr Gardiner, I will just remind you we are very pressed for time.

Barry Gardiner: I know we are pressed for time, but it is absolutely apposite to the skills base being built up here.

Chair: Could you put the question?

Barry Gardiner: All five courses in micropaleontology in this country have now closed down. We heard a gamut of problems on taxonomy, on all the basic structure of what you are going to need in terms of environmental and ecological economists. All of these departments are shutting their courses, and this was reflected in the academics that were there, as much as in the scientific institutions.

Chair: Mr Gardiner, can we just have the question, please?
Barry Gardiner: The question is: how are you going to address the skills shortage and what is the estimate of the scale of the jobs and markets that you believe need to be developed by these sectors, through the Ecosystem Markets Task Force?

Mr Letwin: First of all, we ought to study this subject, which is new to us, as it was to you, I gather, quite recently, and write back to you and the Committee as a whole. It sounds like a very serious set of questions you are raising, and they deserve study. I think I would add that the development of the skills base across a wide range of skills is certainly a very important part of all of this, and one of the things that the Ecosystem Markets Task Force is being asked to do is to look at the question of whether there are skills there. I am sure that actually the Natural Capital Committee is, as it looks at issues of degradation and restoration, will also look at whether, in cases where it thinks things are threatened or where the NEA suggests that things are threatened, there is a sufficient skills base as one of the resources required. There will be expertise applied to this general question, but the specific question we should write to you about.

Q255 Barry Gardiner: In terms of the practical steps that your Department is going to take in the Treasury to move from a theoretical framework for ecosystem services payments to then seeing funding streams released in practice, what steps are you taking? What areas of the ecosystem have you identified as the first priorities or the most likely in which ecosystem services payments will be made? How are you going to structure that?

Miss Smith: As the question is directed to me, although Oliver also wants to come in as well, I am afraid the brief answer is that funding streams are a matter for the spending review and then, following a brief answer is that funding streams are a matter for the spending review and then, following af

Q256 Barry Gardiner: Surely the financial mechanisms are not dependent upon the particular service. Is there not generic work that your Department and the Treasury are doing now to set up the sorts of structures that are going to be needed?

Mr Letwin: That is not located in the Treasury. Well, it is to the extent that Danny Alexander and I work together, but actually it is in the context of the Open Public Services White Paper that we have been working on the development of payment by results. We have now set up an inter-ministerial group on payment by results. The basic mechanics of payment by results are, therefore, already established. That inter-ministerial group will receive, among other people, the results of the task force work, and we will then try to apply the models that we have already developed in the social sphere to the environmental sphere, through payment by results. The one other thing I should add is that the biodiversity offsetting pilots, which are a kind of ecosystem service in themselves, will undoubtedly also contribute to that, but it is less direct than payment by results.

Q257 Barry Gardiner: Just finally, given that with ecosystem services we are talking, by and large, of what have traditionally been regarded as externalities in classical economics—they are public goods but have been freely available—what public engagement or engagement with business are you proposing to undertake in order to persuade the public that that which they have hitherto had for free they will now have to pay for?

Mr Letwin: That poses an unreal question. There is more of a win-win here than that question implies. Let us suppose that there is a kind of activity in which, for example, a water utility is currently not engaging and you are raising. This is to say the question is: where can we most easily and naturally, because one has to begin somewhere, identify ecosystem services that are easily quantifiable and have relatively short-term beneficial consequences, so that the financing is most easy to arrange? It will then go on to ask the question: what are the mechanisms involved in trying to link results back to payment, in a way that makes the whole exercise or providing the service financeable? It will then further ask the question: what kind of financial infrastructure do we need to build to enable the financing of it? It is a very clear essay question that they have been set; it is not at all an easy one to answer, but they have been given the time and the help to go and look through a whole series—there are goodness knows enough case studies and opportunities in here—in the National Ecosystem Assessment to begin work on.

In the absence of this, of course, it would be an entirely footling exercise. Five years ago, we did not know what we would be looking at. Here we have a huge treasure trove of possible areas to look at. They need to go through those and then come up with the results I am describing. I am sure that, once they have done that, there will have to be a lot of work inside Whitehall to turn their ideas into practical realities. This will involve the Treasury, Defra, many of the rest of us and so on. This is a thing to be done in stages, but I also think that, wherever we start, which will be the easy cases, should not in any way be conceived as the resting point. My sense is that we should, over time and over many Governments, elaborate, develop and extend it.

Q258 Barry Gardiner: Clearly, Minister, you start off by saying, "Can we put in a wood here for flood
Mr Letwin: I agree about that. It is a feature of our national life that we tend to distinguish between stock and flow. It is also a feature of our national life that, if people spot an opportunity, they will seek to exploit it. I accept entirely the force of what you are saying. As we develop in specific spheres, payment by results or ecosystem payments, for novel advance, which as I say will be entirely self-financing and indeed have a net benefit, undoubtedly we shall have to work at educating people to understand that this is to reward further investment and not existing assets, otherwise we would be generating the need for additional public expenditure.

Q259 Barry Gardiner: It is going to distort land management decisions, is it not?
Chair: Could you give a concrete suggestion, please?
Mr Letwin: I think it would beneficially distort land management decisions on the whole, but I accept that we need to make sure that it does not have side effects of the kind you are describing.

Q260 Chair: If you turn to two specific examples, which you could rebuff by saying they both relate to Defra but this is the forerunner of other Departments, clearly there is a public good in farmland retaining water upstream that otherwise would flood downstream. Is that something that you would recognise as a public good that could be compensated for out of the public purse, either in part by farm Common Agricultural Policy (CAP) funds through the stewardship schemes or in part some other mechanism, perhaps amending the outcomes in the limited amount of funds that Defra has to protect flood defence?
Mr Letwin: That kind of structure is certainly one of the two possibilities. Possibility one is exactly as you are describing, Chairman. We could arrange things so that amounts of money that the public are already spending are better spent by paying for a specific ecosystem service, rather than simply being a grant of some kind. The second possibility is that there is someone who benefits from an ecosystem service and is currently not obtaining that benefit who would be willing to pay for it out of their own private resources. If we arrange things right, we can incentivise that to occur. I suspect these two may come together. There may be hybrid cases where there is both a public and a private benefit. All of that is precisely what needs to be studied by the Task Force.

Q261 Chair: In the big debate, particularly about onshore wind farms—I do not know if offshore wind farms would fall into this category—there is a lot of concern. Denmark was very advanced in building onshore wind farms. They now compensate those living very close to wind turbines for the noise and interference that is definitely there; it has been assessed. Would the Government, the Treasury or the Cabinet Office look on this as being a potential source of public good that would have to be compensated, either by the developer or possibly from the public purse?
Mr Letwin: That is a separate set of issues, which has to do with the polluter pays principle, and it is a continuing argument.
Chair: With which principle, sorry?
Mr Letwin: The polluter pays. You were talking about noise pollution in that case. There are pretty strict limits to the extent one can compensate people for certain kinds of disturbance, otherwise we would never have any industry anywhere. Nevertheless, the issue you are raising is obviously one much debated in the academic literature, which can always be considered. I think it is very separate from payment for ecosystem services, which is not compensation for a negative but payment for a positive effect, a beneficial effect. That is the area where we are much lacking at the moment. The whole thrust of the NEA, as you are very much aware, is precisely that you can generate gains, not just ecologically but economically and, if you can, then you ought to be able to monetise those gains. That ought to be able to finance the investment, so you get a virtuous circle.

Q262 Chair: Moving on now, why has this phrase “sustainable development” been chosen? I am sure there were debates in Cabinet on this. It is looking at what stage the National Planning Policy Framework (NPPF) is at. I am personally intrigued by why we did not take something more neutral like “appropriate development”. “Appropriate” could be sustainable, but it is appropriate to the particular location and circumstances where the development is being located. There is something about “sustainable” that may not lend itself to being appropriate, and the Government seems to have put itself hook, ball and chain on to a definition that is open to interpretation.
Mr Letwin: It was a very conscious decision, which was the result of a great deal of discussion between us in Committee and indeed around the Cabinet table. We wanted to choose a set of terms that specifically tied what we were seeking to achieve to the long-term advantage of the environment, society and the economy. It is not just “appropriate” in the sense of what somebody at a given moment happened to think was the right thing to happen there, but something that contributed to something that was sustainable—i.e. it would have inter-generational advantages. That was a very conscious decision. We are trying to build for the long term, and not just build for the short term.

Q263 Chair: My point about “appropriate”?
Mr Letwin: If something is a sustainable development, in our view, it is appropriate. It is appropriate that we should do things that will benefit society, the environment and the economy in the long run.
Q264 Chair: I know we are pressed for time, but I am very conscious of the fact that, if you are going to put a hazardous waste plant near or on a floodplain, that would be neither sustainable nor appropriate. Building houses in the Thames Gateway on floodplains would appear to be neither sustainable nor appropriate. Linking that to the National Planning Policy Framework’s definition, when will it be finalised and are you able to share with us what the definition will be?

Mr Letwin: The principal definition of “sustainability” in the National Planning Policy Framework is the entirety of the National Planning Policy Framework. I hope the new version of that will be clarified in that way, because it is very important that people understand that we mean by “sustainable development” a whole series of things that are encoded in that document; for example, but not exclusively, the preservation of Sites of Special Scientific Interest (SSSIs), the preservation of Areas of Outstanding Natural Beauty (AONBs) in proper form, the preservation of the greenbelt, and also communities that are self-sustaining—the social definition of “sustainability”—and also a society that generates enough jobs and prosperity to look after itself. The whole of the NPPF is our definition of “sustainable development”. As to the timing, I cannot give you an exact date, but it will not be many weeks from now that we bring forward the new version of the NPPF.

Q265 Chair: Could I just follow up something that you very briefly said, Oliver, in replying to Barry’s question? I think you said biodiversity offsetting may well count, but it is at a very early stage. I think that was something you said in response to that.

Mr Letwin: May well count?

Chair: Towards ecosystem services.

Mr Letwin: I am sorry, yes.

Q266 Chair: My specific question is: what is your view of the potential for biodiversity offsetting meeting criticisms about the negative impacts of development on the environment?

Mr Letwin: It is too early yet wholly to say, which is why we are running the pilots. If you want my personal, as opposed to the Government’s, view, I am an enormous optimist about this. I think that, if properly conceived and implemented at sufficient scale so it makes a real difference, we are not talking about dinky appearances but real ecological advantage—which probably requires quite sophisticated methods of banking, banking credits and using them at scale—we may find that development goes hand in hand with the enhancement of ecology through biodiversity offsetting credits. Now, many of my colleagues, not just in the Treasury but elsewhere, are somewhat more sceptical about whether we will be able to find the mechanisms that make this really work properly. That is the point of having the pilots: the proof of the pudding will be in the eating. We all hope that we will, and I believe we probably will, find a means of doing it that really works.

Q267 Chair: Just finally, looking ahead to the end of this Parliament, how far on do you think we will be in being able to put a figure on the value of nature and what the Government has achieved?

Mr Letwin: Chloe may want to add her view. Again, there is no Government view of this. My personal view is that the groundbreaking work of the NEA is just the beginning of a very long process. This is something like an analogy to the invention of the concepts of net present value and internal rate of return in standard economic analysis, and it took a long time for those very pregnant ideas to bear the children that they have now borne in the form of standard methods, pricing and so on. They have transformed rationality of decision making, but it took 50–75 years. I do not think we should imagine that, just because this is such a monumental and monumentally important work or because we have groundbreakingly changed the guidance, we have somehow cracked it and can now sit in the Bahamas—or Costa Rica. It is not that way. There is an enormous amount of work yet to do, and I suspect we will go on having these conversations for decades to come, but they will be increasingly sophisticated, and all the time bearing practical fruit as we move along.

Miss Smith: Just to contribute to that as well, the setting-up of things like the Natural Capital Committee, which we have been talking about, on a timetable to be with the Parliament to conclude in spring 2015, I fully hope would put us in a very strong position to be able to answer exactly that question, but it is somewhat too early to say, considering that Committee is very well tasked with identifying current challenges and future research priorities.

Chair: We are very grateful to you for sharing your time with us and contributing to our inquiry. Thank you very much indeed.
Wednesday 18 April 2012

Members present:

Miss Anne McIntosh (Chair)
Richard Drax
George Eustice
Barry Gardiner
Mrs Mary Glindon

Neil Parish
Ms Margaret Ritchie
Amber Rudd

Examination of Witnesses

Witnesses: Richard Benyon MP, Parliamentary Under-Secretary for Natural Environment and Fisheries, David Cooper, Deputy Director, Ecosystems and Sponsorship Unit, Department for Environment, Food and Rural Affairs, gave evidence.

Q268 Chair: Minister, good afternoon and welcome. As you will be aware, there will be interruptions for votes, but we will get back as quickly as we can. We would like to welcome you and thank you very much for participating at our last evidence session on the Natural Environment White Paper. Would you like to introduce yourself and Mr Cooper for the record?

Richard Benyon: Thank you, Chair; it is a pleasure to be here. I am with David Cooper who oversaw the writing of the Natural Environment White Paper and is the Deputy Director, Ecosystems and Sponsorship Unit at Defra.

Q269 Chair: Thank you. It is a very ambitious White Paper. How do you see it progressing and how do you see the 92 small-scale commitments being rolled out?

Richard Benyon: I agree; it is an ambitious paper. I think it is, in one sense, a framework document of how we envisage valuing and enhancing nature way into the future, but it has some very specific recommendations that we want to achieve as quickly as possible. Of the 92, 10 are complete in that they are done and set up. They may just be lines on maps, if you like, in terms of Nature Improvement Areas, but they are created, they are funded and will be effective. There are 80 other recommendations underway, and there are two still not started, but one will be very shortly and the other starts next year, as they depend on progress with others.

Q270 Chair: I understand that you have an action plan, which does and will set out regular updates on the issues. Is there any particular reason why you wouldn’t wish to publish that?

Richard Benyon: I understand some of the people giving evidence to your Committee said that they did not want to be held to rigid dates and timelines on a number of the aspects of this. They believe that it would be achievable if we work with them in partnership over a long period of time and that is, for example, the view of the Local Government Association and others. We are writing a quarterly newsletter to all stakeholder groups who are involved in this and I am very happy for you to see that. We are about to publish the next quarterly one imminently. That sets out our progress across these areas. Other key deliverables we are happy to be held to account for, for example the establishment of the more institutionalised parts of the White Paper: Nature Improvement Areas, Local Nature Partnerships. Other organisations that we have set up are clearly measurable in how they are progressing.

Q271 Chair: When can we expect to see progress on some of the milestones and commitments that you have set out?

Richard Benyon: As I say, we have completed 10. If you were to give me examples of ones that you want me to give more specifics on I can, or David can assist me. But a number of them are not just purely for Government to do. In fact, most of them require a vast degree of local support and partnership working. Bear it in mind that much of this came out of reports such as John Lawton’s “Making Space for Nature”, which really emphasised the need to harness local bodies, local enthusiasm. Why I think this process has been one of the most rewarding and exciting of my two years in this job is that it engaged enormous enthusiasm right from the start; there was an unprecedented response to the consultation. I went round the country attending workshops where there were representatives of farming and landowning interests sitting alongside nature groups, NGOs, national and more local groups, and it has been a really exciting process to see how this has engaged. Now, with the development of, for example, the Nature Improvement Areas, seeing the local enthusiasm that I have witnessed on the ones that I visited, that emphasis on local working is what is really important.

Q272 Chair: It is just that some of them are extremely vague, like restoring natural capital value and even the Sustainable Catchment Management Programme. Could I be more specific? Perhaps you could relate it as well to something I know Defra are very keen on: earlier engagement with the European Commission on EU directives. What is the cost of implementing the European Water Framework programme to farmers, to those businesses and water companies affected, to local authorities?

Richard Benyon: We identified very early on in government that we were failing to meet the demands of the Water Framework Directive, and that in itself is a problem. But we want to comply with the Water Framework Directive not because it is a directive and it is imposed on us, but because we just want to see our rivers as fully functioning ecosystems, and only
quarter of them are. So that is an absolute priority. We have levered some more money into that process: £92 million. And we have changed the way we are operating—now on a catchment basis rather than through River Basin Management Plans, which still exist, but they were too wide and broad. We are engaging local groups and organisations to make sure that we are identifying the problems in river systems and dealing with them on a reach by reach basis up that river system, and it is working. Unfortunately, the drought is going to mean that we will not be able to prove as quickly as I had hoped the effectiveness of this, and water quality will continue to be a problem for other reasons beyond our control. But what will it cost landowners and farmers? In many cases, it will be a negligible cost, because the whole purpose of the process is to make sure that where there is a problem, perhaps caused by farming but very often by other means, there will be an organisation that will meet with and discuss this with the farmer and assist them in changing the way they run their business—the crops they plant, where they plant them—to make sure that they are complying not only with the law but also with the Water Framework measures. So I think that in many cases it will be a negligible cost. It is about building relationships and about addressing issues at a very local level.

Q273 Richard Drax: Minister, good afternoon. You mentioned Sir John Lawton. He suggests that £1.1 billion is needed to protect the environment. £8 million has been identified as NEWP’s total spend. I think we all accept that we cannot raid the public locker anymore, so is that adequate considering that Lawton says it is £1.1 billion?

Richard Benyon: Sir John said that it should be somewhere in the bracket of £600 million to £1.1 billion, needed to protect the environment. The Ecosystems and Water Framework Areas that were applied for—was it? It was in the high 70s. We could only do 12; 12 is not the sum total of our ambitions by a long margin, but at the moment that is as far as we can go. The most successful ones were not only ones that just engaged land managers with other interested parties and local people, but ones that demonstrated a clear desire and ability to lever extra bang for their buck, and that is where this figure of £4 for every £1 came from. I hope in some cases it will be exceeded. David, do you want to be more specific about what groups are taking this work forward?

David Cooper: Are you perhaps thinking about payments for ecosystems work and the potential of that?

Q276 Richard Drax: Yes. I think any working group that is involved in this. The question is how is the funding from the market going to be achieved? There are lots of bold ideas, but nothing really concrete as to how it will be achieved, and I think that is what the question is really oriented around.

Chair: It is particularly, if I may, the Ecosystems Markets Task Force, if that is helpful.

Richard Benyon: This is being headed up by Ian Cheshire of Kingfisher Group. It is due to report in a year’s time; and has met twice. This has brought together people at the top of some very large companies who recognise the value and importance of ecosystems and the businesses they operate. It is about managing natural resources, and there are plenty of examples of how business is way ahead of Government in this. I will pluck one example I always like, which is Adnams Brewery in East Anglia, who have built a new brewery that makes a pint of beer using just 3.5 pints of water as opposed to the eight pints it took to make a pint of beer before. They did that not because they wanted to fulfil some corporate responsibility measure; they did it because they recognise in East Anglia water is going to become
We are going through a big regulation? but not necessarily getting rid of any specific Review—which is seeing a real drive to reduce work happening in Defra through the Macdonald deregulatory process and you will be aware of the Q279 Mrs Glindon: balance, and I hope it's a balance that we have got to inhibit or limit sustainable development. That is a what their purpose is to do, which is to protect wildlife, to protect the natural environment, but not to inhibit or limit sustainable development. That is a balance, and I hope it's a balance that we have got right.

Q277 Chair: Is there not a danger, though, with all these task forces and working groups set up within the White Paper, that all these people are talking together and forming partnerships, but nothing is done?

Richard Benyon: The abiding and overarching thought behind the whole process is that we are a Government in a hurry. We want to achieve change and we want to achieve great things, and the last thing we want are talking shops. So every group that has appeared through this, whether it is the Ecosystem Markets Task Force, Local Nature Partnerships or the Natural Capital Committee, will have an absolute, clear remit, a purpose, and will make a difference. Yes, there are different groups doing different things, but they will be effective, they are extremely well led—the ones that we have already created—and I have every faith that they will bring about the changes that we want to see, developing on thinking that has been happening, in some cases, in other countries already and we are slightly behind. That is thinking that, as I say, has been happening in business but Government has not been particularly engaged with, which recognises that we all depend on nature at every level, in everything we do in our national economy, in our daily lives, in the localities that we represent. So we want these to be effective and we think we have created the structure for them to be so.

Chair: The record will show that you want to be judged by your achievements there, Minister. Thank you.

Q278 Mrs Glindon: Are there any environmental regulations that you would support being removed in order to achieve economic benefits?

Richard Benyon: We have been through quite a process on this, as you will be aware, through the review of the Habitats Directive and throughout that process we tried to get across a clear understanding that regulations are necessary. We just want them to work as well as possible and to be as clearly understood and able to be understood by people in the real world rather than by people who live and breathe a high level of government rhetoric. So, simplicity, and making sure that regulations are there to serve what their purpose is to do, which is to protect wildlife, to protect the natural environment, but not to inhibit or limit sustainable development. That is a balance, and I hope it’s a balance that we have got right.

Q279 Mrs Glindon: So it is just getting the balance, but not necessarily getting rid of any specific regulation?

Richard Benyon: We are going through a big deregulatory process and you will be aware of the work happening in Defra through the Macdonald Review—which is seeing a real drive to reduce regulation on farm businesses—and also across Government: the Red Tape Challenge and the Habitats Regulation Review. It is always a very dangerous thing to talk in extremes in front of your Committee because it then gets taken out of context by someone sitting behind me and splashed all over the Western Morning News or something like that. So I will be very careful how I say this: if we had no planning system in this country, people would be able to build factories everywhere and, although we might want the jobs, none of us want that level of growth at any price. We really value our countryside, and there are many services we get from it. So what we try to achieve holistically across Government, and drawing many of these together in this White Paper, is an approach that I hope gives the clear drive that we are protecting the natural environment, understanding the services it provides and incorporating that into every level of how we do government. And that means regulation has a part to play—sensible, good, well balanced regulation.

Q280 Amber Rudd: We understand that there are some regulations to be scrapped, but most of those have already been identified as being obsolete. Do you think that there is going to be any real progress made from the Red Tape Challenge if the ones being abolished are already obsolete?

Richard Benyon: First of all, on wildlife legislation, I did read the transcript of a discussion with Oliver Letwin on this, and I think I just might take this opportunity to clarify what we are trying to do there. There are laws governing how we manage, protect and, in some cases, control wildlife in this country. Some of them go back hundreds of years; some of them bear no relation to modern day, with no understanding of issues such as climate change or landscape-scale conservation or all the other things that we are talking about today. We have asked the Law Commission to do a review of wildlife legislation with a possible view towards making changes in a sensible and proportionate way in the future. That is completely separate from Habitats Regulation Review, Red Tape Challenge and others. But what we are trying to do is to make it simpler and easier for businesses to follow regulation—

Q281 Chair: Minister, I am so sorry. Could you repeat what you just said, that it is entirely separate? Because I understood that the Law Commission is looking at the Habitats Directive and how it is implemented in this country.

Richard Benyon: This is why I think there might have been a misunderstanding when I read the transcript. I may have misunderstood it myself, but what we are doing is looking at wildlife law—well, we are not looking at it; the Law Commission are looking at wildlife laws to see if they can be rationalised and made more fit for today. The Habitats Review, which was completed recently, prior to the Budget, was separate to that, and I think you raised an issue in relation to bats and things like that. That is a separate issue, which I am dealing with, trying to resolve a particular issue that occurs in certain parts of the
country. But that is not nothing to do with the Law Commission work.

Q282 Chair: I think there is a degree of confusion here, because I thought at some stage you wrote to me to say that the Law Commission had been asked to look at—

Richard Benyon: It was an answer in Parliament, I think.

Q283 Chair: I knew it was in writing—a written statement from you—and I just wonder if you could clarify what the difference is between wildlife legislation and a proposed Bill, and habitats, just so that we are all absolutely clear what we are talking about.

Richard Benyon: I am very happy to provide you with what we have asked the Law Commission to do, and we will provide you a written summary of that. That sets out clearly a whole range of wildlife law that we want them to look at to try and see if there are changes that can be made to those. But the Habitats Review that was announced in the Autumn Statement carried out over the winter and published just before the Budget was a specific review of the Habitats Directive and, for example, set out how we are going to manage this regulation better with our major infrastructure projects unit in Defra, which will work with officials from other Departments to try and ensure that early engagement by developers prevents problems happening further down the track. This is a major change that we think will be more effective in ensuring that major projects, for example, will be able to proceed.

Q284 Chair: There is a separate wildlife one.

Richard Benyon: The Wildlife Review has gone to the Law Commission and they will be reporting in due course.

Q285 Barry Gardiner: Just to follow on from that and for clarity, what prompted the Wildlife Review? You said it was to update and to make it fit for today. What prompted you to think that the wildlife laws as they stood were not fit for today?

Richard Benyon: This did not specifically relate to the Natural Environment White Paper, so my memory is a little bit hazy because this was very early on in my time in the Department. But we do believe that there is a view across a lot of organisations—NGOs and others—that a lot of wildlife law is not particularly focused as to how it should be today.

Q286 Barry Gardiner: Minister, I don’t want to lead you down a road that you may want to retract from and therefore can I ask you perhaps just to write to the Committee to set out the rationale, the reasons why you felt that the existing wildlife law was not fit for today and what prompted you to ask the Law Commission for that review?

Richard Benyon: I don’t think I have said anything that I would retract from, but I will certainly—

Q287 Chair: I am just very unclear, because I thought it was called a Habitats and Wildlife Directive Review and now you have just told us that there are two reviews, one on habitats and one on wildlife, and I am struggling to see the difference.

Richard Benyon: To make sure we get this absolutely clear, David—

David Cooper: We will write to clarify this. To build on what the Minister said, the Habitats Directive is a specific directive, obviously, and the review is about how that is being implemented in England.

Q288 Chair: That is with the Law Commission?

David Cooper: No. That was the separate piece of work on the Habitats Review that has been completed now, which was published a few weeks back, around the time of the Budget. The separate piece of work that the Law Commission is doing was going on anyway. It started in the background and way before the Habitats Directive Review came into being. The Law Commission is looking more broadly at wildlife law in the UK and in England, because it has grown up piecemeal over many decades, and it is looking at how best to make that fit for purpose for the future. So it is a broader exercise, not specifically related to the Habitats Directive, if you get my meaning. That is how the two are different. The Habitats Directive Review has now been completed. The Law Commission, though, is carrying on with its separate piece of work.

Richard Benyon: Would it be helpful if I just ran through what we have done on the Red Tape Challenge? Of the 255 regulations in the environment area, 132 will be improved, mainly through simplification or consolidation, 70 will be kept as they are to uphold important environment protections, and 53 obsolete regulations will be removed.

Chair: That is helpful and I think a back up letter would be helpful.

Richard Benyon: Sure.

Q289 Amber Rudd: I am coming back to the Habitats and Wild Birds Directive Review, which, as you have said, just recently came out. It did identify certain problems and delays, and we understand there is to be established a cross-Government Major Infrastructure and Environment Unit to start shortly, or this month, to improve the pre-application identification, etc. Could you just explain to us why it is necessary to set up a special unit to ensure Government Departments liaise effectively on implementing these Directives?

Richard Benyon: One of the problems we identified is when particular issues relating to the Habitats Directive are raised too late in the game, and those are the ones that hit the press. I think it is 0.2%—or nought point something percent—of applications that are in this category, but they are the ones that hit the headlines, and you get problems relating to just a few nesting birds of a particular species holding back thousands of jobs. Those are the sorts of things that frustrate us as MPs and also give concern to those who are worried about some of our rarer species. They do not want to see Government is going to trample over regulation they believe protects rare birds. But early engagement will make a huge difference. This unit, which will be run from Defra
with involvement from the Treasury and from, I think, DCLG and possibly others—Department for Transport—will be able to identify those problems early on. We will learn from applications and we will find, as we go forward, that there will be a better way of doing this, and that developers will know that, rather than hitting a brick wall late down the track, if they start early talking to Natural England, working with other companies that have had experience of similar applications, they can deal with this. That is what this unit is set up to do. It was our idea, and has been grabbed across Government; Oliver Letwin is very keen on it and wants to institutionalise it and make sure that this is one of the key drivers that goes forward to improve how this regulation works.

Q290 Amber Rudd: Great. It sounds very positive. Do you know what it will cost to set up, do you think?

Richard Benyon: We’re not recruiting any more people to do this. This is reasonably senior civil servants who have experience in this area who will be working together with Natural England. Natural England have also set up a developers group to make sure companies that are regularly coming up against the Habitats Directive are aware at a high level of what they and what Natural England are required to do under the law and what Government is required to do under the law. All this is to the advantage of growth and jobs, because it will mean that we will be able to do things better rather than seeing things delayed and seeing money going into the pockets of lawyers—sorry if there are any here—in place of of jobs for our constituents.

Q291 Chair: As a Scottish advocate, non-practising, I should declare an interest. You say it is a cross-Government unit. Will this unit sit in Defra?

Richard Benyon: It will be based in Defra, yes.

Q292 Chair: Just before we leave regulation, I understand that each Department has to report to the Better Regulation Executive as to where they are on reducing the one-in, one-out regulation. If we as a Committee or the public wanted to monitor it, is it available?

Richard Benyon: That is a very good question. I am not sure.

David Cooper: Yes, there is information, and through the Better Regulation Executive website as well, about how Government is doing overall in terms of regulatory budgets, as they are called. So that is available.

Q293 Chair: Is it available on your website?

David Cooper: Yes, it is.

Chair: It would be helpful to know just where it was, if we could.

Q294 Barry Gardiner: Minister, a lot of the organisations who have made representations to the Committee have spoken about action plans, timetables. They have spoken about finance as well, but what I really want to try and focus on with you is what are the clear actions that you believe Government can take, in the first instance, that will enable us to develop real ecosystem service markets? Of course, we are doing all of this for a purpose, and the White Paper is commendable absolutely in what it is aiming to do on valuation of natural capital, on better understanding of ecosystem services. But we want to see those ecosystem services having a real market impact. We all know the historic example of the Catskills and other examples around the world where there is a real market operating and valuing ecosystem services. What are you going to do as Government that will help create that market?

Richard Benyon: One example is through regulators. Independent regulators they may be, but they are creatures of statute and creatures of Government and are given strategic direction by Government. One example is Ofwat. We are really enthused by what has happened in this Price Round following their decision to encourage water companies to engage with land managers upstream and work with them to clean up water. There is a virtuous circle here, because water companies then do not have to build large constructions, and those farmers should be rewarded for doing that. That is one example of where Government can work with what we are doing here in order to understand where independent economic regulators sit—can drive and create a market, and we want to see much more of that.

I think you heard from United Utilities and their SCaMP project; other water companies are doing the same and they will be doing more in the next round, and the Water White Paper set out a clear direction on that. But we must not be obsessed by water, and you rightly point out that there are a variety of other ecosystem services that we should encourage. Whether Government is the right promoter of markets—sometimes when Government tries to get involved or create markets it can cause more problems than it solves—what Government has to do is to create the right climate for these markets to emerge.

You rightly point out various examples in other countries of where they are more advanced. I think you went to Costa Rica—is that right?—to see how they were emerging. The key comes down to what the provider or manager of that ecosystem receives to try and create that. If you are asking a farmer to stop producing wheat on a piece of land and to flood it, he will still be able to receive a value from farming that field even if it is grazing. The partial budget is a relatively easy one to do. But if wheat is going to go to £250 a tonne, the incentive has got to be there for him to change his business model. So it really comes down to looking at what the product is at the other end. This is immensely complicated and that is why we don’t seek to be so, perhaps, arrogant as to believe that we Ministers or we in government know all the answers. That is why we are engaging business at the highest level to assist us in trying to create these markets.

Q295 Barry Gardiner: I am genuinely just trying to engage here; I am not trying to seek a particular answer. I am grateful for the answer you gave on water, which I think is a very good illustration of the sort of ways in which the regulatory framework can enable markets to develop. You talked about...
engagement with industry and business, and that clearly is essential. What further steps—and again is it a question to you as Government—can Government take to ensure that there is adequate information, education, understanding within the commercial communities that may be affected here such that they make the connections that, yes, we could develop an ecosystem market here?

Richard Benyon: I will ask David to come in, in a moment. Perhaps more of an answer to your last question, but I will just talk about the Treasury Green Book and the guidance that was published recently. That sets out a change that will be adopted across Government. There is information, for example, on the Business Link website about making sure that these are understood across a wider group of stakeholders. It is really important that we develop this thinking and keep business informed, and so this is not Government doing it from on high; this is Government working with business.

Do you want to add to that, David?

David Cooper: Just to add to that, as you suggest, creating these ecosystems markets is difficult and really there is market failure at the moment in that. The White Paper’s thrust is to say we need to get on top of that and, this year, there are two actions: firstly, we have a commitment to publish an action plan on payments for ecosystem services, which will get into exactly the territory you are illustrating: what are the institutional barriers, the information barriers, the scientific barriers, the financial barriers to these sorts of markets coming forward? So that commitment will get into all of that in some detail, as will the UK Ecosystem Markets Task Force that Ian Cheshire is leading. They have a workshop in the next month to look at this. So, getting into the substance of your question is exactly what will be happening this year to unpack that, but the thrust of the White Paper is that Government does need to enable this to happen, does need to help remove barriers and we have a number of interventions to do that: regulation, public spending, behaviour change and so on. The detail of that will be coming forward later.

Q296 Barry Gardiner: Thank you. Again, that was very helpful. Could you perhaps share with the Committee what you believe would constitute success? In 2014 and 2015, where do you want to be on the pathway to creating genuine ecosystem service markets?

Richard Benyon: I am staying on to Jim Paice’s brief here, but he and I and all of us are clear that CAP in its current and probably future form is unsustainable in the long run. If you want me to give my view as to what a measure would be, it would be farmers or land managers being rewarded for the services they protect and provide by much more of a close connection with other users of those services rather than the state providing it through subsidy.

Q297 Barry Gardiner: We may well agree on that. It seems to me a retreat back into the known territory, and of course what we are trying to do is to expand this concept across Government. Can I just move on to that question, really? You talked about the new guidance to go with the Green Book. One of the elements that was in the original Nagoya Declaration was that each Department should have to prepare inventories both of its own natural capital assets and of the effects that its decisions had on the wider natural capital. That is something that was not in the White Paper and unless it is part of the recommendations coming out of the ecosystem markets committee or group that you have set up, I do not believe that has yet been adopted by Government. Is that something that you are going to embed across Whitehall, because with respect to the question that you asked on the unit across Government, in a sense, that unit was simply getting departments to do what they were supposed to already be doing, whereas this puts the onus on them to understand what their impact is in its own terms within the Department, rather than just saying, “Oh yes, and we’ve got to do that thing for Defra”. If it becomes a rule from Treasury that they have to do this to have their own set of natural capital accounts, that creates a very different feel to the ownership of this issue within Government.

Richard Benyon: I will answer first and then ask David to come in as well. I think you are absolutely right and, Mr Gardiner, you know more about this than many of us because of your involvement with GLOBE. I really want to emphasise that what we are seeking to do is to institutionalise this throughout Government, and that is where the Natural Capital Committee comes in and that is why the involvement of Treasury Ministers at an early stage in the production of this Paper and with officials at the highest level in the Treasury is absolutely key. You are right: have we got this in place today? No, and I do not think you would have expected us to. The Natural Capital Committee has just been formed and while Ministers from the Chancellor down have been making speeches that state the importance of this, what we have got to do is develop this across Government and we will, but it is a process that we are still in the early stages of.

David Cooper: Just to add to that, as you know from the GLOBE work that you have done, to achieve that inventory method of knowing one department’s impact on another’s natural assets and so on is very technically difficult, very complex. There are all sorts of issues of leakage and how you account for that, but the intention is there. The Minister has said this; you heard from the Minister for Government Policy and the Economic Secretary to the Treasury that it is to institutionalise this across Government and to mainstream this thinking and approach across Government. The environmental guidance in the Green Book that has been mentioned is, of course, a tremendous step forward in that. As the Minister rightly says, the Natural Capital Committee will be looking at this and at how best to ingrain in accounting terms the sorts of flows of natural capital and how one department accounts for those and its share of another, if you see what I mean. So this is going to be looked at. The model that was proposed by GLOBE of inventories is one way. It is difficult, it is challenging, but the thrust of the White Paper is
to try and move forward on that using the Natural Capital Committee.

Q298 Ms Ritchie: Minister, I would like to move on to the links to CAP reform, notwithstanding there could be an overlap with another Minister’s portfolio. The Natural Environment White Paper recognises the agri-environmental schemes under the EU’s Common Agricultural Policy, which currently covers some 64% of English agricultural land, are important in achieving beneficial environmental outcomes. Therefore, is the Common Agricultural Policy going to prevent the UK progressing payments for ecosystem services?  
Richard Benyon: We are in favour of a greener CAP, of a Common Agricultural Policy that is more reflective of what is going on in the environment than it is at the moment. We want to see more of CAP spent on public good, such as agri-environment schemes, such as environment outcomes as described in the Natural Environment White Paper. One of the concerns we have is about the proposals coming forward. We think that Pillar II agri-environment schemes are the best way to deliver real change for the better in the natural environment. They are multiannual; they are contractual with the land manager; and they are tailored to local circumstances. We have a concern that the Commission’s proposals to green Pillar I will not deliver the environmental benefits that we want, and they will not do precisely what you suggest, which is to try and see the development of a more ecosystems-based management structure. We think that we can work with the Commission to make sure that the CAP is greened effectively. How far we will get, of course, at this stage we are unclear. And we want to make sure that we do this as cost-effectively as possible.

Q299 Ms Ritchie: As a supplementary to the Minister, you say that you want to work with the European Commission. How do you and Defra intend to work and how do you intend to influence EU ministers, I suppose, in the Council of Agricultural Ministers, and environmental ministers, on the importance of moving to a more ecosystems payments approach in the future configuration or reconfiguration of CAP?  
Richard Benyon: The Secretary of State is at an Environment Council today in Denmark, an informal Council of Ministers meeting. Jim Paice is going to Brussels next week to get these messages across. We are working with the Commission. We are working with other like-minded countries. We are seeking to advocate. There is a real engagement on this across the EU and many that are on our side, and I think there is an understanding in elements of the Commission about the dynamic of agriculture and how we have managed, using the current system of support for environmental goods, to make quite a lot of changes in recent years. With our commitment to increase HLS by over 80%, this is going to be a huge gain for nature and the natural environment. It is what our constituents want from a system of agricultural support. But how far the CAP will go in the blunt instrument that it is to try and create precisely the new ecosystems markets that you and Mr Gardiner have been referring to is it uncertain to say at this stage.

Q300 Ms Ritchie: A further supplementary: can you envisage when the timescale would be for possible outcomes, or is that too early to gauge?  
Richard Benyon: On the timescale I defer to the Secretary of State and to the Minister of State, who are dealing with this on a daily basis, but if it is anything like the Common Fisheries Policy it might not quite happen when it is supposed to happen.

Q301 Chair: Is it not the case also that we are already greener in our CAP than many other European countries and that we should be extolling that?  
Richard Benyon: It is the ability to transfer between the Pillars that has been an absolute godsend in terms of what we have been able to do with our agri-environment schemes, and for some reason that is not understood.

Q302 Chair: Are there any other European countries that particularly support our position in this regard?  
Richard Benyon: There are. There are countries that have a similar dynamic to farming here and there are others that do not, but I do not want to go into too much detail because this is not something I am dealing with on a daily basis and I would not want to mention countries. That is the purview of the Minister of State.

Q303 George Eustice: I just wanted to push this because I think this is absolutely key. Some of the early evidence from I think it was Professor Hill, who is a leading authority in this area, made the point that there are some fantastic ambitions and thinking in the Natural Environment White Paper, but a lack of money to give full effect to the kind of change we would like to see in terms of valuing natural capital. Then you have the Common Agricultural Policy, which has a huge mass of money and an absolute fortune spent on it, where they are wrestling to try and find a way of greening it, but they haven’t done that yet. I just wondered how ambitiously the Government is arguing for that kind of change in this current round. I know, when we had the Secretary of State, she said that there was a recognition at the Commission that their initial proposals were not going to work and that all the talk at the moment was about flexibility. Can we push that flexibility to say, “Why don’t we give a chunk of this Pillar I money to effectively create a market in transferrable environmental obligations”?  
Richard Benyon: I think we have heard Jim Paice and Caroline Spelman speaking about the virtues of the current system as well as the flaws, and what we are trying to achieve in our negotiations. You are right. We could talk about a few million pounds here for Nature Improvement Areas and setting up Local Nature Partnerships. Whatever value those few million pounds might add, you are right, the big sums of money exist through systems of agricultural support. Those have improved over the recent decade or two, but the frustration, I think, that a lot of people feel is that we know they could be so much more effective and, in a sense, in this hearing it is difficult
for me to say any more, because we do not know how the negotiations will culminate.

Q304 George Eustice: On the negotiations, are we saying that we think we should plug the principles of the Natural Environment White Paper into Pillar I, or are we getting into that trap where we say, “No one will support it, so we shouldn’t argue for it, because otherwise we won’t get it and we might as well argue for something that is more ‘realistic’”—in quotes—which is quite often where you end up with these things?

Richard Benyon: That is where you usually end up in the European Union. You end up, rightly, arguing in the realms of the possible, and the principled but sometimes lonely stand results in you achieving nothing. It is much better to get half a loaf than no loaf at all.

Q305 Neil Parish: I could take you up on that, Minister, but I will not. Can I talk to you now about these—

Richard Benyon: Sorry, can I just clarify that? I am not saying one should be unprincipled when you negotiate, but you do want to achieve something, and vainglorious attempts at negotiation can be utterly fruitless.

Q306 Neil Parish: It is just my experience of the European Union is sometimes you compromise so much that in the end you haven’t got anything worth dealing with in the first place. But we won’t enter into those arguments this afternoon. I wanted to ask you about these Nature Improvement Areas. You said yourself that you are probably going to have enough funding for about 12 of them, and I think you said there were 78 that had been applied for. How are they going to sit with everything else? You have got AONBs; you have got all sorts of things out there; you have got all the stewardship schemes. Are these going to create a two-tier system? How are they going to fit in with what is already there? Are they going to make life more complicated?

Richard Benyon: I met with Sir John Lawton this week and we discussed the competition that resulted in the 12 going forward. I am particularly conscious that there are a number—in fact, all of the last batch from 20 down to 12—I would like to have seen go forward in some form or another, but we are where we are. I want to try and assist those that failed to keep the coalitions that supported them together, to keep the enthusiasm and, hopefully, to get some of the work going, and we have some ideas on that. As I said earlier, we would like to see this 12 as just the start. Your point is well made that there are in existence across the countryside all kinds of groups, and we don’t want to create a new tier of activity that tramples over existing relationships. But the NIAAs that I have been round to see since we announced them are almost intoxicating in the enthusiasm they engender. Those are from land managers, as I say, people interested in nature, local naturalist groups and the like, and local communities, and they are about people as much as they are about wildlife and flora and fauna. It is about engaging people. I think they will prove to be extremely successful sitting in a different place to AONB boards and local authorities’ ecology policies, although all of those will be wound up in them. And for me to try and explain it across 12 incredibly different areas, from South Yorkshire, which is seeing the restoration of former mines and degraded landscapes, to the top of the Wiltshire Downs, where landowners are going to work together to create a network of dewponds involving schools and wildlife corridors, to another area I have seen in the North West, where in a relatively short space of time you have an incredibly varied landscape from foreshore to the low hills close to the Lake District. These are exceptional landscapes where we can make a quantum leap in the improvement of the natural environment through the partnerships that have been set up there. I think this is going to be a trialblazer and whoever is in government in future will make sure that these continue, because I am convinced that they are going to be a real success.

Q307 Neil Parish: Further to that then, I see some of the schemes are in designated areas, AONBs and others, and some are not in designated areas. Do the environment improvement area in a non-designated area, do they then start to have the same planning, like with the AONB and all the rest? This is what I am trying to tease out. Do they have any statutory powers or are they just basically enhancing nature? How does it work?

Richard Benyon: I am going to ask David to give some more detail on this, but we were really keen to get this into the NPPF and get this understood—its relationship in terms of planning. It has caused some concern in certain areas. It would have caused concern if there was no mention; it would have caused concern if there was some mention, so we want to make sure we get this right. I will get David to explain it in more detail.

David Cooper: Nature Improvement Areas don’t have a statutory status in their own right. The idea behind them is to really harness all of the efforts going on in that area—as you indicate, there is a number in different places of existing initiatives and efforts—because these are areas of particular need and particular opportunity to restore nature. What the NPPF has said is that local planning authorities, where they wish to do so, can then recognise those Nature Improvement Areas in their plans. So that is where they will have some weight in terms of the planning system, but it is up to local councils and their own local plans to determine what that weight is and in what way they should have any weight in planning. That is left to local discretion. That is how the statutory framework works around them, but they are really areas just to coordinate and bring together, as the Minister said, a wide range of interests and activities to harness that and focus it. Professor Sir John Lawton in his own comments said that the quality of the partnership work that has been demonstrated absolutely shows that at this stage.

Q308 Neil Parish: My last question on this is that you, Minister, are very enthusiastic, I think quite rightly so, about these schemes. Are you convinced
that the voluntary sector and the local authority will help to deliver these and engage, not so much necessarily just with finance but with actually delivering the schemes?

Richard Benyon: As with all things, some will be more successful than others. As part of my discussion with Sir John this week we agreed that very often in each scheme that was successful and those that, sadly, weren’t, there is a really enthusiastic individual or group of individuals who show exceptional leadership. They might be from the local authority, they might be from the local land manager community or they might be from a local NGO, but they are key. They may cease to be part of that group in years to come and one hopes that there are others who follow on from them, but it is that sense of leadership that is really important. One of the most exciting ones that I saw was a farmer-led proposal, which is going ahead. That had the leadership of three people, and the group of people that I met—there were 40 or 50 people in the room—was just the surface, because local schools have been involved and governors and teachers of local schools are part of the board. It is really impressive to see this, but the leadership is coming from two or three people, and if that leadership was to go for any reason, as with all local initiatives, would there be other people to step in? One hopes so.

Q309 Neil Parish: Finally, the funding for more of them: are you expecting that to come from the Treasury or are you expecting that to come via CAP reform or what?

Richard Benyon: I have looked down the back of the Defra sofa on every conceivable occasion. This is a real priority for us. We think it is effective on so many levels and fulfils another ambition that we have, which is reconnecting people with nature—a key part of the White Paper. And so if there are more funds available there will be. I am really pleased how Natural England not only have helped in this process and steered through the competition—and Sir John is very complimentary about them—but are also assisting some of those NIAs that did not quite make it to achieve at least some of what they were proposing to do. So it is not just Defra’s sofa that is being looked down; it is every conceivable part of the Defra family. If we can find some more money to extend this in years to come, to be perfectly honest, I want to see how these work, so I would not want to do it immediately. But in a year or two’s time, if we had the funds I would like to see more. If not, we might have to wait until the next Spending Review.

Q310 Chair: Could you just clarify what you said in answer there about making a quantum improvement in areas like the Lake District? What did you mean?

Richard Benyon: When I was looking at this one in Morecambe Bay, the ambition of the local group ranged across a whole load of species and landscape features. For example, they have a very rare butterfly there and they want to enhance its habitat so it can connect with another habitat not very far away, precisely in the way that Sir John Lawton described in “Making Space for Nature”: stepping stones. They are working with local volunteer groups to clear areas of degraded woodland and scrub to try and improve the habitat for other species of, as well as butterflies, birds. The foreshore has certain challenges, and they are not very far from a large centre of population in the North West, not least Liverpool. A lot of Liverpudlians go to that part of the country for their holidays, so they want to engage with city dwellers as well as local people with this exceptional landscape. That was being led by the AONB—Mr Parish’s point exactly. The AONB was the organisation that brought a whole range of different stakeholders together to achieve what I think will be an exceptional result. And we will see more wildlife, a better protected landscape, but one that fits into a wider context that Sir John in “Making Space for Nature” outlined, which is that we tend to see more joined wildlife sites. So improving those particularly designated SSSIs and others, nature reserves and those sorts of things, buffering them with perhaps some agri-environment round the outside to see that those species develop, joining them up with other wildlife sites through a strategic landscape view and you are starting to get—

Q311 Chair: Would you also look at, for example, getting rid of Himalayan Balsam in SSSIs where it should not be growing?

Richard Benyon: There is one NIA where one of its key issues was dealing with invasive species, but I cannot remember the details of it, so absolutely, yes.

Chair: Good.

Q312 George Eustice: I wanted to touch on the issue of planning and the National Planning Policy Framework, which has obviously now gone through. I know there have been some concerns expressed that it did not give enough emphasis to biodiversity and we all know it has been a long, slow process. But do you think it should have included a stronger reference to ecosystem valuation and valuing natural capital within that if we really want to encourage it across Government? I know it touches on biodiversity and says it is important and should be a consideration, but should it have explicitly talked about using these markets to evaluate planning?

Richard Benyon: The question is whether the planning system is the best way of leveraging those markets into existence, and I would question that it was. I think it is important that the NPPF made certain clear statements in terms of the natural environment, sustainable development being one of them, and gave a clear underpinning of the institutional aspects of NEWP, which are NIAs, Local Nature Partnerships and others. We think that is the importance. I would be interested to know how you feel the NPPF could have promoted better ecosystem markets?

Q313 George Eustice: I suppose, if, for instance, a developer wants to build a road or an industrial estate, which is going to have an environmental cost in terms of the biodiversity in that area, there is a very clear mechanism by which a local authority can say, “Yes, we will allow it. However, there needs to be something done in mitigation.” The value of the capital that this project will destroy is X, and therefore we
want you to compensate by doing X somewhere else”. At the moment it is loosely through 106-type agreements, but not in an effective way.

Richard Benyon: The Prime Minister made a speech about three or four years ago to the Wildlife Trusts about biodiversity offset. We have taken that into Government through the Natural Environment White Paper and we are now trialling biodiversity offsets in six areas. We think this is going to be a success. This is going to see a net gain for nature and it is going to allow the impact of development to be offset, but in the locality. I think that is really important. Where biodiversity offsetting has happened elsewhere in the world that we looked at, it has been rather hard to compare it precisely with the United Kingdom or certainly England. In Australia, for example, you can re-wild areas, and that has happened in the United States; it is less clear here. But we do think for a clearly measurable cost you can have a clearly measurable gain, and that is what we are seeking to achieve.

In terms of the wording in the NPPF, conserving and enhancing the natural environment is very clearly set out in paragraph 109 and right through that chapter 11 there are references to how planning permissions can or should be allowed or refused that take into account these principles.

Q314 George Eustice: Yes. Did the Department have quite a lot of input? Obviously, DCLG would have led on this. Did you have quite a bit of input though to ensure that there were enough powers to protect the Nature Improvement Areas, for instance?

Richard Benyon: We worked very closely throughout this process. Despite some of the publicity surrounding the publication of the draft and then the weeks and months afterwards, it has actually been a very positive process. I think to get measures such as “The planning system should contribute to and enhance the natural and local environment by … minimising impacts on biodiversity and providing net gains in biodiversity where possible, contributing to Government’s commitment to halt the overall decline in biodiversity, including by establishing coherent ecological networks that are more resilient to current and future pressures” not only shows a commitment to the natural environment that anyone from the CPRE through to the National Trust could wish to see. It also future-proofs this, because what we want is to protect and enhance the natural environment in the future. We recognise that with climate change we are going to have to face this. We are going to be facing a changing landscape in certain parts of our country, and we want to see it ecologically coherent. So there was very close working between Ministers in both Departments.

Q315 Richard Drax: The National Planning Policy Framework established the principle that compensation will enable developments with harmful biodiversity impacts to proceed. Why does the NPPF not mirror, or reference, the NEWP’s approach of using offsetting to ensure that these harmful effects are lessened, reduced or even got rid of altogether?

Richard Benyon: As I said a moment ago, we are trialling biodiversity offsets. We think that is the right way forward. There was huge enthusiasm, when we sought applications, to be one of the six pilots. We have developed them across six areas, which will, for example, see a pilot in Doncaster that hopes to use offsetting to deliver projects within the Council’s proposed Biodiversity Opportunity Areas, the Humberhead Levels, the Deane Valley Nature Improvement Area. There are some in Nottinghamshire, Greater Norwich, Warwickshire, Coventry and Solihull, as well as Devon and Essex. These will show us how successful we can be in trying to get, as I was saying to Mr Eustice, a net gain for the natural environment so where developments take place there will be a clearly quantifiable loss, and that loss will be able to be offset somewhere in that locality, in that local authority area, and so people will be able to see a benefit from it. From this will develop thinking that may see major infrastructure projects being offset in ways that will make them a lot more amenable to public opinion when they see damage or loss to their local natural environment.

Q316 Richard Drax: How will the offsetting be monitored by Defra?

Richard Benyon: It has to be transparent; it has to be clear. I think you spoke to Professor Hill, who is a real expert in this. The whole concept of biobanking and the calculation of the credits is key so a developer knows clearly what they are going to have to provide over and above the usual 106 agreement; so that the public know that this is not a licence to trash, not some cunning wheeze to allow developers to get round the planning system, but that does provide a net gain for the natural environment, and that it is not, as someone was quoted when the Natural Environment White Paper was published, about valuing the worth of an otter over the value of a hedgehog. That is the ludicrous end of some of the lack of understanding about biodiversity offsetting, which will become, I hope, clear as we see these pilots carried forward.

Q317 Barry Gardiner: Minister, I want to briefly go back to what you were talking about before in terms of United Utilities. Do you see a way in which Defra can ensure that the approach being adopted there for companies to undertake individual ecosystem services projects to deliver favourable environmental outcomes can become the default across the sector within, say, the next 10 years or so?

Richard Benyon: Yes. I am convinced that this is the way forward. Not every water company has uplands where you can clearly measure the improvements. This is a really important point. When you put water through a water treatment plant you can measure its quality going in and you can measure its quality going out and you can make an assessment of the success or failure of that asset. When you are using nature, it is less precise and some of these ecosystem services, upstream solutions, will fail, and we have to have a system of regulation that accepts that some will be more successful than others and some will take longer to work than others. We have levels of particulates that come through our water system due to human activities years ago, and so getting nature to clear that up is not going to be something that happens
overnight. But our understanding and expertise about how to improve water quality is dramatically increasing, and we will see this as a clear pattern going forward in future years. Regulators have to be brave; Government has to give a clear steer; water companies have to realise that this is the way forward—and they do. We have to recognise that this is not just about Dartmoor, about the Lake District. This is about Thames Water’s aquifer. It is the work that they are doing. It is work that Wessex Water, for example, have been doing as well, and also about point source pollution. Water companies, or the Environment Agency, have been pretty quick to see where problems are occurring. It is about interfacing with the polluter to make sure that they change their behaviour as quickly as possible.

Q318 Barry Gardiner: Sure, and, of course, the regulator will also have to be more understanding, because the one thing that companies like building the concrete and steel processing plant for is because it affects their capital assets and it affects their company’s value and rate of return and so on. So the regulator will have to look closely at those issues as well, won’t it? Are there instructions that you have given to the regulator or that Government will be giving to the regulator in that way, so that you are not looking at the financial side askance, because they are doing what we want in terms of green infrastructure?

Richard Benyon: You are absolutely right. The way the system works is to encourage water companies to invest in infrastructure, and then it gets on their RCV; their performance has traditionally been judged like that. I think the die was cast at the last price review, at which Government would have given a strategic direction to the regulators, and we have started to see those schemes moving forward. There has been a lot of work going on between water companies and the regulator and Government, and later this year Defra will be publishing its strategic direction paper—I cannot remember the precise title of it—for Ofwat and there will be a very clear view in terms of seeing more of these schemes being incentivised for the future.

Q319 Barry Gardiner: Great. Now I am going to ask you whether you are prepared to go on stage further. We have talked about setting up a proper market for ecosystem services within the water industry, and you have said over the next 10-year period you would like to see that roll out as the default option. What about a mechanism that could place requirements through the regulatory regime on licensed companies to achieve biodiversity improvements or to reduce biodiversity loss in areas from where they source their water supplies, potentially on a catchment-wide basis? Is that something that we can begin to think about, so that we move from simply a market mechanism to positive incentives for biodiversity improvement through the regulatory structure?

Richard Benyon: I think one of the trailblazers here is SABMiller, a brewer in Africa who has protected a large area of forest in the DRC, because of making the link between the water it needs for its brewery and where that water comes from. If that can happen on that scale, it should be happening everywhere, and we want to see those kinds of decisions being taken. They are, to an extent, already; Vittel has done that with farmers somewhere in France where they take their water from, so yes. How do we, as Government, make sure that happens? That is what the Ecosystem Markets Task Force is tasked with doing. But we want to see this happening soon and that is why we are really driving this through this organisation.

Q320 Barry Gardiner: I am looking for something a little bit more than the ecosystem market, because what this would be doing would be imposing, through the regulatory structure, an obligation to improve the biodiversity in an area. I put it to you as something that the Department may wish to consider further as it develops along those lines.

Richard Benyon: In the context of a Government that wants to have a light hand on the tiller of business and wants to be better regulators rather than over-regulators, there must be things we can do in that direction. It shouldn’t just be considered to be part of its corporate responsibility reporting. Where it is most effective is when businesses discover that they have to get this right for their own purposes. What Coca-Cola are doing in terms of water in many of the countries where they produce their product is precisely this. They want to be, I suspect, seen as a good corporate citizen, but they are also doing it because they know it makes financial sense. If you are protecting a forest or an upland area in England, you are protecting biodiversity; you are enhancing biodiversity.

Q321 Barry Gardiner: Moving swiftly on, you have talked about a light regulatory touch. I want to talk about your light regulatory touch on peat and the fact that you have allowed us to go on up until 2030 before you reach the targets—and even then it is only a target—for phasing out peat. This has been heavily criticised by RSPB and the Wildlife and Countryside Link and others. I am sure you have been given all the figures about the carbon sequestration of peat lands in the UK being greater than all the forests in France and Germany put together and how important peat lands are, not only as carbon sinks, but as ecosystems in their own right. Do you not think that 2030 is just the most extraordinary lack of ambition; that it is too light a regulatory touch?

Richard Benyon: When you say I have been criticised for making too long a longstop date for that, I have also been criticised for that being too soon and unrealistic, so you will understand that it is hard to please everyone. Can I just get on the record that that is just for one particular element of it? By 2015, the Government will have got our own house in order and the public sector’s direct procurement of peat will have ended. At 2020, we want to see a phase-out for amateur gardeners. That is requiring quite a lot of voluntary impetus, but we are working extremely hard for that. The 2030 figure is for the professional growers. What they want is a clear direction from Government; business is a very fast responder, and we are starting to see alternative mediums and the infrastructure that supports them being looked at in
more detail. Alan Knight, who is heading up our task force on this, is going to report soon with some suggestions on how to make this happen. He is very able. He has done this in other fields, and I hope great faith in the task force that he is leading. Is it a lack of ambition? We want it to be effective; we want it to work. It is not easy. It is not easy, but you are right that peat is the most important terrestrial sequester of carbon, and we want to make sure that we are phasing it out and that we are protecting our peat bogs. In the NPPF, you will see a clear direction as regards to applications to remove peat in the future.

Q322 Chair: Should we be aiming to produce more sustainable plants rather than exotic plants that require peat?
Richard Benyon: I was in Sussex a few months ago looking at the big growing operation that goes on there on the south coast, and huge advances are taking place in terms of peat use or lack of peat use and also using less water and hydroponics and this sort of thing. So there are great advances. We want to make sure that Government is supporting it with research, but also to make sure that whatever we are doing—which is much more ambitious. I have to say, than some other countries not very far away—we are working with those countries to make sure that they are raising their game too. I entirely concede that we are not going to satisfy everybody on this, but we will—

Q323 Chair: I am trying to finish before the vote, but I would like to mention two other things before then so we can release you, otherwise we will ask you to come back. SUDs: is there any reason why you did not use the Water White Paper to set out decisive action to promote the use of SUDs or even the Natural Environment White Paper? You do say in your paragraphs 282–283 that the forthcoming Water White Paper will consider “mechanisms to encourage the retrofit of SUDs on both community and individual property scales”. But, as we discovered when we questioned you on that, that was not the case.
Richard Benyon: We are taking forward the SUDs provisions in the Flood and Water Management Act and these will—

Q324 Chair: What stage are we at? Has the consultation finished? When will the regulations be published?
Richard Benyon: I will ask David. I confess I was not expecting to answer questions on SUDs today.
Chair: It is in the Natural Environment White Paper.
David Cooper: The consultation has recently ended, and so we are working through all the responses to that consultation about the issue you raise. Of course, there are many different views expressed from different stakeholders, local authorities and others, so they are being worked through at the moment. In principle, sustainable urban drainages systems can provide lots of benefits, not only in terms of managing drainage, but if they are done in ways that create environments for wildlife and habitats and recreation and so on. So the principle of using SUDs to achieve multiple benefits is highlighted in the Water White Paper and the Natural Environment White Paper.

Q325 Chair: I think the Committee is entirely in agreement with you. Will it be in the draft Water Bill and when might we expect that?
Richard Benyon: You will be seeing the draft Water Bill in the very near future and the details of it will be apparent then. We are hoping your Committee will give it the pre-legislative scrutiny it deserves, and I am sure these issues can be raised. There is a lot in the Natural Environment White Paper that touches on this, not least the Green Infrastructure Partnerships, which are progressing successfully and we are starting to see new thinking coming in. The whole concept of sustainable development is going to gear up the technologies of this, because nobody is going to be able to build houses in areas that are water stressed or where there is flood risk without considering the impact those developments will have on the natural environment. So we will be using sustainable drainage systems and also wider issues such as planting trees to protect communities.

Q326 Chair: You do mention in those paragraphs the aspect of retrofit. Is there any reason why you are not also consulting on the automatic right for developers to connect to the water supply system, given that this can have an implication for sewerage, diffuse pollution, road runoff etc?
Richard Benyon: There are two issues: the right to connect in sewerage and the right to connect to public water supply. We wanted to make sure the NPPF was published before the final provisions were made clear, and we will do that.

Q327 Chair: So you will consult?
Richard Benyon: Yes.

Q328 Chair: Minister, just one thing: you mentioned there was £92 million that the Government has identified for catchment management systems. Can you just confirm that that is additional money to, for example, the £12.9 million that was spent in 2009–2010 on delivering the programme? This is additional money.
Richard Benyon: The £92 million is new money that was announced when we announced our catchment management scheme about a year ago. There was a small additional amount that had been previously announced, and I want to be absolutely clear at the time I was not double-announcing anything, so the £92 million is new money.

Q329 George Eustice: On peat, and the idea of reducing the use of it, cutting back on it has been talked about for decades, certainly as long as I can

1 This refers to the recent consultation on the implementation of the parts of the Flood and Water Management Act which relate to Sustainable Drainage Systems.
remember, but do you think we need to do more to reuse and recycle it? It seems to me that that is probably a better solution. The problem with some of these things is you could have, as you talked about, hydroponics or things like rock wool, but you have disposal problems even with some of those other mediums.  

Richard Benyon: That is one of the reasons we have to be slightly careful about just thinking that as of a certain date we are just going to say, “No”. There are some people who have advised me that we should have a horizon of just a year or two, and it is up to the industry to step in, but we could not possibly have done that. The technology of recycling and the creation of other growing media are moving very rapidly and I am quite convinced that business will cope with it. We have to set realistic timetables; we think we have. They are too long for some and too short for others, but what we want is an effective ending of the use of peat. That is why we have given these three timelines on it, balancing that, of course, with the need for food security as well as the environment.  

Chair: Minister, you and Mr Cooper have been most generous with your time and we thank you very much indeed for participating. We will end the formal session. We are expecting a vote, but if colleagues could stay we will carry on with our normal business, if we may. Thank you very much indeed, Minister.  

Richard Benyon: Thank you.
Written evidence

Written evidence submitted by the Royal Society for the Protection of Birds (RSPB)

1.0 The Royal Society for the Protection of Birds (the RSPB) is the charity that takes action for wild birds and the environment. We are the largest wildlife conservation organisation in Europe with over one million members.

1.1 The RSPB is pleased that the coalition government has produced a white paper on nature so early in its term; thereby demonstrating their commitment to England’s natural environment.

2.0 The RSPB welcomes:

2.1 The scale of ambition outlined in the white paper. We are impressed by the government’s ambitions, and the aim that: “The Government wants this to be the first generation to leave the natural environment in a better state than it inherited.”

2.2 The commitment to measurable outcomes and to reporting on these. We strongly believe that any meaningful strategy must contain measurable outcomes against which progress can be tracked. We are pleased to see the outcomes set out (2.9, p17), although we are concerned to see this does not include an outcome related to vulnerable species. We are also pleased to see the commitment to produce indicators, including biological, by spring 2012 (5.6, p66).

2.3 Actions to ensure the value of nature is given proper consideration in decision-making. Following the powerful evidence base established through the National Ecosystem Assessment, we are pleased to see a range of commitments to put this into practice. Of these, the new independent Natural Capital Committee, reporting to the Economics Affairs Cabinet and chaired by the Chancellor, is one of the most promising. However, all of these actions will need the ongoing commitment of key departments and a cultural shift if they are to achieve the desired outcomes.

3.0 The RSPB has concerns that:

3.1 There is no convincing funding strategy. Whilst we appreciate the current economic difficulties, the ambitions set out in the white paper will not be met without significant investment. It is crucial that a long-term strategy considering innovative funding sources is established, and existing funding is made to work harder.

3.2 Most of the mechanisms recommended are voluntary, and untested. Past experience suggests that government will need to use a combination of legislation, enforcement, incentives and voluntary approaches if the ambitions are to be realised. We welcome the commitment to pilot many of the ideas first, and particularly the government’s commitment to review existing voluntary initiatives and take action if they are not working (2.48, p24).

3.3 There is no clear relationship between local action and national priorities. Many problems are best solved at a local level, but national priorities will not always be met without a strong relationship between local partners and central structures. If we are to meet our international commitments for 2020, this must be resolved.

3.4 There are no meaningful commitments to the UK Overseas Territories. Given that this is where the bulk of the UK’s responsibility for preventing species extinctions lies, it is astonishing that the white paper fails to make the stretching commitments required if the UK is to meet its international obligations.

20 June 2011

Further written evidence from the Royal Society for the Protection of Birds (RSPB)

Summary

1. In this submission of evidence, the RSPB makes the following main points:

(a) The RSPB welcomes the White Paper, but we believe that there is much work to do across government if we are to deliver its ambitions.

(b) There is huge pressure on the new voluntary initiatives to deliver, and much more needs to be done to support them.

(c) The planning system has a crucial role to play in delivering the ambitions of the White Paper, and changes are required to the proposed reforms to achieve this.

(d) More detail and assurance is needed around embedding the value of natural goods and services in decision-making across government.

(e) While the Department for Education has already taken some welcome steps towards reconnecting children with nature, further elements must be implemented across government.
INTRODUCTION

2. We welcome the bold ambitions in the White Paper, although we have concerns about the lack of an outcome related to species.

3. Our experience of nature conservation leads us to believe that there are broadly four types of mechanism that could deliver these ambitions. These are: i) regulation, ii) incentives or funding, iii) market-based approaches, and iv) voluntary action.

4. The Government is reluctant to use the first two of these for environmental ends. The White Paper therefore broadly focuses on creating markets, and use of voluntary initiatives. Since the market mechanisms will take time to reap benefits, this means there is significant pressure on the new voluntary initiatives to deliver.

RESPONSIBILITY FOR THE AMBITIONS OF THE NEWP

5. The White Paper is the product of a welcome process of cross-government working. Following its launch, we believe that government needs to clarify where ultimate responsibility now lies, and how departments beyond Defra will be held to account.

6. We warmly welcome the measurable ambitions established in the White Paper (paragraph 2.9), although we were disappointed not to see an ambition regarding species of conservation concern. We are concerned that the ambition that followed in the England Biodiversity Strategy is vague and un-ambitious; we should be aiming to improve the prospects of all priority species in England by 2020. Achieving this will require a re-invigorated species recovery programme and greater efforts to integrate the needs of priority species into wider habitat and landscape initiatives.

THE FUNDING GAP

7. The Lawton review\(^1\) estimated that between £600 million and £1.1 billion annually was needed to establish a coherent and resilient ecological network in England. At the most recent estimate in 2010, there was a £273 million shortfall in funding needed to meet UKBAP targets.\(^2\) Despite this, Defra received real cuts of around 30%, the second largest of any government department in the 2010 Spending Review. With a nominal budget of £2.2 billion scheduled for 2014–15, compared to £2.9 billion in 2010–11 when this shortfall was identified, it is unlikely that the government is allocating sufficient resources to meet the needs of our natural environment.

8. In its report “Financing nature in an age of austerity” the RSPB recommended possible new mechanisms for generating finance for nature conservation without using the public purse.\(^3\) Notable amongst these suggestions were a biodiversity offsets scheme, and a levy on peat products used in horticulture. In both these areas, the Government’s reluctance to regulate means that voluntary measures are being introduced which will not ensure sufficient action from the private sector.

9. Much of the existing funding comes from agri-environment. Already insufficient to meet existing objectives, let alone meet any new demands, it is concerning that it is under so much pressure through the current CAP reforms. For example, the CAP budget for 2014–20 will be c.8% less than at present and could face further cuts as part of EU Budget negotiations, and draft CAP legislative proposals have suggested worrying changes which will put further pressure on pillar II.

THE NEW VOLUNTARY INITIATIVES

10. The RSPB warmly welcomes LNPs and NIAs and is committed to working with government and other partners to make them a success.

11. However, given the pressure on these to deliver, we have been surprised at the haste with which Defra has rolled them out, and the lack of supportive structures or guidance required to ensure they succeed.

12. More needs to be done if these initiatives are to make a significant contribution to the ambitions of the White Paper:

   (a) Their success criteria must be, in part, defined nationally. Defra needs to show how the delivery achieved by LNPs and NIAs will contribute to the measurable ambitions of the NEWP.\(^4\) We recommend that Defra provide a national framework, showing the species and habitats that need to be delivered within a particular area, and tie advice from Natural England, and the monitoring of delivery, to this framework.

   (b) Defra should have a clear role in championing LNPs within government and must commit to removing obstacles to their delivery, wherever possible. These roles should be clarified in a public statement.

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\(^3\) Comerford et al., 2010, Financing Nature in an Age of Austerity, RSPB.
\(^4\) For example, the increase of 200,000ha of priority habitat and the outcome for priority species
(c) CLG should advise Local Enterprise Partnerships (LEPs) that they should nominate a representative to sit on the LNPs, and vice versa. The wording in the White Paper “we would encourage LEPs and LNPs to work together” is inadequate.

(d) Government should clarify to local authorities that meeting their responsibilities under the biodiversity duty includes supporting habitat restoration and recreation, and working with LNPs.

(e) The draft NPPF must be amended to better support LNPs and NIAs (see below).

13. The White Paper also introduced a new voluntary initiative for the reduction of peat use in horticulture, with which the RSPB has serious concerns. Given the failure of the previous voluntary approach to deliver against its own targets,7 the RSPB, and many others,8 believe a regulatory approach is the only way forward.

14. Given the pressure on voluntary initiatives, we welcome the commitment in paragraph 2.48 to use the review in 2012 of the Campaign for the Farmed Environment and the Greenhouse Gas Action Plan “to assess more generally the effectiveness of this kind of voluntary industry-wide approach”. We recommend that this review be extended to LNPs and NIAs, and also the voluntary approach to peat reduction (bringing this forward from 2015).

IMPLEMENTING NEWP AND PLANNING REFORMS

15. The RSPB has serious concerns about the draft NPPF as it stands. We fear it will take us further away from meeting the ambitions of the NEWP, rather than closer toward them as hoped.

16. The RSPB has obtained legal advice that the draft NPPF would undoubtedly lessen protection for SSSIs and other wildlife designations not protected by European law. The presumption would make it more difficult to refuse an application that would damage such sites, because of its requirement of proof that “adverse impacts of allowing development would significantly and demonstrably outweigh the benefits, when assessed against the policies in the Framework taken as a whole” (paragraph 14).

17. Both NIAs and LNPs need an explicit underpinning in NPPF if they are to succeed. We recommend this is incorporated to the welcome policies in paragraph 168.

18. The NPPF should require local authorities to establish a robust evidence base for the natural environment. This should be clearly set out in the section “Using a proportionate evidence base” (p8–12), just as it is for housing and business requirements.

19. Effective planning for the natural environment often needs to take place at landscape scales that do not follow administrative boundaries, therefore requiring effective joint-working by adjoining local authorities. The NPPF and the duty to cooperate in the Localism Bill do not yet provide a sufficient basis for larger than local strategic planning.

EMBEDDING THE VALUE OF NATURE IN DECISION-MAKING

20. The RSPB welcomes:

(a) the establishment of a Natural Capital Committee (NCC), to advise the Chancellor on the sustainable use of natural capital across the UK;

(b) the commitment to include measures of natural capital into the UK’s environmental accounts, and amend the Treasury Green Book to include guidance on monetary and non-monetary valuation; and

(c) the further funding made available for research around the valuation of natural services.

21. More clarity is needed about how the findings and advice from the NCC will input into policy and government process, for example in setting new UK targets for sustainable resource use and pollution levels, or the use of green indicators alongside GDP to form a more sustainable measure of economic prosperity.

22. There is a significant disconnect between the findings of the recent UKNEA and current economic policy in the UK. “Enabling the transition to a Green Economy”, the Government’s green economy roadmap recently produced by Defra, BIS and DECC, makes no mention of the NEA, or how environmental goods and services other than carbon may fit into the Government’s vision for a sustainable growth. Similarly, BIS and HMT’s “Plan for Growth” and the Local Growth White Paper fail to recognise that “green” is not synonymous with “carbon”, making no mention of broader natural capital and the services it provides.

23. “Green GDP” measures are gaining increasing favour worldwide, including within developing countries such as China and India. The United Nations Conference on Sustainable Development in 2012 is likely to promote further global thinking on measuring sustainable economic growth. To be a global leader in this arena, the UK must examine practical ways to incorporate its green accounts firmly into its economic strategy.

7 For example, compared to the target of peat comprising 10% of the market by 2020, it actually comprised 42% (http://randd.defra.gov.uk/Document.aspx?Document=SP08020_9282_FBP.pdf)

8 For example, B&Q, Homebase, Scotts Miracle-Gro and Sinclair Horticulture, who between supply more than 70% of the peat in the UK marketplace, co-signed a letter together with the RSPB, the National Trust, the Plantlife, the Wildlife Trusts and others to the Minister, requesting an end to the voluntary approach to peat replacement.
24. The RSPB supports the proposed actions relating to Payments for Ecosystem Service (PES) schemes. However, the limits to such methods must be acknowledged. Due to the “public good” nature of much natural capital, identifying discrete private providers and beneficiaries will not be possible for many ecosystem services. Without government intervention, there will always be some level of market failure regarding environmental damages, where regulation and legislation will be required to deliver the best results for nature, and for our long-term prosperity.

Reconnecting People with Nature

25. The RSPB welcomes the government’s ambition to strengthen people’s connection to nature. A crucial element of this is ensuring every child is given opportunities to experience and learn about the natural environment, and grow to care for and protect it.

26. The Department for Education has already taken some necessary steps to achieve this, such as significantly reducing the health and safety bureaucracy for teachers associated with outdoor learning. The RSPB believes that further important elements identified in the White Paper must also be fully implemented by the Department for Education and embedded in practice, including:

(a) Making available evidence and information about the effectiveness of learning outside the classroom, for schools deciding how to allocate pupil premium funding (NEWP paragraph 4.15; Schools White Paper paragraph 8.7).

(b) Ensuring that the new national curriculum across all Key Stages (1–4); for science/biology, includes ecology and biodiversity; for geography, includes the human impact on the environment and conservation; and that both subjects are underpinned with regular field work (paragraph 4.16).

27. Further aspects linked to the White Paper’s proposals, but not specifically identified within, also require cross-government action:

(a) Ensuring children and young people are closely involved (through schools and youth settings) in all activities relating to the new Local Green Space designation (NEWP paragraph 4.23; Public Health White Paper paragraph 3.36; NPPF paragraphs 128–132).

(b) Establishing a baseline of children’s current connection to nature, to monitor and evaluate the White Paper’s ambitions (and which should go beyond simply measuring the frequency and number of visits by children to the countryside (paragraph 4.26)).

28. The RSPB also has concerns regarding the proposals for people of all ages taking part in environmental volunteering. While reference is made to the Giving White Paper (paragraph 4.40), its recommendations must be coherently linked to the Natural Environment White Paper to ensure the government accurately assesses the barriers to public engagement with the natural environment. A particular concern is how resource implications on organisations are to be managed \(^7\) as capacity is built for environmental volunteering (Giving White Paper, p63).

26 September 2011

Written evidence submitted by the Campaign to Protect Rural England (CPRE)

Introduction

1. CPRE welcomes the opportunity to submit short evidence on the Government’s Natural Environment White Paper, the Natural Choice.

2. Broadly, we welcome the White Paper, and particularly its recognition of the innate value of nature, provisions to establish Local Nature Partnerships (LNPs) and create Nature Improvement Areas (NIAs) and the sections on light pollution and local landscape character. However, there are also challenges, including the extent to which this is a White Paper on which the whole of government, not just Defra, will deliver and the critical role of planning policy in achieving the aims it sets out.

Positives

3. The Natural Choice is, we hope, an indication of a serious intention to be “the greenest government ever”. We are pleased with its recognition of nature’s intrinsic value; while we welcomed the publication of the National Ecosystem Assessment and its work to value nature’s services, it is important that the Government realises that nature matters and should be valued in its own right.

4. Proposals for LNPs and NIAs should help take forward the vision of protecting and restoring nature set out in the Making Space for Nature report. Government funding for these initiatives is welcome although, at £8.5 million, limited, and Ministers will need to make more use of other budgets, such as Environmental Stewardship, to further their objectives. More clarity on how government will move these initiatives forward would be welcome. We understand that there will be a competition for funding to establish NIAs, but it is

\(^7\) For example, the time and costs involved in providing professionally managed, appropriate and rewarding volunteering opportunities.
unclear whether LNPs will emerge organically, or be kick-started by government. Local action for nature should be encouraged, but it will need national support.

5. We welcome many other aspects of The Natural Choice, including support for the Love Where You Live anti-litter campaign, the prospect of progress on light pollution and backing for national landscape character area profiles and community engagement in landscape planning. We also welcome support for Quiet Areas, although the latter should be more broadly defined to deliver wider benefits for tranquillity in rural areas.

CHALLENGES

6. The whole Government needs to deliver the White Paper. We welcome the intention that this will be the case and the associated actions it contains for a range of Departments. We hope to see a demonstrable commitment to put the natural environment at the heart of policy-making across government from now on.

7. Specifically, the Communities and Local Government Department’s new National Planning Policy Framework (NPPF) will need to reflect strongly the position set out in the White Paper that protection and improvement of the natural environment is at the heart of good planning. The direction of the Government’s planning reforms remains unclear. CPRE is deeply concerned that the Treasury, through the Budget Statement, sent a strong signal that there should be a default “yes” to development. This would be at odds with the vision set out in The Natural Choice. CPRE wants to see a NPPF that sets out a strong basis for enhancing England’s natural environment.

20 June 2011

Further written evidence submitted by the Campaign to Protect Rural England (CPRE)

INTRODUCTION

1. The Campaign to Protect Rural England (CPRE) welcomes the opportunity to submit evidence to the Select Committee on the Government’s Natural Environment White Paper, The Natural Choice. We previously made a short submission to the Committee’s earlier Inquiry on the White Paper.

2. We broadly welcome the White Paper, and particularly its recognition of the innate value of nature, the provisions to establish Local Nature Partnerships (LNPs) and create Nature Improvement Areas (NIAs), and the sections on light pollution and local landscape character. We also have some concerns, however, including the extent to which this is a White Paper on which all of government, not just Defra, will deliver, and the threat that a weakened planning regime will undermine its aims. The latter point is even more important now following the publication of the draft National Planning Policy Framework that, in its current form, poses a serious threat to the countryside.

3. This submission does not address all of the questions set out in the call for evidence, but focuses on areas in which CPRE has particular expertise and interest.

ACTIONS REQUIRED ACROSS GOVERNMENT DEPARTMENTS, FROM LOCAL GOVERNMENT AND BY CIVIL SOCIETY

4. It is of paramount importance that the Government as a whole makes the delivery of the Natural Environment White Paper a priority, and that leadership within Whitehall is not left solely to Defra. The development of key indicators of progress (paragraph 6.6 of the White Paper) will be an important part of this. These should be ambitious and stretching, with clarity about the responsibilities of different Government departments. We are pleased that the Minister for Government Policy will hold departments to account for the way in which they mainstream sustainable development (paragraph 3.40).

5. Although Defra is only one of the departments that will be involved in delivering the White Paper’s commitments, it does have a leadership role, and the Department should therefore set out clearly which teams are responsible for ensuring that particular commitments are realised, and retain a team with overall responsibility for White Paper delivery. The Secretary of State and her ministerial team should also be clear that fulfilling the White Paper’s commitments is critical for them.

6. While both local government and civil society groups have an important role to play in carrying forward the commitments of the White Paper, for example in establishing Local Nature Partnerships (LNPs) and making proposals for Nature Improvement Areas (NIAs), the Government is ultimately responsible for ensuring that the vision set out in the White Paper is delivered. Although action by local and non-governmental partnerships should be actively encouraged, it should not be seen as a substitute for government action. The Government must be prepared to step in if it is clear that key commitments are not being met, and to provide the funding and regulatory support needed to make the White Paper’s goals a reality.

7. Aspects of the Government’s current policy approach will make it more difficult to realise the aims and objectives of the White Paper. The Red Tape Challenge has recently considered a very broad sweep of environmental regulation, and raised questions about whether these regulations should be simplified or, in some cases, abolished altogether. While it is sensible to keep regulation under review, our natural environment would
be in a significantly poorer state now without the range of legislative protections (including designated landscapes and wildlife sites, appropriate planning controls and establishment of bodies that give independent environmental advice to government) that have been built up over time. Defra should be robust in defending effective environmental regulation.

8. The current draft National Planning Policy Framework (NPPF) is a major concern for CPRE. If unamended it will pose a significant threat to the Government’s vision for the natural environment. While ongoing protection for designated sites, such as National Parks and Areas of Outstanding Natural Beauty, is welcome, the NPPF proposes to remove protections for the undesignated countryside. Coupled with the scrapping of density targets and policies that prioritise brownfield development, this opens up the prospect of significantly more development in the countryside. The apparent downgrading of “ordinary countryside” in the NPPF is also worrying given that the White Paper’s definition of “natural environment” includes “urban green space and open countryside, forests and farmed land” (p7), without specifying that it should enjoy protective designation. It is therefore imperative that Defra works with the Department for Communities and Local Government to make changes to the NPPF to restore to national planning policy the protection of the “ordinary countryside” (particularly as set out in paragraph EC6.1 of Planning Policy Statement 4, which will be superseded by the NPPF).

THE INSTITUTIONAL FRAMEWORK—LOCAL NATURE PARTNERSHIPS AND NATURE IMPROVEMENT AREAS

9. CPRE welcomes the proposals for both LNPs and NIAs, but it will be some time before we can judge how effective they will be.

10. It is encouraging that there appears to be a healthy number of bids to establish LNPs, although we have had some concerns about the short initial timescales for registering interest (which are challenging for organisations that, at local level, are heavily reliant on volunteer activity). Organisations considering establishing LNPs need more guidance from Defra on its vision for these partnerships, and how they should contribute to the national strategy for restoring nature.

11. We believe that, if LNPs are to be successful, they should achieve as wide coverage as possible (preferably 100% of England’s land area), to ensure that no part of England is left out of the White Paper’s strategy for the natural environment, and that resources and effort are not simply concentrated in areas that are already of the highest value for nature. The Government and its agencies should therefore be ready to offer additional support and advice to help establish partnerships in areas where there are gaps. LNPs should work closely with Local Economic Partnerships, and encourage co-operation by local authorities in areas such as land use planning, the enhancement of nature and mitigation of flooding. LNP membership must include representatives of environmental NGOs, and LNPs should be open to seeking views from environmental groups in their areas that are not formally part of the partnership (some smaller groups may not have the resources to become actively engaged in LNPs, but will nonetheless be able to provide useful advice).

12. LNPs should make use of information about national and local landscape and wildlife priorities provided by Natural England and the Environment Agency (so for example they should be aware of the National Character Areas covered by their partnership). They should also be supported by a team within Defra which can both provide them with relevant national information and learn from them about barriers to their work that can only be resolved through national policy interventions. An LNP’s vision should be incorporated into relevant local plans and, if the partnership crosses the boundaries of several local authorities, the duty to co-operate should ensure that all authorities make the LNP’s vision their strategic plan for the natural environment in their areas. Finally, LNPs should be required to produce concise annual reports giving an honest assessment about their progress and obstacles, and these reports should be collated by Defra in reporting on progress against the White Paper’s commitments for England as a whole.

13. NIAs begin to take forward the Lawton vision of landscape-scale conservation. We welcome Defra’s commitment of £7.5 million for the initial tranche of 12 such areas, and the indications that there is significant interest in the competition for these funds. But these NIAs can only be the start of a process of restoring England’s ecological networks at the landscape scale that must be much more extensive, and there is no indication from the Government as to whether there will be subsequent tranches of NIAs, and whether any funding for them will be available in the longer term (see below under resources and ambitions). Lawton’s Making Space for Nature report suggested that the annual costs of establishing a coherent and resilient ecological network would be in the region of £600 million to £1.1 billion. Without funding support for subsequent tranches of NIAs, there is a danger that they will simply not materialise.

RESOURCES AND AMBITIONS

14. There is currently a lack of a clear, long term funding strategy for the White Paper. The individual sums of money made available for LNPs and NIAs are very small (although nonetheless welcome), and there is no indication from the Government as to whether protection and restoration of the natural environment will be a priority for more funding as the economy recovers.

15. The Government is right to draw attention to the increased funding for the Higher Level Stewardship Scheme, perhaps Defra’s most notable success from last year’s Spending Review. This will be an important tool for delivering environmental improvements across the farmed landscape. As the White Paper says...
(paragraph 5.20), further reform of the Common Agricultural Policy so that it better supports environmental outcomes will also be critical, and the Government will need to lobby hard for that in the forthcoming debates on CAP reform.

16. It is unavoidably true, however, that the new money made available to achieve the aims of this White Paper falls a long way short of the sums identified by Lawton as being necessary to establish a coherent and resilient ecological network. It seems unlikely that voluntary organisations and community groups will step in to fill this hole. CPRE recognises the financial constraints under which government is currently operating, and we do not feel that it would be realistic at this time to press Ministers to find up to £1.1 billion a year to implement Lawton’s recommendations (and we also acknowledge that Lawton himself did not suggest that all of this funding need come from government). However, the White Paper should be a vision for protecting and restoring the natural environment over 20 to 30 years and, in that context, it should be possible for the Government to set out a longer term vision for a funding strategy that will deliver landscape-scale conservation across England. £1.1 billion would represent around 0.15% of total Government spending so, over the long term, a Government with the stated aim of being the “greenest ever” should be prepared to invest a sum of this nature to deliver a significant improvement in the state of the natural environment.

PUBLIC ENGAGEMENT

17. The White Paper correctly identifies the interest people have in engaging with the natural environment, illustrated by the membership and volunteer base of NGOs. It also identifies the role of LNPs in connecting people with nature. In order for this to happen, however, Defra will need to support communities that want to be involved in LNPs, and recognise that volunteers need time to engage with these processes.

18. The Local Green Space designation, which is being consulted on through the NPPF, is a tool that could engage communities better with their local environment, and encourage them to protect what they value. In order to do this, however, it needs to be a strong and ambitious designation. It is worrying that the draft NPPF description of the designation is full of caveats (some of which are also set out in the White Paper). The draft NPPF says that “identifying land as Local Green Space should… be consistent with the local planning of sustainable development and complement investment in sufficient homes, jobs and essential services”, and that “the Local Green Space designation will not be appropriate for most green areas or open space”. The draft goes on to say that such spaces will need to be in reasonably close proximity to centres of population or urban areas, be “demonstrably special” to a local community and have “particular local significance” and be local in character and not an extensive tract of land (paragraphs 130–131 of the draft NPPF). If the Government wants people to engage with the process of protecting their valued local green spaces, it must not set the bar for designation too high, and should ensure that the designation, when granted, is a meaningful protection.

19. We welcome other initiatives set out in the White Paper to engage people with the natural environment, including the Big Tree Plant, support for the new “Love Where You Live” campaign on litter (which complements CPRE’s work, for example through our LitterAction website that encourages local groups to clear up litter) and the commitment to work with local authorities and businesses on both tranquillity and light pollution.

20. The White Paper correctly identifies that clear, well maintained paths and bridleways are important to give people access to the natural environment. It has less to say about the Government’s ongoing strategy for improving access to the countryside which is critical if we are to inspire people to value nature. We hope that the Government will continue with the process of designating the England coastal route, and we also look forward to hearing from Ministers how they will provide improved opportunities for access to England’s woods and forests.

23 September 2011

Written evidence submitted by the Town and Country Planning Association

1.0 ABOUT THE TCPA

1.1 The Town and Country Planning Association (TCPA) is an independent charity working to improve town and country planning. Its cross-sectoral membership includes organisations and individuals drawn from practitioners in local government, private practice, housebuilders, academia, third sector organisations and special interest groups. It puts social justice and the environment at the heart of policy debate and champions fresh perspectives on major issues of planning policy, housing, regeneration, the environment and climate change. Our objectives are to:

— Secure a decent, well designed home for everyone, in a human-scale environment combining the best features of town and country.
— Empower people and communities to influence decisions that affect them.
— Improve the planning system in accordance with the principles of sustainable development.
2.0 TCPA Submission

2.1 The TCPA welcomes the Natural Environment White Paper and its recognition of the key role that planning will have in securing a sustainable future for the natural environment. The White Paper will require a coherent policy approach across Government to ensure effective delivery of policy objectives.

2.2 The TCPA endorses the White Paper’s requirement for a more strategic and integrated approach towards planning for the natural environment, which will guide decision-making to ensure development enhances natural networks and encourages greener design. This response sets out the Association’s views on how proposals in the White Paper can be best achieved in line with the current planning reforms.

2.3 There needs to be greater clarity on the relationship between the White Paper and the new “presumption in favour of sustainable development” which will form a central part of the National Planning Policy Framework (NPPF). A consensus on a workable and effective definition of sustainable development across Government is vital to achieving this. The TCPA recommends the Committee examines this issue once a consultation draft of the NPPF is published by DCLG.

2.4 The TCPA supports the idea of Local Nature Partnerships (LNP) in order to improve local leadership, promote awareness and a joined-up approach towards planning for the natural environment. The priority of the LNP Fund must be to support and sustain existing partnerships. The White Paper should address the relationship between LNPs and the new Local Enterprise Partnerships and Neighbourhood Plans, which form a central part of the new planning landscape.

2.5 The White Paper states that planning reforms will enable a strategic approach to planning for nature within and across local areas (2.35). However, the TCPA questions whether the loss of strategic environmental policies and evidence-base from the Regional Spatial Strategies (RSS) and the proposed “Duty to Co-operate” between local planning authorities in the Localism Bill, will help facilitate the ecosystems and landscape-scale approach to planning which the White Paper advocates. The TCPA recommends the Committee undertake an inquiry into the impact of the new planning landscape for environmental planning.8

2.6 The TCPA welcomes the establishment of Nature Improvement Areas to bring together local partnerships. However, the removal of RSSs and the impact of this on effective strategic scale planning must be considered, especially on the functional and spatial relationships between this new designation and existing designations.

2.7 The TCPA welcomes the White Paper’s recognition of the role of green infrastructure, including SuDS and back gardens, in relation to adapting to the impacts of climate change (2.78–2.83). As lead partner of the pan-European project on Green and Blue Space Adaptation for Urban Areas and Eco-towns (GRaBS),9 the TCPA has helped to improve the capacity of local planning authorities to deliver climate-resilient development.

2.8 Finally, the TCPA welcomes the White Paper’s plans for monitoring policies and actions, in particular the publishing of a “state of the English environment” report. However, there are questions around how environmental data can be collated consistently across the nation from local authorities after the abolition of National Indicators; strategic monitoring through annual monitoring reports of the RSSs; and local monitoring requirements for local development plans.10

21 June 2011

Further written evidence submitted by the Town and Country Planning Association (TCPA)

1.0 About the TCPA

1.1 The Town and Country Planning Association (TCPA) is an independent charity working to improve town and country planning. Its cross-sectoral membership includes organisations and individuals drawn from practitioners in local government, private practice, housebuilders, academia, third sector organisations and special interest groups. It puts social justice and the environment at the heart of policy debate and champions fresh perspectives on major issues of planning policy, housing, regeneration, the environment and climate change. Our objectives are to:

— Secure a decent, well designed home for everyone, in a human-scale environment combining the best features of town and country.

— Empower people and communities to influence decisions that affect them.

— Improve the planning system in accordance with the principles of sustainable development.

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8 As the Communities and Local Government; Transport, and the Environmental Audit Select Committees have done respectively for housing, transport and sustainable development, to which the TCPA gave oral evidence.

9 www.grabs-eu.org

10 DCLG, 30 March 2011, Letter to Chief Planning Officers: Preparation and Monitoring of Local Plans
2.0 TCPA Submission

2.1 This submission should be read in conjunction with the TCPA’s earlier submission to the Committee in its initial inquiry into the Natural Environment White Paper when it was published. The TCPA welcomes the White Paper and its recognition of the key role that planning will have in securing a sustainable future for the natural environment. The White Paper will require a coherent policy approach across Government to ensure effective delivery of policy objectives.

2.2 The TCPA endorses the White Paper’s requirement for a more strategic and integrated approach towards planning for the natural environment, which will guide decision-making to ensure development enhances natural networks and encourages greener design. This response sets out the Association’s views on how proposals in the White Paper can be best achieved in line with the objectives and proposals of current planning reforms.

2.3 The TCPA wants to see an outcome driven and visionary planning system, responsive to people’s needs and aspirations and delivering long term sustainable development for the nation. In light of the recent publication of the consultation draft National Planning Policy Framework (NPPF) by DCLG, the TCPA believes that greater clarity. This clarity is required on the relationship between the White Paper and a number of key aspects of the planning reforms, in particular where the planning system will have a key role as a delivery mechanism.

2.4 A more detailed TCPA briefing on the draft NPPF and its implications on practice on the ground can be made available to the Committee on request. The most pressing of these aspects is the relationship between the White Paper and the new “presumption in favour of sustainable development”, which is defined in the draft NPPF as one which is largely based on economic considerations. The TCPA recommends that the Committee investigates the impact of the current draft of the NPPF on some of the key objectives of the White Paper. In particular, the presumption challenges the prominence of the plan-led system which has to go through a Strategic Environment Assessment and allocate sites for development. The TCPA recommends the Committee consider how the “presumption” sits alongside the objective of the White Paper to “take a strategic approach to planning for nature within and across local areas”.

2.5 A consensus on a workable and effective definition of sustainable development across Government is vital to overcoming this potential conflict. The TCPA recommends the Committee examines this issue and that a consistent cross-departmental definition of sustainable development is adopted based on the 2005 UK Sustainable Development Strategy, which takes a comprehensive approach to social, economic and environmental considerations.

2.6 There is at present a lack of articulation of the role of Green Infrastructure in the draft NPPF which is prioritised in the Natural Environment White Paper, and an absence of any definition of Green Infrastructure. It is important cross-departmental collaboration takes place between DEFRA and DCLG to ensure that the multiple benefits of Green Infrastructure are recognised through positive planning policies.

2.7 The Duty to Co-operate, being introduced in the Localism Bill, is another key issue that needs to be considered more closely in the White Paper. The current list of bodies subject to the duty does not include key private sector partners such as infrastructure providers. The reference to the duty in the White Paper does not address these limitations in strategically planning for the natural environment at the functional landscape-scale. Particularly in areas and localities where the removal of Regional Strategies and associated collaboration structures, compounded by diminishing local authority resources, may lead to fragmented and ad-hoc planning functions.

2.8 The TCPA supports the Local Nature Partnerships (LNP) approach in order to improve local leadership, promote awareness and a joined-up approach towards planning for the natural environment. The priority of the LNP Fund must be to support and sustain existing partnerships, and it would be interesting to see how many of the first round approved LNPs are for supporting existing partnerships. The White Paper should address the relationship between LNPs and the new Local Enterprise Partnerships and Neighbourhood Plans, which form a central part of the new planning landscape.

2.9 The TCPA welcomes the establishment of Nature Improvement Areas to bring together local partnerships. However, the removal of RSSs and the impact of this on effective strategic scale planning must be considered, especially on the functional and spatial relationships between this new designation and existing designations.

2.10 The TCPA welcomes the White Paper’s recognition of the role of green infrastructure, including SuDS and back gardens, in relation to adapting to the impacts of climate change (2.78–2.83). As lead partner of the pan-European project on Green and Blue Space Adaptation for Urban Areas and Eco-towns (GRaBS),11 the TCPA has helped to improve the capacity of local planning authorities to deliver climate-resilient development. However the TCPA is concerned with the lack of proper guidance in the draft NPPF for local authorities on delivering sustainable networks of green and “blue” infrastructure, and the commitment of DCLG to publish any additional national guidance. However, in order for local authorities to deliver networks of green and blue infrastructure there will need to be clear policy support in the NPPF and guidance to ensure effective implementation. It is not yet clear whether DCLG will publish guidance on key policy areas alongside the

11 www.gra-bs.eu.org
NPPF. If DCLG does not intend to provide guidance on planning for green infrastructure the TCPA suggests that the Green Infrastructure Partnership, which will be launched in October, may provide a suitable cross-sector forum for producing much needed guidance for local authorities.

2.11 The TCPA welcomes the White Paper’s plans for monitoring policies and actions, in particular the publishing of a “state of the English environment” report. However, there are questions around how environmental data can be collated consistently across the nation from local authorities after the abolition of National Indicators; strategic monitoring through annual monitoring reports of the RSSs; and local monitoring requirements for local development plans.12

2.12 Finally, the National Ecosystems Assessment will be a useful decision-aiding mechanism in the planning process. However its application and relevance in plan-making and development management decisions is currently unclear, particularly in the context of current statutory assessment frameworks. Therefore the TCPA recommends that the Committee explore opportunities for Defra to roll out training and dissemination programmes for planners.

26 September 2011

Written evidence submitted by the Local Government Association

— The LGA welcomes the positive ambition of the NEWP and its stated intention not to place new burdens upon local authorities. However the paper needs to be clearer about how some of its proposals will link to proposed planning reforms within the Localism Bill.

— It is essential that the forthcoming National Planning Policy Framework (NPPF) makes the Government’s national environmental priorities absolutely clear, so this can be accurately factored into local and community-led plan-making.

— Government will need to be more ambitious in terms of incentivising local areas that wish to go above minimum compliance for the natural environment. £7.5 million extra over the next three years for 12 large “nature improvement areas” and the £1 million for Local Nature Partnerships will not stretch far.

1. PARTNERSHIPS

1.1 The LGA supports the Government’s encouragement of local partnerships, although local authorities and their partners are best equipped to decide for themselves how to organise their efforts.

1.2 Whilst we support the funding offered to “Local Nature Partnerships” and the twelve initial “Nature Improvement Areas”, the funding levels for each (at £1 million and £7.5 million respectively) are unlikely to be sufficient given local aspirations.

1.3 How will Local Enterprise Partnerships interface with the proposals within the White Paper? The issue requires clarification.

1.4 The LGA supports the NEWP’s commitment to the Total Environment initiative which, in collaboration with local authority partners, will identify and address barriers to using green infrastructure, and share best practice.

2. PLANNING

2.1 The NEWP sets out how Government expect the planning system to contribute to their objective of no net loss of biodiversity. For example, local authorities are invited to pilot a new approach to biodiversity offsetting, working with developers to deliver compensation for unavoidable habitat loss. The LGA commends the Government’s commitment to this issue and supports the voluntary nature of the offsetting scheme, allowing councils to participate should it be compatible with their local priorities.

2.2 The NEWP refers to the Localism Bill and its significant planning reforms. These references must be incorporated into the consultation this summer by Government on the draft National Planning Policy Framework (NPPF)—the LGA is currently consulting its members for their feedback on the NPPF.

2.3 The White Paper highlights the Government’s intention to consult later this year on proposals for a new Green Areas Designation that will give local people an opportunity to protect green spaces. The LGA would like to see more detail as to how the Designation differs from existing Town and Village Green legislation and what extra value it would add above and beyond regular independently assessed local authority plan-making.

3. ENERGY

3.1 The NEWP refers to the planning system assisting with a more sustainable approach to low carbon-energy. More detail is required as to how Defra will actually facilitate increased use of renewable sources by 2020 and the move towards a low carbon environment.

12 DCLG, 30 March 2011, Letter to Chief Planning Officers: Preparation and Monitoring of Local Plans
3.2 The White Paper announces the intention to establish a research programme to “fill evidence gaps” about impacts on the natural environment of the level of infrastructure needed to meet 2050 targets. Government must involve local authorities in this work to ensure any resulting action can be applied effectively at the local level.

4. ADAPTATION TO CLIMATE CHANGE

4.1 Action by councils and their partners to reduce the impact of climate change and manage flood risk can produce significant environmental benefits—eg providing multi-functional sustainable drainage schemes. The White Paper should ensure that funding mechanisms support the most environmentally beneficial decisions.

5. RELATIONSHIP WITH PUBLIC HEALTH

5.1 The LGA supports the NEWP’s recognition that the quality of the environment affects people’s health and wellbeing and can have a significant impact on improving health outcomes, for example in encouraging increased physical activity.

5.2 The Health and Social Care Bill proposes a leading role for local government in promoting and coordinating strategies to improve health outcomes and address health inequalities. Local Authorities must therefore be consulted and included in the development of policies around how improvements to the natural environment could improve public health and be implemented effectively at a local area.

21 June 2011

Further written evidence submitted by the Local Government Association (LGA)

1. INTRODUCTION

1.1 The Local Government Association (LGA) is a voluntary membership body and our member authorities cover every part of England and Wales. Together they represent over 50 million people and spend around £113 billion a year on local services. They include county councils, metropolitan district councils, English unitary authorities, London boroughs and shire district councils, along with fire authorities, police authorities, national park authorities and passenger transport authorities.

1.2 The LGA welcomes this opportunity to offer written evidence to the Environment, Food and Rural Affairs Select Committee’s inquiry into the Government’s Natural Environment White Paper (NEWP).

2. What actions are required across Government Departments, from local government and by civil society to deliver the White Paper’s proposals to grow a green economy and reconnect people with nature?

2.1 The LGA welcomes the positive ambition of the NEWP and its stated intention not to place new burdens upon local authorities. However, the paper needs to be clearer about how some of its proposals will link to proposed planning reforms within the Localism Bill.

LOCAL ENTERPRISE PARTNERSHIPS

2.2 Clarification is needed on how Local Enterprise Partnerships (LEPs) will interface with the proposals within the White Paper.

PLANNING ISSUES

2.3 It is essential that the National Planning Policy Framework (NPPF) makes the Government’s national environmental priorities absolutely clear, so this can be accurately factored into local and community-led plan-making.

2.4 In addition, it is important that any future Government proposals fully take into account the Government’s national environmental priorities, if the positive ambition of the NEWP is to be realised.

2.5 The draft National Planning Policy Framework currently out for consultation takes forward the Government’s Green Areas Designation commitment in the NEWP to allow communities to earmark important local green spaces for special protection. The Government has also published a consultation seeking views on proposals to reform the system for registering new Town and Village Greens under Section 15 of the Commons Act 2006.

2.6 LGA will be seeking clarity around how the Designation differs from existing Town and Village Green legislation and what extra value both of these processes add above and beyond regular local authority plan-making and neighbourhood planning proposals in the Localism Bill.

2.7 The final NPPF must ensure that the three pillars of sustainable development are equally balanced throughout the whole document so that councils can achieve environmental and social benefits for their communities as well as economic outcomes.
2.8 The LGA is working closely with the Coalition Government ministers and officials and key stakeholders to ensure this NPPF genuinely promotes local choice and flexibility. The LGA will be responding to the full NPPF Consultation by the closing date of 17 October 2011.

CLIMATE CHANGE ISSUES

2.9 The NEWP refers to the planning system assisting with a more sustainable approach to low carbon-energy. More detail is required as to how Defra will actually facilitate increased use of renewable sources by 2020 and the move towards a low carbon environment.

2.10 Action by councils and their partners to reduce the impact of climate change and manage flood risk can produce significant environmental benefits—eg providing multi-functional sustainable drainage schemes. The White Paper should ensure that funding mechanisms support the most environmentally beneficial decisions.

2.11 Maps that show how landscape character areas, water catchments and local authority boundaries relate to each other will be of benefit to local authorities in delivering the proposals in the NEWP, but it is essential that they are consulted along with other key stakeholders about the most useful format and content of such maps.

HEALTH ISSUES

2.12 The Health and Social Care Bill proposes a leading role for local government in promoting and coordinating strategies to improve health outcomes and address health inequalities. Local Authorities must therefore be consulted and included in the development of policies around how improvements to the natural environment could improve public health and be implemented effectively at a local area.

2.13 From April 2013, Directors of Public Health will be employed within all upper tier and unitary local authorities. They will be ideally placed to influence local services, for example joining up activity on rights of way, countryside access and green space management to improve public health by connecting people with nature.

3. Will the institutional framework outlined for delivering the proposals (in particular Nature Improvement Areas and Local Nature Partnerships) be effective? Does the proposed Natural Capital Committee have sufficient powers?

3.1 To effectively implement the NEWP proposals, effective resourcing from both a financial and expertise perspective will be critical. The LGA is concerned that the necessary resourcing is not provided for within the NEWP.

3.2 The LGA supports the Government”s encouragement of local partnerships, although local authorities and their partners are best equipped and must be able to decide for themselves how to organise their efforts. Local authorities will welcome the opportunity to learn from good practice around the country.

3.3 Whilst the intention of the NEWP is not to place new burdens upon local authorities (which is strongly welcomed by the LGA), it does expect local authorities to take a lead in the establishment and ongoing function of the Local Nature Partnerships, at a time when many authorities have had to reduce (or completely lose) the amount of ecological expertise available to them. This is particularly an issue when these partnerships are expected to be self-sufficient.

3.4 Bearing this in mind, we would welcome any Government offer to provide ecological expertise/resources to local authorities or identify ways in which local authorities could access these at little or no cost.

3.5 Local Nature Partnerships have the potential to be effective in delivering the proposals, but only if they are properly resourced.

3.6 Whilst we support the funding offered to “Local Nature Partnerships” and the twelve initial “Nature Improvement Areas”, the funding levels for each (at £1 million and £7.5 million respectively) are unlikely to be sufficient given local aspirations.

3.7 Government will need to be more ambitious in terms of incentivising local areas that wish to go above minimum compliance for the natural environment.

3.8 We would encourage further information on how future “Local Nature Partnerships” and “Nature Improvement Areas” might be developed across the country in the potential absence of any additional funding and how long-term sustainability might be achieved.

3.9 Further clarification is needed on how Local Enterprise Partnerships (LEPs) will interface with the proposals in the NEWP to achieve maximum benefit to local communities. The links between LEPs may be an important factor as to whether the proposals can be delivered effectively.
3.10 The LGA would encourage local authority input into the Natural Capital Committee once it has been set up and moves its work programme forward.

4. What further research and/or evidence is required to develop practical programmes sufficiently detailed to deliver the White Paper’s ambition to fully embed the value of nature into policy delivery?

4.1 The LGA supports the proposal for a research programme to fill evidence gaps. Government should ensure that it involves local authorities and other experts in order to ensure future mechanisms are able to be applied effectively at a local level.

4.2 The LGA supports the NEWP’s commitment to the Total Environment initiative which, in collaboration with local authority partners, will identify and address barriers to using green infrastructure and best practice (further details on the Total Environment prototypes can be found in Appendix 1).

5. Does the White Paper set out an accurate assessment of the barriers to public engagement with the natural environment and make the most effective proposals for re-engagement?

5.1 Local authorities are one key stakeholder who are in a strong position to engage communities with the natural environment and have a wealth of best practice in terms of community engagement and their expertise should be drawn upon wherever possible.

5.2 It is important that there is clarity on how communities should engage in the maintenance and long-term sustainability of the natural environment and what role Government and other key stakeholders will play.

5.3 It is also key that vulnerable and minority groups are consulted with to ensure that any barriers to engaging with the natural environment they might encounter can be overcome.

APPENDIX 1

TABLE OF AUTHORITIES INVOLVED IN TOTAL ENVIRONMENT INITIATIVE

<table>
<thead>
<tr>
<th>Place</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bristol</td>
<td>Green volunteering—aiming to bring together 1,000 green volunteers for the city. Recently awarded an EU grant to support this work. Natural England engaging for the Defra family. Project is now led by a VCS body, but Bristol CC retain an interest.</td>
</tr>
<tr>
<td>Cumbria</td>
<td>Ambition is a pan-Cumbria Local Nature Partnership</td>
</tr>
<tr>
<td>Essex</td>
<td>Ambition is a pan-Cumbria Local Nature Partnership</td>
</tr>
<tr>
<td>Hampshire</td>
<td>Currently exploring ideas on Section 106 money and its use, Green Banking, and Carbon Tax/CRC simplification.</td>
</tr>
<tr>
<td>Hertfordshire</td>
<td>Green infrastructure—including reducing levels of diffuse water pollution, improving access to and condition of waterways, improving the visual quality and functionality of the road corridor, and other land management issues.</td>
</tr>
<tr>
<td>Kirklees</td>
<td>A focus on how the local authority works with Defra agencies—through the lens of Green Infrastructure, flood risk management, use of the Community Infrastructure Levy. Engagement with the Farming Regulation Review.</td>
</tr>
<tr>
<td>Lincolnshire</td>
<td>Flood risk management—in particular options for yielding efficiencies through simplifying funding streams.</td>
</tr>
<tr>
<td>Manchester (Association of Greater Manchester Authorities)</td>
<td>Low-carbon economy—creating quality places that support growth. Exploring strands on Green Infrastructure and flood risk management. Some local work on availability of environmental data.</td>
</tr>
<tr>
<td>Partnership for Urban South Hampshire</td>
<td>Green infrastructure—improving connectivity</td>
</tr>
<tr>
<td>Suffolk</td>
<td>Coastal management—with a bottom-up approach of community engagement, collaborating with local communities to make decisions and determine priorities.</td>
</tr>
<tr>
<td>Worcestershire</td>
<td>Green Infrastructure strand in development—relative quality of the environment a major reason for inward investment. Also scoping work around funding for land management, regulatory services and enforcement service.</td>
</tr>
</tbody>
</table>

22 September 2011
Written evidence submitted by the National Farmers' Union (NFU)

The NFU represents more than 55,000 farming members in England and Wales. In addition we have 41,000 countryside members with an interest in farming and the country. The NFU welcomes the opportunity to make a submission to the Environment, Food and Rural Affairs Committee on the Natural Environment White Paper.

It is very hard to do justice to our reaction to the White Paper, which contains some 90 commitments many of which will impact on agriculture to some extent or other, in only 500 words. Therefore we have limited the scope of our commentary to just a few key points.

Producing more, Impacting less

1. One of the more significant actions in the White Paper is the commitment to bring together government, industry and environmental partners “to reconcile how we will achieve our goals of improving the environment and increasing food production”.

2. Particularly significant is the explicit acknowledgement in the White Paper that food production will *increase*, but also that a number of different organisations will all be brought together to help find solutions. These are big steps forward.

3. The NFU has long argued that one of the biggest challenges facing farmers and growers in England and Wales in the near future will be their part in meeting the expected global demands to produce more food, but also to have less of an impact on the environment. We believe that there are good reasons to feel optimistic about this particular challenge and we look forward to working with Government and others to find the solutions.

Integration of Messaging and Delivery

4. We are encouraged by the White Paper’s pledge to “improve the way government bodies work together so they provide more coherent advice and are easier to work with” and to “carry out a full review of advice and incentives for farmers and land managers, to create an approach that is clearer, more joined-up and yields better environmental results”. However, the Paper falls short of providing a clear commitment to join-up both the messaging and delivery on environmental priorities to farmers and growers.

5. All too often farmers are bombarded with differing and sometimes competing messages on environmental priorities from various bodies and organisations. A more coherent and joined-up approach is needed that spans the range of issues such as climate change, soil management, water quality and wildlife.

Nature Improvement Areas and Local Nature Partnerships

6. The proposals for Nature improvement Areas (NIAs) and Local Nature Partnerships (LNPs) sit firmly at the core of the White Paper but currently appear to have generated more questions and uncertainty than answers. Key unanswered questions include: how will these work in practice and at what scale.

7. As well as unanswered questions we also have a number of concerns, particularly about NIAs. Our principle concerns are that NIAs will:-

— Distort the available funding, support and activity away from wider countryside measures such as Environmental Stewardship, Catchment Sensitive Farming or the Campaign for the Farmed Environment. We firmly believe that we need to prioritise wider countryside measures, not focus our resources in ever smaller areas of the country.

— Tilt the balance of activity towards wildlife and habitats and away from equally important water quality, soil conservation and climate change mitigation activities.

Instead, NIAs need to consider how the “competing” environmental priorities are mapped, presented and delivered in an integrated way, preferably using existing delivery approaches in and beyond the agricultural sector. Critically, they must engage early and directly with the individual farmers and landowners in these areas, such that their ambitions are also fully embedded into the aims of the NIA.

Peat Targets

8. We have to express our disappointment about the introduction of targets on peat. Whilst we support the Government’s ambition to reduce peat use in horticulture, the concern we have is that the aim to reduce this to zero by 2030 is not supported by the available evidence and that further reductions in peat use will be hugely challenging for the industry. The formation and role of the Task Force, with an independent chair, will be key to addressing this challenge.

21 June 2011
Further written evidence submitted by the National Farmers’ Union

1. The National Farmers’ Union (NFU) represents more than 55,000 farming members in England and Wales. In addition we have 41,000 countryside members with an interest in farming and the country. The NFU welcomes the opportunity to make a submission to the Environment, Food and Rural Affairs Committee on the Natural Environment White Paper (the White Paper).

2. We are pleased that the White Paper recognizes the important role that farmers play as managers and stewards of the countryside alongside their vital role in achieving society’s ambitions to produce food and to protect water, wildlife and soil. Farmers are very often at the heart of the environment and are responsible for many of the unique landscapes that people recognise, identify with and enjoy.

3. By 2025 we expect the UK population to be 70 million but by 2050 it is expected that the global population will be approaching nine billion and, with the added challenge of climate change, food shortages are likely. UK agriculture should be well-positioned to contribute to domestic food production (the Committee will be familiar with the long term erosion of domestic food security) and thereby also improve the farming community’s contribution on EU and global markets.

4. However, with three-quarters of the UK land area in agricultural management the NFU also recognises that farmers and growers carry a unique responsibility for managing the countryside and will play a crucial role in delivering on any future activities.

5. The big challenge, as we see it, will be to find a workable balance between improving the productivity of UK farming while also delivering climate change mitigation, air quality, wildlife protection, flood risk management and water quality priorities. This will require a transformation in farming techniques, substantial investment in research and knowledge transfer and investment on farms.

What actions are required across Government Departments, from local government and by civil society to deliver the White paper’s proposals to grow a green economy and reconnect people with nature?

6. Integration within and between government departments is key to the success of the implementation and delivery, not just of the White Paper’s proposals to grow a green economy and to reconnect people with nature, but to many other of the White Paper commitments, including the plans for a National Planning Policy Framework.

Will the institutional framework outlined for delivering proposals (in particular Nature Improvement Areas and Local Nature Partnerships) be effective?

7. As we have already indicated, we are pleased that the White Paper states that the Government is committed in bringing together government, industry and environmental partners “to reconcile how we will achieve our goals of improving the environment and increasing food production”.

8. In order for the 12 new Nature Improvement Areas (NIAs) and Local Nature Partnerships (LNPs) to be effective, it follows that these should also embrace this ambition that sustainable food production forms an integral part of the landscape rather than being viewed as a hindrance.

9. In addition, we believe that:-

— A joined up approach whereby all ecosystem services (including food production) were actively promoted and supported is needed;
— These partnerships must engage early and directly with the individual farmers;
— There must be a clear focus on the farmer and there must be a clear explanation for these farmers in terms of what participation would mean to their business and importantly in terms of tangible benefits to them (i.e. “what’s in it for them?”);
— We need to prioritise wider countryside measures, rather than simply focus our resources in smaller areas of the country. For this reason we are concerned that NIAs could potentially distort the available focus and funding away from wider countryside initiatives such as Environmental Stewardship and the Campaign for the Farmed Environment; and
— The NIAs and LNPs must maintain a balance of activity between a range of equally important challenges and environmental issues including water quality, soil management and climate change mitigation and adaptation, as well as wildlife and habitats.

10. On the proposal in the White Paper for LNPs and Local Economic Partnerships (LEPs) to work cooperatively, we agree entirely with the ambition that plans for economic growth should be discussed in tandem with plans to protect the natural environment and we would also agree that reciprocal representation on both these partnerships would make sense. However, there are still some uncertainties in how the links between LNPs and LEPs may work in practice, particularly if these cover different geographical areas, how these relate to the statutory planning framework and whether duplication may arise. Given that LEPs have failed to engage with rural business interests let alone the environmental dimension of development, we question whether this ambition will be realised.
What further research and/or evidence is required to develop practical programmes sufficiently detailed to deliver the White Paper’s ambition to fully embed the value of nature into policy delivery?

11. The White Paper includes a key message from the National Ecosystem Assessment that:

- Properly valuing the benefits of the natural environment is important and that there are strong economic arguments for safeguarding and enhancing the natural environment.

12. For the first time the White Paper places values on many economic, health and social benefits that the environment provides. But this is an area where we would urge some caution. We believe that the model used in the NEA is far too simplistic and uncertain, not the “robust evidence base” portrayed in the White Paper impact assessment.

13. Our specific concern is that while market prices represent the value of agricultural produce, these are compared with speculative values attributed to non-market goods like biodiversity. Using such a crude technique does not take into account the fact that market power diminishes farm gate prices to a level below the value which consumers place on their food, as well as ignoring the likely increases in food prices expected over the next 50 years.

14. Environmental benefits are also assumed to continue to be valued at the same rate into the future, despite the fact that individuals’ preferences are likely to change going forwards. In addition to this, no consideration is paid to the marginal value of an environmental good, for example the public will value an extra bird very highly if it is a rare species, but as the number birds in the species rises, the value of an extra bird will diminish.

15. The resulting messages that farmers would be paid far more for services they provide to the nation’s ecosystems than for producing livestock and crops are very surprising (albeit we recognise the opportunity of co-delivering environmental and food goods from the same or adjoining land).

16. The NEA has been described by many of the authors as a starting point, with much more work required to make the numbers more robust. Further work needs to be undertaken to assess future food prices. This is an important piece of work that would help valuations in the future.

What evidence is there from other countries that the approaches proposed in the White Paper can be successfully applied in practice?

17. The White Paper announced targets to reduce the horticultural use of peat in the UK to zero by 2030. The UK Government is unique in having policies on peat reduction and as result UK growers already find themselves in an uncompetitive position, because they are using more expensive peat alternatives that their EU competitors, who are not required to use peat substitutes.

18. Government’s approach on peat reduction fails to grasp the economic and technical realities of peat reduction. By contrast, the Dutch Government is currently working on “Enhancing the sustainability of the peat supply chain for Dutch Horticulture”. This means securing long term availability of high quality and/or alternatives for the sector, while dealing appropriately with biodiversity issues and taking climate change into account.

What resources will be needed to fully deliver the White Paper’s ambitions and how can these best be provided?

19. The NFU has long argued that one of the biggest challenges facing farmers and growers in England and Wales in the near future will be their part in meeting the expected global demands to produce more food, but also to have less of an impact on the environment.

20. As a result, we believe that one of the more significant actions in the White Paper is the commitment to bring together government, industry and environmental partners “to reconcile how we will achieve our goals of improving the environment and increasing food production”. Particularly significant is the explicit acknowledgement in the White Paper that food production will increase, but also that a number of different organisations will all be brought together to help find solutions.

21. In particular, investing in applied research and knowledge transfer and technologies are key.

- We need to better understand and better manage the interactions between the impacts of climate change, our use of natural resources, wildlife species and habitats and food production.

- We need to develop technologies and new approaches to help meet the challenge of “sustainable intensification”. This includes precision farming, genetic improvement of both crops and livestock (including GM methods).

22. Peat offers technical and commercial advantages unmatched by any other single growing media substrate available in the UK at a competitive price. The NFU agrees that horticulture should continue to replace peat with more sustainable alternatives. However this will only be achieved if the technical and economic barriers to peat replacement are overcome. This requires Government to work closely with industry and other stakeholders to firstly develop an evidence-based policy, with realistic and sustainable peat reduction targets. The 2030 peat phase-out target is not supported by the available evidence.
23. It must be demonstrated that the supply of peat alternatives will meet the demand required to meet any reduction targets. Measures also need to be put in place to ensure that peat-reduced and peat-free growing media products supplied to the amateur sector are fit for purpose. Finally, retail sector attitudes must be changed to ensure that growers are lifted out of the current unsustainable position where they have been unable to pass on the higher cost of peat alternatives to their retail customers and in-turn consumers. In a highly competitive market place, retailers have to date undervalued peat, and devalued peat alternatives by demanding price parity between peat-reduced products and peat itself.

How might the value of “services” provided by ecosystems to beneficiaries be translated into spending that will enhance the natural environment?

24. We need new mechanisms and streams of funding such as Payments for Ecosystem Services to help translate values of services into spending. There are some water companies that have taken the approach to minimise long term spending on water treatment by helping farmers and land managers to tackle the source of the problem by providing funds to help reduce diffuse pollution and runoff. For example, Upstream Thinking is an initiative being championed by South West Water and West Country Rivers Trust. Better management of soils, water and nutrients benefit yields as well as possible lower consumer bills.

25. The White Paper rightly identifies the need to produce an action plan, develop guidance and introduce a research fund to help expand these sorts of schemes. But, direct engagement and discussion with possible groups of business, from say the tourism sector or other sectors, about the possible opportunities and identification of the barriers are also key.

26. However, as we indicated in paragraphs 6–11 above, more work needs to be undertaken to develop the economic valuation models, and in particular future food prices.

Does the White Paper set out an accurate assessment of the barriers to public engagement with the natural environment and make the most effective proposals for re-engagement?

27. Farmers are already involved in a lot of positive work on engaging the public with the natural environment. For example, LEAF’s Open Farm Sunday attracted over 120,000 visitors to 362 open farms on 12 June 2011.13

28. The White Paper makes a number of references to eco-labels, including an action to “develop a UK negotiating position on the EU eco-label for food”. Environmental labelling is often mentioned as a useful tool in helping raise awareness and/or as an indicator of our environmental footprint to help inform consumers and to change buying behaviour. In short, we do not believe that labelling should be viewed as a panacea to communicate with consumers. Interim findings of a Defra research project on environmental labelling suggest that it is difficult to assess the effectiveness of any specific labelling scheme because it is hard to attribute cause and effect.

29. Whilst the focus of recent activity has been to present carbon labels to consumers, other environmental issues including biodiversity and water are also being looked at more closely.

30. It is our view that the label, and the calculations behind it, must be measurable and auditable. Only then can a labelling scheme be used. However, even if a universal scheme were agreed, applying to both imported and domestically produced food, it is difficult to imagine a quantitative label that captures all the environmental benefits (and costs) of a particular food production system. Currently, we do not believe that such a universal scheme and criteria exists and therefore do not support the use of environmental labelling in its current ad-hoc and unscientific form.

31. Therefore consideration should be given to alternatives such as point of sale material and supply chain initiatives.

26 September 2011

Supplementary written evidence submitted by the National Farmers’ Union

1. The National Farmers’ Union (NFU) represents more than 55,000 farming members in England and Wales. In addition, we have 41,000 countryside members with an interest in farming and the country. The NFU welcomes the opportunity to make a further submission to the Environment, Food and Rural Affairs Committee on the Natural Environment White Paper (the White Paper) to supplement our written evidence submitted in September 2011 and our oral evidence session in January 2012.

WHITE PAPER COMMITMENTS

2. From the NFU’s perspective, the two key White Paper commitments are:

   — Drawing together organisations, industry and government on achieving Defra’s twin objectives of producing more food and protecting and enhancing the environment.

13 http://www.leafuk.org/resources/000/617/631/Press_release-Sixth_OFS_a_Success.pdf
3. On the first of these, the explicit acknowledgement in the White Paper that food production will increase is significant and very important to us. By 2025 we expect the UK population to be approaching 70 million and this will increase domestic demand for food and we also expect that UK farmers will be asked to play a bigger part in meeting the global challenges of feeding a growing, urbanising population.

4. We also recognise that ensuring a sound natural environment is essential to our long-term productive capacity and we recognise that farmers too will have to do their bit to mitigate their impacts and emissions. The NFU has long argued that one of the biggest challenges facing farmers and growers in England and Wales in the near future will be their part in meeting the expected global demands to produce more food, but also to have less of an impact on the environment—“producing more, impacting less”.

5. We are pleased that the work of the Green Food Project, taking this particular commitment forward, is underway. The NFU is very much involved and we await the report from the work. The big challenge, as we see it, will be to find a workable balance between improving the productivity of UK farming while also delivering climate change mitigation, air quality, wildlife protection, flood risk management and water quality priorities. This will require a transformation in farming techniques, substantial investment in research and knowledge transfer and investment on farms.

6. The second of these White Paper two commitments, reviewing advice and incentives for farmers and land managers, relates closely to a recommendation made by Richard Macdonald in his review of farm regulation to set out “a framework to deliver better integrated and prioritised environmental messages to farmers and their advisers”.

7. Farmers and land managers are bombarded by different messages from different organisations about differing priorities and we very much agree that we do need to clarify our asks of them. But this work must also feed into the work fulfilling the White Paper commitment to review advice and incentives which in turn must feed into any work to develop targeted messages and priorities at a local level.

8. Clearly, the work on these different but related recommendations need to develop in close tandem. We would like greater reassurances that these different work streams are working in close co-operation and that the aims and objectives are complementary.

**Bio-Diversity Off-Setting**

9. As indicated our oral evidence session, we are pleased that biodiversity off-setting pilots are being put in place to fully test the approach before it is used more broadly.

10. Off-setting may provide an opportunity for some farmers and it may suit some businesses, depending on their particular circumstances, but that it is likely that tying land up in perpetuity is a decision that farmers will not take lightly.

11. We are concerned about suggestions that biodiversity off-setting pilots should be included in local plans. As these are only pilot projects at this stage we do question whether it is too soon to start identifying them in local plans, particularly as this could then place planning constraints on farmers and land managers.

12. From the NFU’s perspective, it is key that farmers are invited to be involved in any discussions about off-setting, but particularly in areas where the pilots are taking place.

**Nature Improvement Areas and Local Nature Partnerships**

13. Although we didn’t get a chance to discuss Nature Improvement Areas (NIAs) or Local Nature Partnerships (LNPs) at the oral evidence session, the key points from the NFU’s perspective are that these initiatives must:

   — embrace the ambition that sustainable food production forms an integral part of the landscape rather than being viewed as a hindrance;
   — engage early and directly with the individual farmers; and
   — be clear in terms of what participation would mean for farmers and their businesses and what the tangible benefits are for them.

**Shortfall in Funding to Meet the White Paper Aspirations**

14. As we have already indicated, one of the more significant actions in the White Paper is the commitment to bring together government, industry and environmental partners “to reconcile how we will achieve our goals of improving the environment and increasing food production”.

15. Although we cannot put figures on the funding that will be needed, investing in applied research, knowledge transfer and technologies will be key to achieve the challenge to “producing more, impacting less”. This will include:
— A need to better understand and better manage the interactions between the impacts of climate change, our use of natural resources, wildlife species and habitats and food production.

— A need to develop technologies and new approaches to help meet the challenge of “sustainable intensification”. This will include precision farming, genetic improvement of both crops and livestock (including GM methods).

— For this to work on a commercial scale we need to have an effective knowledge exchange with farmers and identifiable networks of experts and research centres.

2 February 2012

Written evidence submitted by the Country Land and Business Association

The CLA welcomes the publication of the Natural Environment White Paper (NEWP); as it accurately summarises the range of environmental challenges being faced. However, the scale of solutions suggested are small compared to the challenges enumerated and documented in the National Ecosystem Assessment (NEA).

The Scale of the Challenge

The NEWP correctly emphasises that natural capital and many ecosystem services are subject to large scale, pervasive market failure. Resultantly, they are grossly underestimated and under-delivered. This must be addressed.

The paper fails to make the case for a national commitment to fund the maintenance and enhancement of natural capital in future, such as by devoting 0.5% of annual GDP towards the goal.

The most straightforward way of doing so is through the CAP. However, this will require a significant redeployment of existing CAP resources which should not be reduced.

We note that other sources of funding may become available, and we are particularly sympathetic to the proposals on biodiversity offsetting. Yet, we suspect the contributions they will make are at best marginal.

Nature Improvement Areas (NIAs) and National Character Area Profiles

The thinking behind NIAs is to be supported; although we have two concerns. Firstly, they must not make the planning system more cumbersome than it already is. Land managers will not buy into something primarily seen as a nuisance to development (the same applies to Green Area Designations). Secondly, important environmental and cultural heritage features outside of NIAs could be lost if future funding sources (including HLS) are solely focused on NIAs.

In a similar vein, NCAs must not be used to prevent change in the countryside. Land based businesses need to be able to evolve to meet changing circumstances.

Local Nature Partnerships (LNPs) and Natural Value Ambassadors (NVAs)

A number of new institutions are proposed although the need for them (and their relationship with existing bodies) is unclear. How is it proposed that LNPs relate to existing Local Nature Forums and BAP partnerships? Furthermore, what will an NVA actually do?

In any event, land managers, as the providers of environmental goods, must be properly represented on these bodies.

Natural Resource Management

Much of what is said is a restatement of existing policy. Nevertheless initiatives such as research into soil degradation and the catchment area pilots looking at multiple benefits are to be supported.

It is particularly important that we increase the focus on the ways in which water use can be made more efficient.

Access, Recreation and Tourism

Recreational opportunities in the countryside need to be improved, through freeing up businesses to meet identified demand, such as through reforming the planning system. Moreover, when the opportunity is based on a public good, such as the public rights of way network, this must be supported by Government, not by impositions on landowners.

21 June 2011
Further written evidence submitted by the Country Land and Business Association (CLA)

QUESTION 1
What actions are required across Government Departments, from local government and by civil society to deliver the White Paper’s proposals to grow a green economy and reconnect people with nature?

Valuing “natural capital”

1. One of the fundamental issues that the Natural Environment White Paper (NEWP) acknowledges and which must be addressed in order to grow a green economy is that natural capital and its associated environmental services are subject to large scale, pervasive market failure. Private businesses, citizens and the Government have tended to underestimate the importance of our natural capital which has led to its depletion. Until natural capital and its associated services are properly valued we will be unable to effectively address many of the environmental challenges we face today. Internalising these values means that someone in the economy has to pay for them.

2. Whilst we agree that the issues highlighted by the NEWP are complex and that their resolution will require a variety of actions from across society, the scale of the challenge to stabilise and increase our stock of natural capital is not matched by discussion about the public and private resources needed to pay for their delivery. In addition there appears to be a lack of understanding regarding the important trade-offs made by land managers who must balance the costs of managing natural capital against current and alternative land use, and the resources they have available to deliver sustainable land management.

3. The NEWP has failed to make the case for a national commitment to fund this work in the future such as annually devoting, we would say, up to 0.5 percent of GDP towards the goal. Until society accepts that we will also have to raise resources collectively to pay for public environmental services just as we are prepared to tax ourselves to enable payment for public health and public educational services, then we will continue to see natural capital depreciation.

National Ecosystem Assessment

4. The CLA were pleased to see the commitment from Government to continue building on the National Ecosystem Assessment (NEA). This is an important piece of work which shows how our decisions can have an impact (both positive and negative) on the delivery of ecosystem services. The NEA also demonstrates the trade-offs between the different ecosystem services and the impact of our decisions, particularly between food and other services. It is essential that society understands these trade-offs and that our natural capital is properly valued to enable investment in it to be stabilised, maintained and enhanced.

5. The work from the NEA and commitments to publish new supplementary guidance to HM’s Treasury’s Green Book will help increase our understanding about valuing and consequently financing future delivery of our natural capital.

Grant Schemes

6. Over 80 percent of England is managed under agricultural or forestry businesses. Such businesses are dependent on natural capital but the management of land for the production of environmental goods and services has a cost attached. Many rural businesses are paid for some of the management they undertake through the Environmental Stewardship and England Woodland Grant Schemes. Many reports have highlighted the importance of these schemes for delivering environmental goods and services. It was therefore disappointing that the Government reduced the planned spending on the Higher Level Stewardship (HLS) scheme by 20% per annum until the end of the current programme in 2013.

Common Agricultural Policy (CAP)

7. The CLA were pleased to see the Government’s commitment to move the future Common Agricultural Policy (CAP) towards our own long argued goal of achieving Food and Environmental Security. However we would question how the required levels of ecosystem services are to be delivered by devoting a “greater share of a smaller CAP budget”? Unless the resources deployed increase in absolute terms we will not be able to deliver an increase in ecosystem services. Indeed a report by the Land Use Policy Group (2009) highlighted that agri-environment schemes within England would require an annual budget of £1.258 million in order to meet all of our environmental objectives from land.

New Environmental Markets

8. The NEWP proposals concerning new markets for ecosystem services whereby beneficiaries pay the provider could be an important mechanism for securing private investment. The Ecosystem Markets Taskforce must be innovative to identify future opportunities to pay for and secure increased “green goods and services”.

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It is vital that the land-based sector is represented on the taskforce to reflect that these services are land-based. It will be the land managers who will respond to the induced “market”. Similarly “Biodiversity Offsetting” could offer a new income stream for the rural economy but significantly more work needs to be undertaken to enable private landowners to become involved.

**Question 2**

*Will the institutional framework outlined for delivering the proposals (in particular Nature Improvement Areas and Local Nature Partnerships) be effective? Does the proposed Natural Capital Committee have sufficient powers?*

**Nature Improvement Areas**

9. “Landscape scale” collaborative working is not a new concept and indeed a number of existing grant schemes such as the Catchment Sensitive Farming Delivery Initiative are based on this principle. Initiatives such as the West Cambridgeshire Hundreds project were started by landowners who funded a Landscape and Conservation master-plan to determine what their local priorities should be. Unlike many other landscape projects, the landowners took the decision to have a “fuzzy” project boundary in order that land managers would have people at hand to offer support which has led to the initiative spanning more than 10,000 hectares. It also has community involvement.

10. The proposals for NIAs offered the potential to build on the experience of existing initiatives and to empower land managers to take collaborative action to address a number of environmental challenges. Unfortunately the Government’s decision to underpin NIAs through the planning system has resulted in them appearing burdensome and restrictive and could lead to economic development in rural areas being stifled. It is unclear why the Government has taken this approach when existing landscape scale projects have been proven to work well without it. As a result of this decision it is likely that land managers would rather participate in projects outside of an NIA.

11. The interaction between the proposed NIAs with Local Green Area designations and the “Community Right to Buy/Bid” proposals in the Localism Bill are also of considerable concern to the CLA. Landowners could create important habitats as part of their contribution to the NIA and then find their private property rights eroded by local communities designating these features as part of a NIMBY stance already seen through “Village Greens”.

12. In terms of financing the management needed to achieve the objectives of the NIA, the CLA were extremely concerned to see proposals within the NEWP Impact Assessment to target HLS funding to NIAs. Many “high priority” habitats, heritage features and areas important for natural resource protection will occur outside of NIAs (as identified through HLS target maps) and it is vital that funding continues to be made available to manage them. It is essential that successful NIA bids identify innovative sources of funding to pay for the management within the NIA.

**Local Nature Partnerships (LNPs)**

13. The role of LNPs is unclear and they appear unaccountable for the public funding received. Rather than building upon the existing local partnerships and ensuring positive management is delivered on the ground, LNPs instead have a haphazard list of objectives which seem to duplicate effort being undertaken through other local partnerships such as Nature Improvement Areas (NIAs).

14. The CLA believe that LNPs must facilitate action and work with those who manage the land to ensure that national/international commitments are achieved through action at a local level. It is imperative that LNPs should have land manager representation on them as often it is land based solutions that are needed to address local environmental challenges. It is completely right that LNPs should not focus solely on biodiversity but should seek to find join-up between environmental agendas and ensure that land managers receive consistent advice at a local level.

15. It is essential that LNPs should be required to liaise with central governance groups overseeing our international/national commitments. This will ensure that we are able to deliver against our commitments and enable LNPs to identify and report policy blockages and remove them. Currently LNPs do not need to report progress against any of the challenges they address. However with targets within the NEWP to increase the extent of priority habitats by at least 200,000 hectares, and commitments through the Water Framework Directive to improve our water quality, the CLA questions how the government will know whether LNPs have been successful or whether we have met our targets without a LNP reporting requirement.

16. The CLA also believes greater clarity is required about the role of Natural Value Ambassadors.
QUESTION 3
What further research and/or evidence is required to develop practical programmes sufficiently detailed to deliver the White Paper’s ambitions to fully embed the value of nature into policy delivery?

17. As mentioned previously the further extension of the NEA work is welcomed.

18. The CLA also believe that it is important to test and pilot new approaches such as that proposed for biodiversity offsetting, NIAs and the outcome focussed approach of Environmental Stewardship.

19. There is a wealth of research and evidence that highlights different techniques that can be used to help address a number of environmental challenges. We would however, again highlight that without sufficient resources the depletion of natural capital will continue as land has competing (and sometimes complementary) uses and ultimately will be used as the market dictates.

QUESTION 4—NO RESPONSE.

QUESTION 5
What resources will be needed to fully deliver the White Paper’s ambitions and how can these best be provided? How might the value of “services” provided by ecosystems to beneficiaries be translated into spending that will enhance the natural environment?

20. In order for land to be used to deliver an increase in environmental goods and services, there is a need for Government to provide incentives and change policy signals to make it happen.

21. The rural land sector is unique compared with other sectors of the economy, namely in that rural land managers produce major positive environmental goods including the creation and maintenance of habitats, landscapes and protecting natural resources. Land managers have the capacity to take actions to mitigate or reduce the negative effects of the environment caused elsewhere, for example the adoption of land management practices that increase the absorption of carbon in the soil and trees.

22. These demands for increased environmental goods and services from land will only be achieved through profitable business activity. Whilst the “value of services” helps to highlight the importance of the environment for our continued well-being, ultimately it will be the financial resources available through private (such as through environmental markets) and public means that will result in an accumulation of natural capital.

QUESTION 6
Does the White Paper set out an accurate assessment of the barriers to public engagement with the natural environment and make the most effective proposals for re-engagement?

23. The NEWP suggests that there is a disconnect between people and nature which can be remedied by the provision of yet more access. If that were true, then the considerable increase in public access to the countryside over the last 10 years (most notably, the provision of open access under CROW) should have reversed this trend. The fact is that research by organisations such as Natural England shows that re-engagement of the public with the environment needs to be focused and targeted—as, for example, through measures such as the Access to Nature scheme.

24. Evidence suggests there has been an ongoing decline in visits to the countryside whilst the desire and need for access to the natural environment in urban areas has increased.16 The Government’s supporting evidence with regard to Natural Capital and the NEWP has highlighted that “Engagement is more likely when initiatives address both environmental and social needs”.17

Proposals for re-engagement

25. The CLA feel that the Government has missed an opportunity to make real changes that would benefit people’s access to the countryside while also improving the Public Rights of Way (PRoW) system.

26. To achieve improved access to the countryside and a PRoW system which meets the needs of local people, the Government needs to look at removing much of the needless complexity surrounding PRoWs. Highway Authorities, Local Access Forums and Rights of Way Improvement plans are constrained by existing legislation which prevents commonsense solutions. For example, where there is a difference between the walked route and the definitive map, and the landowner is content with the route walked, Highway Authorities should be encouraged to modify the map to reflect the walked route and DEFRA should encourage a pragmatic approach to be taken to enable these small technical changes to be made. Similarly sections 118ZA and 119ZA from the CROW Act 2000 have not yet been commenced which means that many local authorities refuse to

consider landowner applications to divert an existing right of way from a farmyard or livestock area although for safety and privacy reasons such a change would be desirable for both those using the route and also for the landowner.

27. The CLA believes it is regrettable that permissive access was removed from HLS since this offered the scope to provide increased access to the countryside for all, based on where local communities wanted and needed it the most.

28. Environmental visits to farms (including “Open Farm Sunday”) continue to be welcomed by the CLA as they provide the opportunity for visitors to learn about and experience the countryside. The CLA believe that commercial access opportunities must not be overlooked since these provide families with an opportunity to engage with the countryside through activities such as mountain biking and guided walks.

13 September 2011

Written evidence submitted by the National Trust

1. The National Trust welcomes the White Paper and we are keen to help achieve its aspirations. It sets out an ambitious vision for the future of nature, is appropriately broad in scope, and firmly repositions nature as central to economic prosperity and people’s quality of life.

Elements which are Supported

2. We support much of the NEWP. We particularly welcome the commitment that we should be the first generation to leave the natural environment in a better state than we inherited it, and the vital concept of moving from a net loss of nature to a net gain. The National Ecosystems Assessment (NEA) provides an essential foundation to meet these goals.

3. We welcome the proposed Nature Improvement Areas (NIAs), although more than 12 will be needed to restore nature on any significant scale. An open and transparent process for agreeing the criteria for NIAs will be essential. NIAs should be focussed where there are the greatest opportunities for restoring natural capital and securing social benefits. They should be a material consideration in planning.

4. We also support proposals for Local Nature Partnerships (LNPs). They should have a broad definition, take an holistic approach to land and be resourced adequately: the £1 million seed funding is likely to be insufficient. It is vital that the LNPs operate in parity with Local Enterprise Partnerships (LEPs). We suggest that access to further public funding by either LNPs or LEPs should be contingent upon their joint agreement.

Areas where Improvement Needed

5. Delivery of NEWP will require effective action across Government. One of the key tests is how the National Planning Policy Framework (NPPF) supports NEWP, especially the development of coherent and resilient ecological networks. The detail is yet to be published by DCLG, but it is concerning the Government has made it clear that economic growth will be the top priority of the forthcoming NPPF.

6. Whilst we warmly welcome the recognition of the vital role that nature can play in health and education, we feel the measures and commitments in these areas are inadequate.

7. The biggest challenge to NEWP delivery is the significant funding gap between aspiration and reality. In addition to better use of existing funding like agri-environment schemes, new funding streams from the public, private and voluntary sectors are needed urgently. The NEA is a great platform for this innovation and we’d strongly support the important work of the Ecosystem Markets Task Force.

8. The initial £7.5 million funding for NIAs will be insufficient, but it is also vital that NIAs do not draw in too much funding from elsewhere, as this risks creating a two-tier countryside.

Omissions

9. The huge potential contribution of farming and the Common Agricultural Policy to deliver ecosystem services barely features. Allied to this, NEWP does not include a framework for enabling strategic and integrated land use decisions, to support the NPPF and to help target public funding and regulation for restoration.

21 June 2011
Further written evidence submitted by the National Trust

1. The National Trust welcomed the publication of the Natural Environment White Paper (NEWP). It sets out an ambitious vision for the future of nature, is appropriately broad in scope, and firmly repositions nature as central to economic and social interests.

What actions are required across Government Departments, from local government and by civil society to deliver the White Paper’s proposals to grow a green economy and reconnect people with nature?

2. Partnership working will be essential for delivery across the White Paper’s agenda. This needs to include a broad spectrum of Government Departments and agencies, businesses and civil society organisations. However, we are concerned that NEWP has yet to gain traction beyond the traditional natural environment sector, and that implementation thus far has fostered a climate of competition which risks inhibiting collaboration.

3. We are also concerned that the ambitious narrative set out within NEWP is not being reflected in other areas of Government policy. Indeed, the tone of the CAP negotiations and planning reform proposals seem contrary to NEWP. This is sending very mixed messages to business and civil society and risks undermining confidence in the commitments within the NEWP.

GREEN ECONOMY

4. The end goal must be for business and the natural environment to be in a symbiotic relationship, such that when business grows, nature benefits. Business is excellent at innovating towards a goal—but the correct goal for nature must be identified and stated explicitly by Government.

5. The results of the National Ecosystem Assessment should be used to develop tools and methods for taking the full value of ecosystem services into account, building this into key decision making processes at local, national and international levels.

6. The use of environmental markets is an important element of this, requiring a long-term view supported by a coherent, sustainable national policy framework. We believe it will be necessary for Government to take a stronger lead in developing and requiring mechanisms which capture the externalities of business activity.

RECONNECT PEOPLE WITH NATURE

7. To realise the potential to transform national wellbeing through reconnecting people and nature, we need a radically different approach from Government, civil society and business. While the White Paper gives welcome recognition of the vital role that nature can play in health and education, we feel the measures and commitments in these areas are inadequate.

8. Reconnection requires a change in thinking from us all:
   — to see access to nature as a “service” to improve people’s quality of life as well as a source of enjoyment and inspiration;
   — to make access to nature easy and a normal part of everyday life; and
   — to understand that effective service provision will only be achieved by mutually supportive partnership working between Government, civil society and business.

Will the institutional framework outlined for delivering the proposals (in particular Nature Improvement Areas and Local Nature Partnerships) be effective?

9. Delivery of NEWP will require effective action across Government, but thus far NEWP seems to have gained little traction beyond Defra. The National Planning Policy Framework (NPPF) is a good example of this. In promoting economic interests above all others, the NPPF fails to recognise the role of a healthy natural environment in good growth. In fact, it seems to fly in the face of the principles of environment and economy being mutually supportive that are espoused in the NEWP and fundamental to the NEA.

NATURE IMPROVEMENT AREAS

10. We welcome the proposed Nature Improvement Areas (NIAs), although more than 12 will be needed to restore nature on any significant scale. Our main concern is that they are being rushed through, and should come after and be a focus for LNPs; short-listing NIAs first is the wrong way round.

11. An open and transparent process for choosing the NIAs will be essential. NIAs should be focussed where there are the greatest opportunities for restoring natural capital and securing social benefits, and therefore we believe there should be a presumption against NIAs which are dominated by existing protected sites. They should be a material consideration in planning. We are concerned that too many resources will be targeted at these areas effectively “starving” the other areas, and Defra should be clearer about the implications for non-NIAs.
LocaL Nature PartnershipS

12. We also support proposals for Local Nature Partnerships (LNPs). They should have a broad definition, take an holistic approach to land and be resourced adequately. Characteristics of a good Local Nature Partnership would include:

- a coherent identifiable landscape area that is meaningful to the public;
- a simple purpose or vision for the project which local people can relate to;
- partnership working, including landowners, agencies and other local interests;
- a focus on dynamic processes, including climate change, and the management of sites or assets within their wider landscape context;
- an integrated approach to environmental, social and economic land functions, based on wise use of assets, goods and services;
- an ambition to strengthen the resilience over the long term of systems and services provided by land, eg through improved ecological connectivity and working over a larger scale; and
- an agreed set of measurable objectives amongst the partners to deliver the purpose (though objectives may change over time through improved knowledge).

13. LNPs should facilitate the duty to co-operate, and therefore we suggest either DCLG should be their sponsoring Department, or there should be joint sponsorship by Defra and DCLG.

14. It is vital that a principle of complementarity between LNPs and Local Enterprise Partnerships (LEPs) is established. We suggest that access to further public funding by either LNPs or LEPs should be contingent upon their joint agreement, and that there is either a degree of overlapping membership or “observer” status for representatives required at each others’ meetings.

15. We are aware that a wide range of proposals for LNPs are currently being developed. There is a risk that existing fora (such as LBAPs) simply become LNPs without sufficiently extending their membership or function to reflect NEWP. There is a need for an institutional framework to bring partners together. While the capacity-building fund from Defra will help, we suggest that County Councils might also play a role in facilitating LNP formation.

16. We would also highlight the advantages of having private sector involvement from key “actors” in the ecosystem world—water companies; food retailers; agricultural producers; etc—in the LNPs to help facilitate more projects like Moors for the Future which has brought resources and mutual ecosystem/cost benefit as a result.

Does the proposed Natural Capital Committee have sufficient powers?

17. It is unclear what powers the Natural Capital Committee will have. It is also unclear how the assessment of natural capital in the UK Environmental Accounts will be used, and who is accountable for them. We suggest that the Chancellor should be accountable and that targets for nature net gain should be established, alongside thresholds/environmental limits, triggering action if and when they are exceeded.

18. We suggest the Committee should provide an Annual Report to Parliament on progress against these targets and on NIA/LNP success. This would mirror climate change reporting duties held by the Committee on Climate Change under the Climate Change Act (2008).

What further research and/or evidence is required to develop practical programmes sufficiently detailed to deliver the White Paper’s ambition to fully embed the value of nature into policy delivery?

19. We don’t believe further research is needed at this stage. The National Ecosystem Assessment is a fantastic resource, and the priority should be to interpret and communicate these results. Local Nature Partnerships could organise workshops on how to use the results.

20. Work is also needed to integrate the National Ecosystem Assessment findings with existing financial support schemes, for example, on how ecosystem assessment/services can become integrated into RDPE/Pillar 2 measures and options.

What evidence is there from other countries that the approaches proposed in the White Paper can be successfully applied in practice?

21. We would question whether further evidence is needed, and certainly wouldn’t want this to hold up implementation. There is abundant experience of things like biodiversity offsetting and businesses valuing ecosystem services. The priority is pushing development and adoption of mechanisms that are suited to our situation in England.
What resources will be needed to fully deliver the White Paper’s ambitions and how can these best be provided? How might the value of ‘services’ provided by ecosystems to beneficiaries be translated into spending that will enhance the natural environment?

22. The biggest challenge to NEWP delivery is the significant funding gap between aspiration and reality. In addition to better use of existing funding like agri-environment schemes, new funding streams from the public, private and voluntary sectors are needed urgently.

23. Creation of new market mechanisms will be key. The National Ecosystem Assessment is a great platform for this innovation and we’d strongly support the important work of the Ecosystem Markets Task Force.

24. The initial £7.5 million funding for NIAs will be insufficient, but it is also vital that NIAs do not draw in too much funding from elsewhere, as this risks creating a two-tier countryside.

Does the White Paper set out an accurate assessment of the barriers to public engagement with the natural environment and make the most effective proposals for re-engagement?

25. Whilst we warmly welcome the recognition of the vital role that nature can play in national wellbeing, we feel the measures and commitments in this area are only a first step and are inadequate to re-engage the public.

26. Effective re-engagement requires access to the natural environment to be seen as a social issue, not an environmental one. Many of the opportunities to achieve breakthroughs lie in the social policy sphere, particularly health and education. NEWP starts to make these connections, but lacks detail in how this potential will be realised.

27. NEWP identifies important goals in enabling children to learn outdoors, to harness the power of the Natural Health Service and empowering communities to improve and participate in their local environment. The major Government reform programmes in health, education and planning should be addressing the barriers to achieving these goals. We would urge the Committee to ask the relevant Departments what are their specific plans and programmes. More detail is provided in Annex 1.

OTHER

28. It is regrettable that Defra is dropping the biodiversity targets for species and habitats, as whilst not all of these have been effective, many have driven action and fostered commitment.

29. We are concerned that the new structures proposed for biodiversity are just as complex as previous ones, keep us at arm’s length from Government policy and do not seem to express the Government’s commitment to empower civil society.

30. The conservation of our geological heritage is almost entirely missing from the NEWP and we are in danger of overlooking this vitally important asset.

Annex One

RECONNECTING PEOPLE AND NATURE

Breakthroughs in three crucial areas are needed:

1. enabling every child to learn outdoors;
2. facilitating effective use of the “Natural” Health Service; and
3. empowering communities to improve and participate in their local environment.

1. Enable every Child to Learn Outdoors

Despite proven benefits, research has shown a contraction in childhood experiences, with fewer opportunities for children to have first-hand experience of nature than previous generations. Attitudes to risk in our society are one cause of this, and the findings of Lord Young’s report on health and safety are welcome. However, recent research-found that schools are not prioritising out of classroom learning primarily due to local issues such as teacher confidence, competence and capacity. Another barrier identified was lack of easy access for teachers to coherent and effective local “services” for learning outside the classroom in natural environments.

The Schools White Paper places teachers at the heart of school improvement. Though appropriate training, guidance, CPD and support, teachers should be more confident to run outdoor visits and activities as an integral part of their teaching in any subject. One of the main challenges is to reach teachers at schools in deprived

21 Department for Education, 2010. The Importance of Teaching.
areas, where children are the among the least likely to have the opportunity to connect with the natural world, yet are most likely to gain from the transformative impact outdoor learning has for many young people.

To address these barriers to learning outdoors, Natural Connections has recently been established—a partnership of all the leading voluntary and public bodies from the natural environment sector who provide out of classroom learning services to schools, facilitated by Natural England. The aim is to deliver a coordinated local service to schools and teachers, to enable 75% of school children to learn outdoors.

Big Society initiatives like Natural Connections thrive on the passion, expertise and commitment of the voluntary sector, but they don’t run themselves. To enable every child to learn outdoors, Government leadership and championing is also required, with effective integration and profile of outdoor learning within schools policy, seed funding for Big Society initiatives, and recognition and reward for schools through performance management systems like OFSTED.

2. FACILITATE EFFECTIVE USE OF THE “NATURAL” HEALTH SERVICE

There are already a number of innovative projects and programmes on green exercise that bring together at a local level GP surgeries, Primary Care Trusts, health and social care charities with greenspace providers. The National Trust facilitates a number of these, and interest in them is growing all the time. While these tend to be very localised with patchy coverage, they demonstrate that the potential exists for every community to benefit from green exercise services on their doorstep. The most advanced national programme is Walking for Health, currently facilitated by Natural England, which has been running for over 10 years and offers 600 local schemes that improve the health of 66,000 regular walkers nationwide.

There is considerable scope to grow these initiatives and mainstream green exercise into local healthcare provision. The proposed new role for local authorities in joining up local service providers to meet community health and wellbeing needs will help facilitate participation and enable a Big Society approach. However, to realise the potential for a universally accessible, green exercise “prescription”, free at the point of delivery, the Government’s leadership role is vital in raising the profile of green exercise across the health, local government and environment sectors to liberate local innovation, partnerships and investment in green exercise services. It would also help to grow public confidence that green exercise prescriptions can be as effective as drugs in preventing and treating many physical and mental health conditions.

3. EMPOWER LOCAL COMMUNITIES TO IMPROVE AND PARTICIPATE IN THEIR ENVIRONMENT

There are huge opportunities through the Natural Environment White Paper, Localism Bill and planning reform to empower local communities to improve their environment. To facilitate this, the Government needs to:

— develop a national strategic framework for land to facilitate an integrated approach, establish ambition and inspire local action;
— reform the planning system to include adequate means (incentives, expertise, and spatially expressed ambition) to enable local neighbourhoods to “choose nature” and take pride in contributing to national ambitions through local schemes;
— ensure the planning reforms require developments to incorporate appropriate and adequate areas of greenspace for both nature and people; and
— use the new designation to protect green areas of particular importance to local communities to help reconnect people and nature, and target areas of greatest need to provide fair access to nature to all.

26 September 2011

Written evidence submitted by The Ramblers

The Ramblers welcomes the opportunity to comment on the Natural Environment White Paper, and in particular to highlight the way that Government has failed to fully recognise the vital role that leisure, access and recreation play in facilitating the public’s understanding and enjoyment of the natural environment. Leisure and recreation in the natural environment are clearly hugely popular, as shown by the response to the proposals for the public forest estate.

Any Key Elements in the White Paper which are Supported

— The commitment to restoring the natural environment.
— The linkage of people to nature, and the stress on the importance of fostering a better understanding of environmental issues amongst the population.

22 Faculty of Public Health, in association with Natural England, 2010. Great Outdoors: How Our Natural Health Service Uses Green Space To Improve Wellbeing
— The National Ecosystem Assessment, which places a value on all the benefits derived from our natural environment—including “cultural services” such as leisure, access and recreation.

**ANY PARTICULAR SECTIONS WHICH COULD BE IMPROVED**

— Sections 4.33 to 4.36 could be improved by greater emphasis on the important role played by local authorities, most of whom have deprioritised this work in the face of budget cuts.

— These sections could also be improved by a more overt recognition that it is through statutory access (rights of way and open access land) that most people gain access to the natural environment.

— The role suggested for Local Access Forums and Rights of Way Improvement Plans, in improving and extending the network, cannot be delivered as things currently stand. Most Local Access Forums are ineffective, and Rights of Way Improvements Plans are generally unfunded.

— With regard to section 4.34, Defra should make clear that any changes to the processes for recording and making changes to public rights of way will be taken forward in the spirit of consensus fostered in Natural England’s Stakeholder Working Group.

— Sections 4.39 to 4.44 make no mention of the barriers that exist to effective volunteering, such as regulatory burdens and over-cautious health and safety and insurance requirements. There is also a need for sufficient professional staff in local authorities to coordinate volunteering effort.

**ANY OMISSIONS FROM THE WHITE PAPER WHICH DEFRA SHOULD RECTIFY**

— Any sense of vision for improvements to statutory access, in particular access to the coast and the completion of the English Coastal Route.

— Recognition of the importance of outdoor recreation in new landscape designations.

— A commitment to ensure that all public rights of way are properly recorded, open and easy to use.

— A commitment to the long-term protection for public access to publicly-owned land, and dedication of access land where this does not yet exist.

— A desire to see local authorities take access and recreation seriously, including the employment of sufficient professional staff.

— A clear statement on the link between leisure and recreation in the natural environment with other agendas such as health and well-being.

21 June 2011

**Further written evidence submitted by The Ramblers**

*Does the White Paper set out an accurate assessment of the barriers to public engagement with the natural environment and make the most effective proposals for re-engagement?*

1. The Ramblers welcomes the opportunity to comment again on the Natural Environment White Paper.

2. We support many of the ambitions in the White Paper, such as the commitment to restoring our natural environment and to strengthen the connections between people and nature, but we are not convinced that these commitments will translate into action which delivers the public’s freedom to enjoy and understand the natural environment. The NEWP does not offer sufficient support for existing access opportunities and oddly, is completely silent as to the implementation of coastal access in England under the Marine and Coastal Access Act. We believe this omission provides a clear indication of the Government’s lack of commitment and understanding of the value of public access.

3. If the Government is indeed committed to ensuring that “everyone should have fair access to a good quality natural environment”, it must promote and increase opportunities for access to the countryside and support local authorities and other bodies in the delivery of public access.

4. Public rights of way are the main means by which people access the countryside close to where they live. The Government must commit to ensuring that all rights of way are recorded, open and easy to use, as required by law. It is essential that local authorities receive the funding and support they need to be able to maintain and promote the rights of way network. We welcome the proposals to implement the recommendations of Natural England’s Stakeholder Working Group on unrecorded rights of way and call on the government to implement these in their entirety and without delay.

5. In addition, the inner London boroughs are not under a duty to map their public rights of way, and many other urban authorities have inadequate and out-of-date maps. Government should encourage the production of up-to-date definitive maps in urban areas so that paths are not lost to development, and the public is encouraged and enabled to walk in our towns and cities.

6. The Government must support and promote public access to wild, open spaces such as mountains, moorland, woodland and coastline, away from rights of way. We urge the Government to commit to a timetable
for opening stretches of the English coastal path each year and seek to extend access to open spaces in the forthcoming review of the maps of “access land” created by the Countryside and Rights of Way Act 2000.

26 September 2011

Written evidence submitted by Wildlife and Countryside Link

1. WILDLIFE AND COUNTRYSIDE LINK (LINK)\textsuperscript{24} welcomes

1.1 That Government will enable partnerships to establish NIAs based on local assessment of opportunities for restoring and connecting nature on a significant scale and the commitment to provide £7.5 million over the Spending Review period to further this priority.

1.2 The commitment and funding to support LNP\textapos;s. We have concerns about how local delivery will be linked to national ambitions, and how LNP\textapos;s will fit into the planning system, and believe Defra and CLG should provide further details respectively.

1.3 The commitment to embed the value of nature in our economy and the establishment of the independent Natural Capital Committee reporting to the Chancellor. We look forward to the panel announcement and the publication of the “roadmap to a green economy”.

1.4 The commitment to create 200,000ha of new priority habitat.

2. LINK BELIEVES THE FOLLOWING SHOULD BE IMPROVED;

2.1 For the NEWP to be successful it is imperative that there is early action across all Government departments to deliver on the commitments outlined. The strategies planned during 2011 should include more detail on implementing action.

2.2 There are good statements in the NEWP about planning and protection of our natural environment. However, it makes clear that economic growth will be top priority for the forthcoming NPPF and a recent Government amendment to the Localism Bill declares local financial considerations can be a material factor in planning decisions. These put at risk the NEWP\textapos;s ambitions and could have serious consequences if not addressed.

2.3 We were disappointed that a mandatory deadline to halt the use of peat was not included. The voluntary approach has failed to achieve the previous Government\textapos;s target for peat replacement. We feel that it is unrealistic for a voluntary approach to achieve the proposed targets.\textsuperscript{25}

2.4 A voluntary approach for biodiversity offsets is of concern. In Defra\textapos;s consultation we outlined that there was no clear roadmap to achieving offsets and this has not been rectified through the NEWP.\textsuperscript{26} We believe the Government should intervene with the right mix of regulation and incentives whenever progress on wildlife and habitats is stalling.

2.5 The NEWP recognises the need for a well managed network of MPAs, but fails to commit to the 2012 international obligation for designation. Without proactive conservation objectives and management measures, the Government risks MPAs being nothing more than paper parks.

2.6 Clear measurable outcomes for recovery of our vulnerable species and habitats, and mechanisms to deliver them, must be included in the England Biodiversity Strategy.

3. GOVERNMENT SHOULD RECTIFY THE FOLLOWING OMISSIONS;

3.1 A clear funding strategy. For example, Lawton estimated between £0.6 billion and £1.1 billion to restore our natural environment.\textsuperscript{27} Although the funding for NIAs is welcomed, the ambitions in the NEWP are out of step with the resources available to achieve them.

3.2 It fails to fully recognise the importance that access and recreation play in facilitating people\textapos;s understanding and enjoyment of the natural environment. It also ignores the future of coastal access in England.

Annex 1

\textsuperscript{24} Link brings together over 30 voluntary organisations concerned with the conservation and protection of wildlife and the countryside (see Annex 1).
\textsuperscript{26} http://www.wcl.org.uk/docs/2011/Link_response_biodiversity_offsets_04Feb11.pdf
\textsuperscript{27} Making Space for Nature http://archive.defra.gov.uk/environment/biodiversity/documents/201009space-for-nature.pdf
Link welcomes the ambition laid out in The Natural Choice, which outlines the Government’s commitments to restore our natural environment and the work done by Defra to produce this White Paper. However, some of the commitments lack detail and Link will be looking for early evidence of robust implementation plans to ensure positive changes are made. Before the publication of the White Paper Link devised six key tests which we lobbied to be included in the NEWP.28

This response is supported by the following 20 organisations:

— Bat Conservation Trust.
— British Mountaineering Council.
— Buglife—The Invertebrate Conservation Trust.
— Butterfly Conservation.
— Campaign to Protect Rural England.
— Campaign for National Parks.
— Friends of the Earth England.
— The Grasslands Trust.
— International Fund for Animal Welfare.
— National Trust.
— The Mammal Society.
— Open Spaces Society.
— Plantlife.
— Ramblers.
— Royal Society for the Protection of Birds.
— Salmon & Trout Association.
— Wildfowl & Wetlands Trust.
— The Wildlife Trusts.
— Woodland Trust.
— WWF-UK.

21 June 2011

Further written evidence submitted by the Wildlife and Countryside Link

1. Introduction

1.1 This response is supported by the following Wildlife and Countryside Link members:

— British Mountaineering Council.
— Butterfly Conservation.
— Campaign for National Parks.
— Friends of the Earth England.
— The Grasslands Trust.
— The Mammal Society.
— Open Spaces Society.
— Plantlife.
— Ramblers.
— Royal Society for the Protection of Birds.
— Salmon & Trout Association.
— Wildfowl & Wetlands Trust.
— The Wildlife Trusts.
— Woodland Trust.

2. Ambitions

2.1 Ambition

2.1.1 As in our previous EFRA Committee evidence, Link welcomes many of the ambitions in the White Paper, including the commitment to provide £7.5 million over the Spending Review period on Nature Improvement Areas (NIAs) for restoring and connecting nature on a significant scale; the commitment to

28 Link’s key tests http://www.wcl.org.uk/docs/link_key_tests_for_newp_080311_final.pdf
embed the value of nature in our economy and the establishment of the independent Natural Capital Committee reporting to the Chancellor; the measurable targets on sites and increase of priority habitats.

2.2 Species

2.2.1 A glaring omission from the White Paper was the lack of focus on species, in particular those most threatened with extinction. Despite publication of Biodiversity202029 we still have major concerns that our international commitments to halt this fundamental loss of biodiversity are not adequately addressed in Government policy.

2.2.2 Biodiversity2020 specifies targeted action for species only where these are not picked up by habitat/ ecosystem measures. A plan should be in place to identify which species fall into this category. In addition, there must be guidance to incentivise or ensure priority species30 are integrated in habitat and landscape initiatives. Currently, the NIA competition criteria make no mention of species.

2.2.3 To sufficiently address priorities for species and habitats, Local Nature Partnerships (LNPs) need a national framework of biodiversity ambition; advice and expertise to support local delivery (see section 3.2). Biodiversity2020 makes no reference to wildlife legislation, or using regulation where voluntary measures fail (see section 3.6).

2.3 People and access

2.3.1 The ambitions are good as far as they go, but they are not sufficiently backed up with a clear plan for delivery.

2.3.2 Local authorities and other decision makers should place the importance of informal outdoor education and recreation at the centre of all decisions they take, recognising that access to investment in the natural environment and people’s ability to enjoy it can reduce the cost of health and social services. Everyone should have access to high quality experiences in the outdoors. Specifically, we would like to see every school child given opportunities to experience the natural environment, for example landscapes and outdoor activities offered National Parks.

3. Implementation

3.1 Funding

3.1.1 A lack of a clear funding strategy is still of concern. Lawton estimated between £0.6 billion and £1.1 billion per year to restore our natural environment.31 Seed-corn funding for NIAs is welcomed, but the ambitions in the White Paper are out of step with the resources available to achieve them for example the concept of NIAs should be rolled out across the whole of England and embedded in local policy eg Local Plans, and could provide a mechanism for targeting biodiversity offsets, but this is not made clear in the White Paper.

3.1.2 The Common Agricultural Policy (CAP) is the single largest resource available to deliver the land management ambitions in the White Paper. Current negotiations could see a reformed CAP with a reduced agri-environment budget, and greening measures affecting 30% of Single Payment. It is vital that the UK position is led by Defra, to protect the agri-environment budget and ensure the greening measures are not EU greenwash.

3.2 Making voluntary initiatives work

3.2.1 Link members are committed to working with Government and other partners to make LNPs and NIAs successful. However, given the delivery pressures, we are surprised at the haste with which Defra has rolled them out and the lack of supportive structures or any national guidance to ensure they succeed.

3.2.2 Much more needs to be done with these initiatives for them to make a meaningful contribution to the ambitions of the White Paper;

3.2.2.1 Their success criteria must be defined nationally. Defra needs to show how the delivery achieved by LNPs and NIAs will contribute to the measurable ambitions of the White Paper (eg increase of 200,000ha of priority habitat and the outcome for priority species). We recommend that Defra provide a national framework showing the priority species and habitats that need to be delivered and tie the monitoring of delivery to this framework. This should form the basis of advice provided to LNPs and NIAs by Natural England.

3.2.2.2 Defra should have a clear role in championing LNPs within government and must commit to removing obstacles to their delivery. These roles should be clarified in a public statement.

30 943 species are listed under the NERC Act 2006 as “of principal importance for the conservation of biodiversity in England”
3.2.2.3 CLG should advise Local Enterprise Partnerships (LEPs) that they should nominate a representative to sit on LNP and a representative of LNP should be invited to attend the LEPs. The wording in the White Paper "we would encourage LEPs and LNP to work together" is inadequate and the links between these two initiatives must be stronger.

3.2.2.4 Government should clarify to local authorities that meeting their responsibilities under the biodiversity duty includes supporting species recovery, habitat restoration and recreation, and working with LNP.

3.2.3 Given the pressure on voluntary initiatives, we welcome the commitment in the White Paper to review in 2012 the Campaign for the Farmed Environment and other initiatives to assess more generally the effectiveness of this kind of voluntary industry-wide approach (2.48). We recommend that this review be extended to LNP and NIAs in future years.

3.2.4 The White Paper recognises the need for a well managed network of MPAs, but fails to commit to the 2012 international obligation for designation. Without proactive conservation objectives and management measures, the Government risks MPAs being nothing more than paper parks.

3.3 Planning

3.3.1 To deliver the White Paper objectives for planning reforms, we recommend that:

3.3.1.1 The balance of economic with environmental and social sustainability in the National Planning Policy Framework (NPPF) is readdressed. The White Paper states that the NPPF will set out our environmental, social and economic objectives for the planning system and explain how they relate to each other (2.37). However, the NPPF’s current emphasis on economic growth, alongside a weak definition of sustainable development, fatally undermines the integrated delivery of social, environmental and economic sustainability, and ultimately the statutory purpose of achieving sustainable development as set out in section 39 of the PCPA 2004.

3.3.1.2 LNP and NIAs are incorporated into paragraph 168 of the NPPF. The White Paper commits to ecologically coherent planning, states, we will retain protection and improvement of the natural environment as core objectives for local planning and development management (2.35), and notes the role of planning in the development of NIAs (2.30, p.21).

3.3.1.3 Include clear policy to achieve the objectives of NIAs and Green Infrastructure and identify these within local plans

3.3.1.4 The caveat about overriding the need for development in relation to key habitats in paragraph 169 of the NPPF is removed.

3.3.1.5 The NPPF provides greater recognition and stronger protection for Local Wildlife Sites and national priority species and habitats.

3.3.1.6 The NPPF provides greater clarity on the definition and criteria for the new Local Green Space designation (or reference guidance on this).

3.3.1.7 The NPPF’s core principles (paragraph 19) include: the recognition of the natural environment and the natural resources it provides as central to sustainable economic growth and quality of life; the precautionary principle.

3.3.1.8 The NPPF provides more comprehensive policy and guidance on the evidence base required to establish the local strategic priorities for the protection and enhancement of the natural environment.

3.3.1.9 The Government provides guidance on transitional arrangements around the introduction of the NPPF.

3.4 Cross-Government

3.4.1 All Government departments need to show their strategy and implementation plan for meeting the commitments under the White Paper and Biodiversity 2020. This has yet to be done. This should include clear plans and timetables for the UK’s rapid action to ensure delivery of the new 2020 Aichi targets so that the Government shows early progress.

3.5 Barriers to connecting people with nature

3.5.1 The White Paper fails to mention that public rights of way are the most important means by which people gain access to the countryside, and many are in a poor state of repair or unsigned. Government must ensure that local authorities have the resources and expertise to guarantee that all public paths are recorded, open and accessible, as required by law. They should coordinate maintenance and publicity, enabling volunteers to be involved.

3.5.2 Many urban authorities do not have official maps of public paths; Government should encourage them to produce such maps before the paths are lost under development.
3.5.3 We welcome the proposals to proceed with the recommendations of Natural England’s working group on unrecorded rights of way and urge Government to implement these urgently.

3.5.4 Government must recognise that access to moorlands, mountains, wild spaces and coastline, away from routes, is fundamental to many people’s recreational experience. Open-air recreation should be recognised as a key way in which the public connects with nature. Government should continue to promote the benefits and opportunities for, all types of quiet, open-air recreation and support existing bodies in the delivery of public access and wider recreational opportunities.

3.5.5 Much of England’s spectacular coastline is currently inaccessible. Government must commit to a timetable for opening stretches of the English coastal path each year; there should be rights for riders and cyclists as well as walkers.

3.5.6 We welcome recommendation 65 on green spaces designation but this should take account of existing knowledge such as the Woodland Access Standard\(^\text{32}\) or the Accessible Green Spaces Standard\(^\text{33}\) to ensure people have accessible green spaces within walking distance of where they live. The present law enabling local people to register as village greens land which has been used informally for 20 years should be retained. The lack of readily accessible green space is also a barrier to outdoor learning and volunteering, as few schools have the resources to travel long distances. Other barriers to outdoor learning include lack of knowledge and could be addressed through initiatives such as the Forest Schools initiative.\(^\text{34}\)

3.6 Regulation

3.6.1 Link believes that legislation to improve the environment and animal welfare is a fundamental and necessary approach to the protection of the natural environment. We do not support the view that regulation should be a measure of last resort, and question the apparent lack of recognition in the White Paper that regulation can be a positive driver of innovation and economic development.

3.6.2 Regarding the Red Tape Challenge, currently with a spotlight on environmental legislation, we are very concerned that all 278 pieces of environmental legislation and regulations are included in the review which seems a contradiction to some of the commitments outlined in the White Paper. Link has some major concerns about the lack of an evidenced based approach and transparency to this process. The Government must ensure that the laws in place to protect wildlife are not undermined. The environment is an area where knowledge on threats posed by environmental change is still growing and therefore the one out model is especially inappropriate.

Annex 1

What actions are required across Government Departments, from local government and by civil society to deliver the White Paper’s proposals to grow a green economy and reconnect people with nature?

See section 2.3, 3.2, 3.4 and 3.5

Will the institutional framework outlined for delivering the proposals (in particular Nature Improvement Areas and Local Nature Partnerships) be effective? Does the proposed Natural Capital Committee have sufficient powers?

See section 3.2

What resources will be needed to fully deliver the White Paper’s ambitions and how can these best be provided? How might the value of “services” provided by ecosystems to beneficiaries be translated into spending that will enhance the natural environment?

See section 3.1, 3.2 and 3.6

Does the White Paper set out an accurate assessment of the barriers to public engagement with the natural environment and make the most effective proposals for re-engagement?

See section 3.5

Annex 2

Wildlife and Countryside (Link) brings together over 30 voluntary organisations concerned with the conservation and protection of wildlife and the countryside. Our members practise and advocate environmentally sensitive land management, and encourage respect for and enjoyment of natural landscapes and features, the historic and the marine environment and biodiversity. Taken together our members have the support of over 8 million people in the UK and manage 690,000 hectares of land.

26 September 2011

\(^\text{32}\) http://frontpage.woodland-trust.org.uk/woodsforpeople/finalreport/was.htm

\(^\text{33}\) http://www.naturalengland.org.uk/ourwork/enjoying/places/greenspace/greenspacesstandards.aspx

\(^\text{34}\) The Forest Schools initiative is an example of how to reconnect children with the natural environment which could be used as a template for future developments http://www.forestschools.com/
Written evidence submitted by The Wildlife Trusts

1.1 The Wildlife Trusts (TWT) welcome the ambition contained within the White Paper. However, there is insufficient detail to be confident that Government is fully committed to making the vision a reality, nor is there the sense of urgency required or sufficient targeted resources. We are disappointed it fails to commit to enshrining the aspirations in law.

2. The Wildlife Trusts Support

2.1 Clear recognition of the need for restoration and recovery of the natural environment at a landscape scale.

2.2 The commitments to encourage, support and recognise Local Nature Partnerships (LNPs). TWT have been delivering landscape-scale conservation with farmers, landowners, local communities and those whose primary concerns are economic regeneration, health or wellbeing on a voluntary basis for years. The LNPs need to recognise these initiatives, the work of LBAPs and be driven and supported with sufficient funds and Government commitment.

2.3 The commitment to establish Nature Improvement Areas (NIAs). However, we are concerned that there is no statutory underpinning and identifying just 12 initially, seriously underestimates the magnitude and extent of restoration required. In addition, there is no clear commitment for NIAs to be recognised in the new strategic framework for planning. TWT has over 100 Living Landscape schemes, all deserving greater recognition and support. Funding of just £7.5 million is simply not enough. The promise to maximise the contribution Environmental Stewardship and Woodland Grant Scheme make towards promoting the multiple benefits from ecological restoration at a landscape-scale is welcomed.

3. The Wildlife Trusts believe the following could be improved

3.1 The mismatch between ambitions contained in NEWP and the focus on growth within forthcoming planning reforms could undermine the NEWP’s good intentions. The NPPF must reflect the commitments in NEWP if the Nagoya goal of mainstreaming biodiversity across government is to be achieved.

3.2 The voluntary, industry-led approach to phasing out horticultural peat will not succeed and needs statutory underpinning. The Task Force must address all options including legislation and hasten the speed of the phase out.

3.3 Lawton recommended Government produce a strategy for carbon-rich soils and peatlands. This is absent from the NEWP.

3.4 It is disappointing that NIAs and the Green Areas Designation are presented as potential barriers to sustainable development and additional burdens on local authorities rather than a positive economic, social and environmental contribution for local communities.

3.5. Biodiversity offsetting has potential to contribute to restoration of the natural environment and TWT welcomes the pilot approach. However, being voluntary could undermine the concept and jeopardises the impact the pilots could achieve if it was backed with regulation.

3.6. Significant effort will be required from Government and its agencies to ensure integrated and coordinated delivery across the various initiatives proposed in the NEWP.

4. Government should rectify the following omissions

4.1. There is no explicit reference to Local Wildlife Sites and other non-statutory sites. These make a significant contribution to England’s ecological network as important sites in their own right and as buffers and stepping stones to other protected areas.

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35 The Wildlife Trusts (TWT) consists of 47 individual organisations covering the whole of the UK, and the Isle of Man and Alderney. All are working for an environment rich in wildlife for everyone. We have more than 800,000 members. Our vision is to create A Living Landscape and secure Living Seas. Each Wildlife Trust is working within its local communities to inspire people about the future of their area.

36 http://www.wildlifetrusts.org/alivinglandscape


38 Commitment 10: Working within the framework of the National Policy Statements and the Government’s planning reforms, local authorities will be able to use local planning to support Nature Improvement Areas, including identifying them in their local plans where they choose, while not deterring sustainable development (page 21).

39 For example, Local Nature Partnerships (page 19), voluntary peat partnership (page 29) Catchment-level Partnerships (page 30), Green Infrastructure Partnership (page 51)
4.2. There is no apparent national framework within which all new initiatives will be managed. TWT will continue to challenge for new policy and legislation if we feel it is needed to achieve nature’s recovery.

21 June 2011

Further written evidence submitted by The Wildlife Trusts

1 Introduction

1.1 The Wildlife Trusts (TWT) consists of 47 individual organisations covering the whole of the UK, and the Isle of Man and Alderney. All are working for an environment rich in wildlife for everyone. We have more than 800,000 members. Our vision is to create A Living Landscape and secure Living Seas. Each Wildlife Trust is working within its local communities to inspire people about the future of their area.

1.2 The Wildlife Trusts welcome the opportunity to submit evidence to the Efra Select Committee inquiry into The Natural Choice: Securing the Value of Nature.


1.4 The Wildlife Trusts welcome the ambition contained within The Natural Choice: Securing the Value of Nature. We also support the clear recognition of the need for restoration and recovery of the natural environment at a landscape scale. However, there is insufficient detail to be confident that Government is fully committed to making the vision a reality, nor is there the sense of urgency to enshrining the aspirations in law. In addition, the uncertainties surrounding financial support remain a major concern.

2 What actions are required across Government departments, from local government and by civil society to deliver the White Paper’s proposals to grow a green economy and reconnect people with nature?

2.1 Due to the complexities involved and given that the White Paper is Government-wide, the Government needs to show leadership, promote integration and take responsibility for delivery to ensure the NEWP is used as an effective catalyst for the recovery of the natural environment. Government must demonstrate clear accountability and has a role in stimulating and facilitating action and driving forward the concepts. To be effective, the White Paper must have broader ownership than Defra.

2.2 Whilst the White Paper was being produced, TWT were encouraged by the integration within Defra of the various policy strands and the clear leadership demonstrated by senior civil servants and Ministers. TWT are keen to see this holistic approach maintained and developed as implementation progresses.

2.3 Strong leadership is required to create the framework within which communities can develop local solutions for delivery. Only Government, at both local and national levels, can change policy that causes damage to the natural environment or remove the blockages that currently limit its restoration. There needs to be a sense of purpose and consistency between Defra and CLG to help support local government and ourselves to contribute to the implementation of the NEWP. Whilst we appreciate that, with Localism, it will be for local areas to decide their priorities, TWT believe that there is currently insufficient guidance to support local authorities and other stakeholders.

2.4 Central and local Government, agencies, the private sector and voluntary bodies will all need to act in concert to deliver the White Paper’s proposals. The Wildlife Trusts have, for a number of years, promoted a joined-up, landscape-scale approach to the recovery of the natural environment. We now need central and local Government to work closely with us and not hinder the extensive delivery already happening on the ground.

3 Will the institutional frameworks outlined for delivering the proposals (in particular Nature Improvement Areas and Local Nature Partnerships) be effective? Does the proposed Natural Capital Committee have sufficient powers?

Lack of a national framework or spatial vision

3.1 The NEWP states “We will establish a clear institutional framework to achieve the recovery of nature” (page 3). Whilst we support the overall vision of the NEWP, we would argue that it does not provide “a clear institutional framework”. There is no apparent single framework within which all the new initiatives will be managed and, within the White Paper, there is no clear indication of how the various actions and commitments will be coordinated. Instead, there is a confusion of disparate concepts with implementation timescales that are not only out of sync but, for some, are also unrealistically short.

Nature Improvement Areas

3.2 We recognise that NIAs are just one tool for delivering landscape-scale conservation. For example, TWT now has over 100 Living Landscape schemes, all deserving greater recognition and support. We believe that restoration and recovery of the natural environment must take place with greater urgency and across a much
larger area than proposed in current plans. The NIA concept should be driven forward everywhere across England and be given formal and statutory recognition through the new planning process and agri-environment grants. The Wildlife Trusts will keep up pressure on the Government to deliver against its vision. We will continue to challenge for new policy and legislation, if we feel it is needed, to secure nature’s recovery.

3.3 The Wildlife Trusts have long held that a partnership-led, landscape-scale approach to conservation is the only way to secure nature’s recovery. Whilst we welcome the concept of Nature Improvement Areas, as based on the original vision of Ecological Restoration Zones in Making Space for Nature, we are concerned that the decision to pilot 12 NIAs, via a competitive process, will result in a delay in Government roll-out of the approach across England until 2015 at the earliest. There is currently no clear framework or even understanding about how Government will expand the approach beyond the 12 pilots or indeed, a process for recognising, as NIAs, the applications to the competition that are unsuccessful. A high number of applications are expected. Action must be taken now to develop a strategy to make the best of the full range of applications, to capture the experience of these projects and to build-on and support the partnerships that have been mobilised in recent months and years.

NIAs and Planning Reforms

3.4 The NEWP makes explicit reference to how the planning reforms will support the development of Nature Improvement Areas (eg para 2.29, page 21). However, opportunities to embed the NIA concept in other key government policies and strategies are being missed. The draft National Planning Policy Framework, currently out for consultation, does not include reference to NIAs or Local Nature Partnerships. This omission undermines the concept and reduces the ability to successfully deliver the ambitions of the NEWP.

3.5 In addition, it is disappointing that within the NEWP, NIAs and the Green Areas Designation are presented as potential barriers to sustainable development and additional burdens on local authorities (commitment 10, page 21; para 4.23, page 49) rather than a positive economic, social and environmental contribution for local communities. CLG appear concerned that NIAs and the Green Areas Designation might limit development. However, TWT consider that these initiatives should not be seen as a block to development as they will make a positive economic, social and environmental contribution to local communities, quality of life and to ecosystem services as evidenced by the NEA.

NIAs and landscape-scale conservation

3.6 Within the NEWP and NPPF, there are no explicit reference to Local Wildlife Sites and other non-statutory sites despite Making Space for Nature emphasising their importance. These sites make a significant contribution to England’s ecological network as important sites in their own right and as buffers and stepping stones to other protected areas. As it currently stands, the NPPF is failing these sites which are essential components within ecological networks.

Local Nature Partnerships

3.7 TWT support further encouragement to ensure there is total coverage across England and for Local Nature Partnerships (LNP) to be tied into the accountability process through statutory agencies and central Government.

3.8 We welcome the suggestion that LNPs should have a broad remit and be wide-reaching in their membership. The NEWP includes the expectation that LNPs and Local Enterprise Partnerships (LEPs) work together. The information published on the Defra website (http://www.defra.gov.uk/environment/natural/whitepaper/local-nature-partnerships) suggests LEPs should be on the membership of an LNP. However, LEPs have been given no such direction and do not have to have a natural environment representative. There is anecdotal evidence to suggest that LEPs are unlikely to engage with the LNP agenda. There needs to be a stronger steer to LEPs that they are expected to engage with LNPs to develop shared agendas for their area.

3.9 At this stage, it is hard to judge the effectiveness of the framework for establishing LNPs. It appears to be an evolving concept as the complexities involved become apparent to Defra. For example, the end of July deadline for LNP applications demonstrated a lack of understanding of civil society as eight weeks (from launch of the NEWP to the deadline) was not sufficient to develop new partnerships broader than those already in existence or development.

3.10 We are concerned that there is insufficient guidance following the NEWP to fully support the development of these new partnerships in the innovative and creative way envisaged. In addition, the links between LNPs and other initiatives, such as NIAs, the biodiversity offsetting pilots and perhaps crucially, delivery of the England Biodiversity Strategy, have not been articulated. Worryingly, the confusion amongst practitioners is resulting in some choosing not to fully engage.

Biodiversity offsetting

3.11 Biodiversity offsetting has the potential to contribute to restoration of the natural environment and TWT welcomes the pilot approach. However, being voluntary could undermine the concept and jeopardises the impact the pilots could achieve if it was backed by regulation. TWT also believe that there should be more
explicit links between the biodiversity offsetting pilots and all NIAs—not just the 12 selected as in receipt of funding.

Peat

3.12 The voluntary, industry-led approach to phasing out horticultural peat will not succeed and needs statutory underpinning. The Peat Task Force must address all options including legislation and hasten the speed of the phase out.

3.13 In addition, *Making Space for Nature* recommended Government produce a strategy for carbon-rich soils and peatlands. The NEWP would have been an ideal platform for a commitment on this. Instead, the “Government Response to the *Making Space for Nature* review” (published on the same day as the NEWP), suggests that Defra will just be investing to improve the evidence base on the complex issues raised by peat.

4 What further research and/or evidence is required to develop practical programmes sufficiently detailed to deliver the White Paper’s ambition to fully embed the value of nature into policy delivery?

4.1 TWT welcome the recognition of the NEA within NEWP and support the commitment to further research and implementation (para 2.6, page 15). It provides a robust, evidence-base that needs to drive future policy and decision-making. We believe TWT has a role as helping to develop thinking and applying principals at the local level. We would like to see the intention to “develop practical tools to assist decision-makers in applying the lessons of the NEA” initiated and applied with urgency. It is essential that we now move on to the delivery phase to capture and build on what has been learnt through the NEA.

5 What evidence is there from other countries that the approaches proposed in the White Paper can be successfully applied in practice?

5.1 The Wildlife Trusts has previously undertaken research into how the concept of ecological networks has been incorporated into policies and legislation in several European countries comparable to the UK. As would be expected, the approaches vary depending on the constitutional structure of each country. Clear lessons taken from these studies are that without policy integration and statutory obligations, the approaches proposed in the White Paper might not be successfully applied or be sustained in the long term. For example, it is acknowledged that the significant progress made in the Netherlands in implementing their Ecologische Hoofdstructuur (National Ecological Network) has been as a result of an ambitious programme of policy integration. The concept was endorsed by three Ministries (Agriculture, Nature Management and Fisheries; Housing, Spatial Planning and Environment; and Transport, Public Works and Waste Management).

5.2 In addition, relatively good progress has also been made in Germany towards the creation of a functional ecological network. Germany imposed a statutory obligation to establish a nationwide ecological network with a requirement on states to integrate the network into spatial planning and nature conservation policy.

6 What resources will be needed to fully deliver the White Paper’s ambitions and how can these best be provided? How might the value of “services” provided by ecosystems to beneficiaries be translated into spending that will enhance the natural environment?

6.1 TWT supports the implementation of recommendations 17 and 20 from *Making Space for Nature*. However, neither are fully reflected within the NEWP.

6.2 *Making Space for Nature* also estimated that between £0.6 billion and £1.1 billion each year is required to restore our natural environment. Whilst we acknowledge the commitment to fund 12 NIAs to the tune of £7.5 million over three years, the absence of a funding strategy to deliver the other ambitions is very disappointing. The NEWP sets the agenda for nature’s recovery into the future. Whilst we may currently be in a time of austerity, this should not prevent us planning for the future. The NEA clearly demonstrates that investing in nature now makes economic sense.

Payments for ecosystem services

6.3 Government needs to remain committed to amending existing frameworks to reward farmers for delivering valued goods and services (see below). Such resources should be focused on securing sustainable land management that safeguards our natural environment, including our wildlife and also the services that land provides, such as clean water, carbon storage, flood alleviation and food. Food security is dependent upon a healthy natural environment of which wildlife is a key component and indicator. There will be a need for the provision of easily accessible advice and ongoing support to ensure consideration of this full range of factors. Government also needs to stimulate new markets in ecosystem services.

*Working Wetlands, Devon Wildlife Trust*

The Devon Wildlife Trust’s Working Wetlands project is a seven-year Living Landscape initiative established in 2008 and working in the Culm area of northern Devon. The project focuses on 65,000 hectares of land which represents the headwaters and main tributaries of four major rivers (Taw, Torridge, Exe and Tamar) where concentrations of wildlife-rich habitats are found, including internationally important Culm grasslands and populations of rare species such as Marsh Fritillary butterflies. Working
Balfour Beatty welcomes the opportunity to present its views on the proposals set out in the Natural Environment White Paper (NEWP) in light of its operations in the UK and abroad and its sustainability approach. Our approach to sustainability is set out in our 2020 vision and roadmap published two years ago. We take a holistic view to sustainability and focus on biodiversity as well as carbon, water and materials in our approach. Our approach to sustainability is set out in our 2020 vision and roadmap published two years ago.

1. What actions are required across Government Departments, from local government and by civil society to deliver the White Paper’s proposals to grow a green economy and reconnect people with nature?

Balfour Beatty is supportive of the goals to grow a green economy and reconnect people with nature.

Local and national government are major procurers of infrastructure and can influence the market to adopt more sustainable outcomes. In awarding contracts at local and government level, the current emphasis is on cost, not longer-term value. Without value placed on biodiversity in awarding contracts, there is little incentive for contractors to innovate and go beyond protecting ecological resources to enhancing them. Make biodiversity key to winning work and contractors will respond. Current economic valuations of biodiversity tend to be high level and generic, which do not resonate at contract level, within which our industry operates. The contract level is where governments can deliver on the White Paper targets by making biodiversity enhancement a key part of their procurement.

Limited financial resources need to be better deployed to move mindsets from protection towards enhancement. Current protection arrangements operate at a local site-by-site basis, whereby the impacts of limited funds are diluted across a large number of projects. Pooling some of this expenditure to enable a strategic approach to biodiversity should be explored through initiatives such as biodiversity offsetting. We particularly welcome the concept of biodiversity off-setting and hope to contribute to the forthcoming pilots.
Our biodiversity expert Julia Baker has been accepted by DEFRA to be a member of the Sounding Board for DEFRA’s pilot programme on biodiversity offsetting. DEFRA has also accepted our proposals to undertake complimentary projects as part of their biodiversity offsetting pilot programme, our aims being to contribute towards the evidence base on mechanisms for biodiversity offsetting within England.

Regulations are often blunt instruments, encouraging a compliance only culture rather than transformational change based around opportunity to differentiate a service offering. A case in point being the great crested newt. Much effort on infrastructure projects such as road schemes is devoted to protection of the great crested newt (kms of newt fencing and translocation). A recent report by Natural England shows that great crested newts are widespread across lowland England. The report also shows that their overall numbers are still declining despite legal protection, due mainly to the loss of good quality natural habitat, especially ponds. This illustrates that current mechanisms for protection are not working despite the investment being made by industry for compliance with protected species legislation. A change in emphasis to creating more habitat (ponds) following a strategic conservation planning framework would be a better use of money.

Biodiversity needs to be made mainstream on projects by looking for opportunities to enhance biodiversity, even on sites of low ecological value. Mansell, one of our operating companies, has used the spirit of our 2020 vision to bring elderly people closer to nature at Rockdale Care Home in Sevenoaks, Kent. The project team recognised the health benefits of residents having simple everyday encounters with nature on their doorstep. Our Balfour Beatty ecologists worked closely with the construction team to ensure the planting of native flowers and trees was undertaken to improve the natural connectivity through the site, including alignment with bat flight lines and creating new reptile habitats as well as installing bird and bat boxes—all with an emphasis on bringing nature closer to the elderly residents of the care home. These simple measures not only increased the biodiversity value of the site but also added value to the project that Mansell delivered to the client—the elderly residents have a care home with grounds of vibrant biodiversity that they could treasure and enjoy. Such alignment of biodiversity enhancement with people benefits that have positive implications for both the contractor and client are applicable to many sites yet are currently outside the biodiversity regulatory framework. This is a missed opportunity for the environment, our industry and society.

We welcome the NEWP’s emphasis on local community groups playing their role in biodiversity decision making and practice. Indeed our own ecology targets include “engage with local communities fully in enhancements made to the local ecology”. Again, there is a role for government procurement to promote this approach. For example, Balfour Beatty WorkPlace, has recently submitted a tender for the estate management of the Queen Elizabeth Park to the Olympic Park Legacy Company (OPLC). A key feature of our bid has been to promote social enterprises in maintaining the park including the newly created biodiversity habitats, creating local jobs and volunteering opportunities for local people. We see the potential to grow the co-operation of social enterprises with mainstream business. “Big Society” includes business too.

As an organisation that reports on its sustainability performance, we are particularly interested in the new corporate reporting guidance for measuring and reporting environmental impacts that DEFRA is planning to issue in 2012.

2. Will the institutional framework outlined for delivering the proposals (in particular Nature Improvement Areas and Local Nature Partnerships) be effective? Does the proposed Natural Capital Committee have sufficient powers?

We are keen to collaborate with stakeholders and support Nature Improvement Areas (NIAs) where our projects may interact with these. Restoring and re-creating habitats across large areas covering hundreds or thousands of hectares through 12 NIAs across England is a laudable aim. However, we question whether the £7.5 million that has been set aside is sufficient to make a significant and genuine long-term impact.

Nature Improvement Areas and Local Nature Partnerships have great potential to be effective and there is evidently much support for these initiatives, especially given that 76 partnerships submitted applications to DEFRA to become Nature Improvement Areas. However, the mechanisms for collaboration and engagement with industry are unclear, yet of great importance to ensure the long-term viability of NIAs. This relate to points made in Q1. Firstly a strategic conservation planning approach is needed to better co-ordinate the ecological activities of developers and the construction industry to address limitations of protected species legalisation and ensure that money spent on protection goes towards long-term nature conservation. Secondly, effective industry engagement depends upon making clear the benefits that individual companies will gain from their investment in ecology best practice. Such benefits include embedding lean management principles into company processes, enhanced employee effectiveness, better risk management, evidence for future tenders and community enhancement.

Identifying and quantifying these benefits is a tool for effective industry engagement and something that we are working on with industry experts to ensure that biodiversity receives recognition within the tendering process. For the proposed Natural Capital Committee to be effective, the Committee must have sight of the tendering/contract awarding process and powers to engage and collaborate with industry on NIAs. This will ensure that the effort and money spent by industry on ecology protection and enhancement is of direct benefit to national biodiversity initiatives especially NIAs.

We are keen to understand how the white paper will be affected by the government’s localism agenda and future simplification of planning legislation.

There is heavy reliance on “big society”, local councils and business on working together to halt the continuing deterioration of England’s ecosystems and biodiversity. How will this be effectively co-ordinated to ensure resources deliver the best possible ecological gain? As mentioned in Q1, key to such an approach must be the identification and quantification of benefits to contractors and clients that ecology best practice will provide—at the contract level.

3. What further research and/or evidence is required to develop practical programmes sufficiently detailed to deliver the White Paper’s ambition to fully embed the value of nature into policy delivery?

We note with interest, commitment 46—“developing an agreed approach to water footprinting by December 2012, working through the Products Research Forum”. We believe that the importance of water management will grow in the future. Unlike carbon, this is not just about accounting for the total quantity of water used but also about the localised impact of its use (measuring water stress). The emphasis on water footprinting to date has been in the agriculture and food sectors. However, in order to build wider responsibility for water conservation and knowledge of water impacts, water footprinting methodologies need to be developed for other sectors. Work on embodied carbon has shown the importance of materials and supply chains in the overall carbon footprints of infrastructure projects and we believe this holds true for water too.

Balfour Beatty has recently developed a suite of water footprinting tools which we believe to be a first in our sector. We would be happy to share our experience in developing these tools to inform work in this area. Further research would be welcomed to develop global water stress figures by country. A database, similar to the Bath University’s ICE (Inventory of Carbon and Energy) for embodied water would be very helpful to allow comparison of water footprints of different materials in a consistent way. An equivalent of PAS 2050 (DEFRA/BSI/Carbon Trust’s guide to assessing the carbon footprint of goods and services) for water footprinting would be very helpful too.

The global construction and infrastructure sector is a major consumer of the world’s natural resources. Further research into responsible sourcing schemes that go beyond timber (FSC and the like) should be undertaken. Evidence from within Balfour Beatty suggests that the UK has taken a lead in responsible sourcing schemes for other materials such as aggregates, concrete and steel (eg BES 6001). We have not come across other globally applicable schemes for these materials outside the UK. Developing such an approach would be a major benefit to the UK in developing responsible supply chains for imported materials and providing global leadership in the green economy.

Billions will be spent on off-shore wind in the UK over the coming decade, making it a major area of growth in the transition to low carbon and renewable energy supplies. Research should be commissioned to determine how off-shore wind farms can best contribute to enhancing biodiversity. We know how to enhance biodiversity on land but what about structures in the marine environment?

The Construction Industry Research and Information Association (CIRIA) is seeking funding to capture examples of the business case for biodiversity and valuing nature for construction companies.4

The current emphasis on valuing biodiversity is at a high regional or national level. CIRIA has recognised the need to collect and disseminate examples of the benefits that construction companies gain from biodiversity such as work winning, reputation enhancement, employee motivation, risk management, flood alleviation, community benefits/enhanced quality of life, education and opportunities to increase revenue generation from land (eg coppicing and bio-fuels). Funding this research programme in 2012 would make a positive and practical difference in promoting biodiversity benefits to a construction sector that is polarised around carbon.

4. What evidence is there from other countries that the approaches proposed in the White Paper can be successfully applied in practice?

Our experience of biodiversity overseas follows the typical compliance based approach of protecting habitats and species. Ecological enhancement is rare and not a concept well understood when operating abroad.

Our vision is that by 2020, our projects around the world deliver a net ecological gain. In working towards this goal, we have set ourselves a minimum expectation of protecting species and habitats. We also have an optional 2012 stretch target to go beyond protection to enhancing the ecology on at least 50% of our projects. During 2011, we commissioned KPMG to help us assess progress against our roadmap by conducting reviews of our operations in Dubai, Germany, Hong Kong Italy, Sweden and USA. Whilst, national governments have strong conservation requirements based on protected species and habitats, we did not come across examples of ecological enhancement during these reviews.

There is some evidence of enhancement/restoration of habitats in Australia. The Botany Bay expansion project featured in our 2020 vision film is one such example transforming a once heavily degraded wetland into a vibrant ecosystem (www.balfourbeatty.com).

41 http://www.ciria.org/service/future_projects/AM/ContentManagerNet/ContentDisplay.aspx?Section=future_projects&ContentID=21162
This anecdotal evidence suggests that with the required leadership, the UK can use its thinking on biodiversity as an opportunity for growing a leading green economy.

5. What resources will be needed to fully deliver the White Paper's ambitions and how can these best be provided? How might the value of “services” provided by ecosystems to beneficiaries be translated into spending that will enhance the natural environment?

In total the white paper contains just four one-off domestic spending commitments, amounting to £10 million over the next four years. The National Ecosystem Assessment published a week before the white paper suggested several hundred £millions more need to be spent each year on conserving and creating wildlife habitats.

More emphasis is needed in promoting ecological enhancements in schemes such as CEEQUAL and BREEAM. WRAP have been successful in signing up a large number of contractors to the halving waste to landfill commitment. A similar voluntary initiative should be explored, which requires changes in behaviour, measurable performance improvements and reinforcement by customers in their procurement policies.

6. Does the White Paper set out an accurate assessment of the barriers to public engagement with the natural environment and make the most effective proposals for re-engagement?

The current economic climate is a major barrier to growing a greener economy. The emphasis on short term cost over longer term life-cycle benefits is stronger now than it has ever been in light of budget cuts and the Comprehensive Spending Review. Encouraging a net biodiversity gain over the next decade will be tough ask.

Biodiversity is low down on the priority list for the procurers of infrastructure and business more generally. The main business-based organisations that track environmental policy such as the Confederation of British Industry, the Engineering Employers’ Federation, the Aldersgate Group and the Environmental Industries Commission have been quiet on the publication of the white paper. Carbon receives so much more attention (zero carbon homes [2016], public buildings [2018], commercial buildings [2019] and the recently formed Green Construction Board). More emphasis is needed on biodiversity.

We have a major opportunity to build a global expertise and capabilities in going beyond habitat and species protection to enhancing biodiversity. Experience with the renewable energy sector tells us that strong domestic policy helps build capabilities that can subsequently be exported creating revenue and jobs in the green economy. As mentioned previously, effective industry engagement and a commitment to biodiversity would be realised if individual companies see the benefits that they will gain from such investment. Biodiversity delivery must be a key aspect of procurement processes and receive equal attention to that of carbon footprinting and other high profile sustainability issues.

The recent announcement on £5 billion extra on infrastructure spending needs to be backed up with bold action to encourage innovation in biodiversity enhancement. If delivering enhanced biodiversity becomes a requirement of infrastructure clients then developers and their supply chain (eg contractors) will rise to the challenge to secure the work. Make biodiversity a competitive issue to help win contracts. Experience on the Olympic Park shows what can achieved if there is a will to make it happen.

Co-ordinating the delivery of the action required in the NEWP will be a major challenge when set against other priorities such as economic growth, agriculture and biofuels, house building and accelerating infrastructure projects. There are already a large number of organisations with an interest in more sustainable infrastructure. Commitment 67, establishing a Green Infrastructure Partnership has the potential to add to this complexity. How will this new organisation interact with the Green Construction Board for example?

Perhaps the biggest barrier of all is co-ordinating across Government departments a collective responsibility for biodiversity. With so much emphasis on austerity measures and stimulating economic growth, DEFRA has a major challenge in making itself heard. Getting the Treasury on side will be key.

5 December 2011

Written evidence submitted by the British Aggregates Association

Ahead of the oral evidence session we have been invited to attend in January 2012 to enable the Committee to hear from the SME aggregates industry its views as to how its operations and sustainability work might be impacted by the Government’s proposals.

We represent the interests of over 90 members of which some 65 are independent and privately-owned SME quarry companies throughout the UK with some 12% of national output and who operate out of over 180 sites. We are part of the consultation and lobbying process both in the UK and Europe—and are also represented through the CBI (Confederation of British Industry) Minerals Group and CPA (Construction Products Association). Our planning group meet on a regular basis. We have individual member representation on all the ten Aggregates Working Parties (RAWPs/AWPs) in England and Wales, and through the associated national steering and coordinating groups; and work closely and constructively with other stakeholders including central
and local government, the Planning Officers' Society (POS), and various heritage and environmental bodies and NGOs.

The minerals sector was not mentioned in the White Paper, despite our enormous and world-renowned contribution to enhanced biodiversity by the very nature of our operations; coupled with our statutory responsibilities through the planning process and environmental regulations—and of course not least through our many voluntary initiatives.

Extraction of minerals inevitably results in some changes to the landscape during the temporary use of the land, but this is not necessarily negative! However, these changes are a very positive force in increasing biodiversity, as are many of the activities during the extraction period. Restoration and aftercare management schemes are carefully designed at the planning stage in consultation with the mineral planning authorities and other stakeholders often creating opportunities for local communities to be involved in the creation of long-term nature conservation assets, very much in line with Government’s aspiration for a “Big Society”.

In practical terms what is effectively “biodiversity offsetting” has been part of the culture of the minerals industry for a very long time, if not historically. The current procedures adopted by the industry for managing the natural environment are very effective.

Some 700 Sites of Special Scientific Interest (SSSIs) in the UK, several National Nature Reserves and numerous local ones have been created by the restoration of quarrying and mining sites.

Initiatives such as “The Nature After Minerals” (NAM) programme, which is a partnership between RSPB and Natural England, supported by BAA and the others in the aggregates sector are making a valuable contribution to the nation’s biodiversity. NAM for many years received funding through the Aggregates Levy Sustainability Fund (ALSF), a fund established to return the hypothecated 10% of the levy imposed on the industry in 2002 to be used in community and good works, and managed through DEFRA. Whilst there had been some problems with under-allocation, government regrettably, and without consultation, removed all ALSF funding in April this year.

Overall the White Paper failed to acknowledge the role rural communities and our rural industry are already playing in managing the natural environment. Introducing a new raft of organisations and think-committees may not be the most appropriate way forward.

— What actions are required across Government Departments; from local government and by civil society to deliver the White Paper’s proposals to grow a green economy and reconnect people with nature?

We do have concerns over the apparent lack of joined-up government.

There is an apparent lack of coordination and communication between government departments, and this is possibly due in part to different departmental priorities and lack of crystal clear central guidance.

Since Planning and Environment were split between what is now CLG and DEFRA some years ago there are policy conflicts over developments in National Parks and AONBs and no clear direction from central government for the minerals industry where potentially a third of the UK land mass has restrictions or access problems—and for an activity that occupies under 0.5% of the land mass, and can only extract where minerals are located.

There have been similar problems between the Environment Agency and Planning responsibilities (and in some cases with the HSE) over the “new” EPP permitting regime; and even more so with transposition of the EU Mining Waste Directive leading to unnecessary and burdensome duplication and additional cost and regulatory load on business. Overall government policy for the last eight-10 years has increasingly taken away responsibility from the planners with no national gain, but more burden and cost on industry.

Industry will lead future growth in the economy, and minerals are the basic raw materials to enable this. Government and society need to strengthen the opportunities and reduce the ever-mounting burdens of regulations, controls and ever new committees and assist in encouraging this process.

— Will the institutional framework outlined for delivering the proposals (in particular Nature Improvement Areas (NIAs) and Local Nature Partnerships (LNPs)) be effective? Does the proposed Natural Capital Committee have sufficient powers?

We are pleased that mandatory biodiversity offsetting and a potentially unwieldy bureaucracy have not been imposed on industry in particular the SME sector.

We are uncertain how the trial voluntary pilot studies will work and be effective in promoting the intentions. With the positive credits accruing as a result of our activities we are uncertain how the industry operators will gain the necessary rewards and the community benefit positively over and above the current status quo. As always a “one size fits all” is unlikely to be the solution as the culture and requirements of large corporate organisations is different to the localised needs of an SME which is generally already an integral part of the community it operates in.

However, we will contribute if required and look positively and constructively to see any benefits to or opportunities for our members and the industry that may be revealed as a result of the trials.
We are also unclear how the creation of NIAs and LNPs will contribute anything additional to the current situation and not be or perceived to be a hindrance or bureaucratic burden.

— What further research and/or evidence is required to develop practical programmes sufficiently detailed to deliver the White Paper’s ambition to fully embed the value of nature into policy delivery?

No further comments.

— What evidence is there from other countries that the approaches proposed in the White Paper can be successfully applied in practice?

For our industry, the UK is already a world leader and is used as a template and model elsewhere.

— What resources will be needed to fully deliver the White Paper’s ambitions and how can these best be provided? How might the value of “services” provided by ecosystems to beneficiaries be translated into spending that will enhance the natural environment?

No further comments.

— Does the White Paper set out an accurate assessment of the barriers to public engagement with the natural environment and make the most effective proposals for re-engagement?

No further comments.

8 December 2011

Supplementary written evidence submitted by Paul Allison, British Aggregates Association

I was asked in terms if the lack of funding would reduce the effectiveness of the proposals contained in the White Paper. I replied in terms that there are other more significant barriers. I would add the following.

— The government is the nation’s largest land manager. It would cost very little for the government to manage its landholdings in a different manner ie in a manner designed and implemented to maximise the quality and quantity of biodiversity and nature in those landholdings. It is not the lack of funds that stops the government from doing this. It is the lack of will and strategic direction.

Mr George Eustice asked me to give examples of the things that my industry are doing. My reply was confined to some of my own company’s activities, particularly with regard to protected species. I would also like to bring the following things to the committee’s attention.

— My company has just received planning consent for a sand and gravel development which will create 35 ha of biodiverse habitats, 20 ha of which will be in a managed nature reserve, in stages over a 16 year period. Currently the land is intensive agriculture. The habitats and species targeted come out of the Durham Biodiversity Action Plan.

— 10 of Durham Wildlife Trust’s 25 reserves are on sites previously operated as quarries or mines.

— 700 of the country’s SSSIs are in mineral sites (mostly regenerated or restored).

During the informal session I outlined our view of the Localism Bill. I set this view out formally below.

— Our view is that there is a gap between the welcome strategic emphasis on biodiversity and nature in the White Paper and the practical effect of the Localism Bill. The mechanisms of the Localism Bill will be hijacked by the articulate middle classes. They will prevent development. They will purport to be concerned for the wider environment, whilst actually being concerned about the value of their own houses. They will prevent such things as affordable housing being and new industrial and commercial employment opportunities being developed near to them. They will do this in the name of the environment and sustainability.

— Developments that include measures to create, conserve and manage biodiversity and nature will fare no better than those that do not.

Response to emailed question; What does the planning framework need to include to ensure NEWP aims are effectively delivered?

— The planning framework needs to include policies that give significant positive weight to the creation, conservation and management of biodiversity as material planning matters.

— The planning process and structures must ensure objective and rigorous analysis of all matters, such that biodiversity benefits cannot be ignored.

Response to emailed question; Are you concerned that environmental protection could be used as a barrier to development within your sector?

— Environmental benefit is not necessarily the same as environmental protection. “Protection”, when not applied to endangered species and habitats, and if interpreted as being “no change”, is a very sterile approach can be used as an excuse to refuse permission for developments that create and enhance biodiversity through management and conservation.
— We note that heritage panning guidance has moved towards “conservation” and away from “protection”. This approach should be mirrored with regard to biodiversity and the natural environment.

— Our sector has always had unjustified environmental brickbats thrown at it by those with an axe to grind and probably always will. The government however, has a duty to be truthful and rigorous and to ensure that as far as possible properly weighted analysis is applied to development proposals.

Response to emailed question: Is there a danger that biodiversity offsetting will compromise the ability to protect specific species and habitats?

— We are concerned that developers may stretch the concept of biodiversity offsetting. Without labelling it so, our industry has been carrying out biodiversity offsetting for decades. However, we have done so in close proximity to our operations. We do not for instance seek to suggest that planting a million trees in Costa Rica should offset the clearance of a million trees in rural England. For biodiversity offsetting to be valid it should be in the locality of the development and be ecologically appropriate to the area.

— Our view is that biodiversity offset trading is a route to madness, with offset benefits becoming further and further removed from the activity from which the need for offsetting arises.

— Protected species and habitats are protected. There is no suggestion that we can find in the White Paper that would allow harm to protected species on the grounds of biodiversity offsetting. If such a suggestion arises, we would like to contribute to the debate.

Response to emailed question: In your sector’s experience, how far is opposition to development principally about concerns about impacts on biodiversity as opposed to concerns about loss of green space?

— In our industry and in the terms of the question, the “green space” might be a field in intensive agriculture and the impact of a development on biodiversity might be positive, and increasingly so, through the short, medium and long terms. In our industry’s experience, opposition to such a development is often about concerns about impacts on house prices, with visual impact and “tranquillity” being closely related factors. Opposition is often centred around a highly motivated small group, who seek reinforcements through scaremongering and mischaracterisation of the development. Positive features of a development (such as biodiversity benefits), that do not fit the chosen narrative of the group, are not considered. House values trump biodiversity and nature in all circumstances.

— If statutory consultees object, then the objections are narrowly focussed and if biodiversity does not come within the ambit of the consultee then biodiversity is ignored.

Response to emailed question: In parallel, should the government be encouraging companies to undertake more environmental protection work in fulfilment of their corporate social and environmental responsibilities?

— Government procurement policies should identify the creation, and conservation of biodiversity as a positive indicator.

— We are unsure what form “encouragement” would take.

Response to emailed question: How far does customer and public pressure on companies motivate them to undertake environmental protection work?

— In so far as the environmental protection work is aligned with customers’ interests and objectives, then such pressure may be applied and may have effect. The more obscure the environmental benefit, then the less public pressure there will be. There is a reason that the World Wildlife Fund chose the Panda and not the Freshwater Mussel.

Response to emailed question: Question for Mr Allison—following your comments about the barriers to firms such as yours allowing greater access to the public to natural sites, can you let us have a view on what the specific problems are. You mentioned public liability insurance. Are there other things outside your control where public agencies or the legal/regulatory framework acts against your allowing the public access?

— I mentioned third party liability. This was not in the context of insurance (although that is a closely related problem). My concern is primarily about the criminal prosecution of my company under health and safety legislation.

— Civil proceedings are not just a question of insurance. They damage the company in many ways.

— As a director of a company, I have personal criminal liability in these matters. I find it difficult to justify to Mrs Allison taking any steps that would increase these personal liabilities.
13 January 2012

Written evidence submitted by The Environment Bank Ltd

BACKGROUND

1. The Environment Bank is a private sector company set up to deliver biodiversity offsetting in the UK and Europe. We are environmentalists rather than conventional bankers, but we firmly believe that profitable business enterprise, such as that we are developing via biodiversity offsetting, is the best way to ensure effective investment into the natural environment. To date this has not been encouraged—the environment has for too long been seen exclusively as either a public sector or charitable exercise. In parallel with Government and both the Natural Environment White Paper and the National Planning Policy Framework, we believe in sustainable development—development that delivers ecological and economic recovery. The Environment Bank provides the independent brokerage that is necessary, we believe, for biodiversity offsetting (and offsetting of impacts on ecosystem services) to function properly.

2. The Environment Bank strongly supports the need for a reinvigoration of environmental conservation in England. The last 60 years has seen a huge loss of wildlife and natural assets from the UK—the ultimate cause of this loss is society’s inability to understand, and therefore care about and value, the critical role that a healthy natural environment has in supporting a healthy social and economic environment. The proximal reasons for biodiversity loss, however, are primarily habitat loss and fragmentation through agricultural intensification and unsustainable general development.

3. Biodiversity offsetting is one of the key policy initiatives set out in the White Paper under the natural environment theme. Offsetting enables the residual environmental impacts of development to be compensated off-site. Multiplying metrics and long-term legal and fiscal agreements ensure that development impact is converted to long-term and large-scale net biodiversity gain. Offsetting benefits planners, developers and, most importantly, biodiversity. We believe biodiversity offsetting—properly administered and delivered—is a powerful mechanism for delivering sustainable development, for releasing huge private sector investment into the environment, and complementing existing delivery via protected areas and agri-environment incentives.

KEY POINTS

4. Actions across Government Departments to grow the Green economy

— The “green economy” isn’t just about alternative energy—sustainable development is green too; where is the join-up between the NEWP & the NPPF?—offsetting is promoted in NEWP but not mentioned in NPPF. This should easily be rectified.

— Minor legal changes—such as to Conservation Covenants, an issue already being considered by the Law Commission—will enable long-term investment across level playing fields.

5. Institutional frameworks

— NIAs and LNPs are fine as far as they go, but where will the funding come from?—The Lawton review estimated a £n per annum requirement, with £25 million pa allocated for NIAs, where is the other 97.5% coming from? NIAs and LNPs perpetuate the charity/public sector ghetto—this is a failed paradigm, delivering a healthy environment can only be done by private sector investment at a significant scale.

6. Further research & evidence

— Conservationists have been collecting evidence for decades—it is not clear that “evidence” has ever won a battle (although “lack of evidence” is sometimes used against conservationists). The biodiversity offsetting pilots are a useful first step (The Environment Bank is heavily involved) but what message of urgency is sent out by another two years of “collecting and assessing the evidence”? We have enough evidence that a) biodiversity is declining across large swathes of the countryside, b) we understand the main principles of habitat restoration to facilitate recover at large spatial scales.

7. Evidence from other countries

— This, at least, is clear—regulatory frameworks in the US & Australia have led to a massive expansion of biodiversity offsetting, with billions of dollars being spent on habitat creation. Yet the Government has chosen to pilot an entirely voluntary approach—why? Our work has shown that a good regulatory framework for offsetting would (a) create a level playing field for developers, (b) stimulate the development of a market in credit trades. There is a perception that ill regulation is burdensome on business. Good regulation, however, can stimulate business.
8. What resources will be needed

— The potential for private sector investment—either directly through sustainable development via planning policy, or indirectly through corporate investment into conservation credits and ecocredits—is huge, dwarfing public sector investment of taxpayer’s monies into biodiversity. Government’s role should be to facilitate and enable a system supported by good regulation rather than giving further funds to the third sector for delivery of niche and often tax specific initiatives. The Environment Bank is itself funding the creation of a national offset site registry and trading platform for commoditised Conservation Credits and Ecocredits, the latter to enable purchase by corporates as part of their CR investments for offsetting their impacts on the natural environment. Government could require corporates to factor the offsetting of their impacts into their business and the purchase of CR Ecocredits perhaps through environmental bonds, could sit on the companies balance sheet. These novel investment mechanisms may be looked at by the Ecosystem Markets Taskforce which represents a significant government initiative for finding new ways of properly valuing nature and natural assets and creating new markets which will bring the levels of funding into the natural environment that it needs to sustain and maintain the needs of future generations.

January 2012

Supplementary written evidence submitted by Professor David Hill, The Environment Bank Ltd

OUTCOMES FROM THE ECOSYSTEMS MARKETS TASKFORCE AND NATURAL CAPITAL COMMITTEE

My personal view of what the private sector should expect in terms of outcomes from the Ecosystems Markets Taskforce (EMTF) and Natural Capital Committee (NCC) relates to business opportunities and valuing nature.

The EMTF has been set up to advise government on opportunities for UK business from expanding green goods, services, products, investment vehicles and markets which value and protect ecosystem services. The NCC has a role to bring forward the latest scientific evidence as to the importance of natural capital to our everyday lives across the whole of functioning society, what a degradation of that capital has meant historically to the sustainability of our future and future way of life, and what the costs will be to our economy and way of life should we not address this degradation of natural capital.

The private sector should therefore, as a combination of the activities of these two groups, see the following outcomes:

1. A transparent life-cycle analysis tool to capture an individuals’ and a corporates’ impact on the natural environment, and specifically the natural capital on which it is based, so that it can make better judgements as to the use of resources.

2. Identification of a range of business opportunities such as new markets for green goods, sustainable use of goods, new investment opportunities constructed from, say, development of environmental bonds from a number of combined asset classes that corporates can purchase and trade in.

3. Infrastructure provided by the private sector (eg broker) to list asset classes and investment opportunities for bonds and other natural capital values to encourage a transparent trading market to develop.

4. Ability for a corporate organisation to purchase offset credits to offset its residual impacts on the natural environment and be able to include these assets on its balance sheet (rather than being seen simply as a “philanthropic” exercise).

5. A mandatory requirement for corporates above a certain size (to be determined) to have to account for their environmental impacts and to report these in detail in its annual accounts, which would also include its route to mitigate those impacts (eg through the purchase of offset credits used to implement environmental restoration projects).

6. Recommendations for “soft” regulation which can deliver a level playing field to those required to offset their impacts and which will give certainty to enable a market for natural capital investment vehicles to develop swiftly (better than voluntary approaches which have largely been shown internationally to undersell and to fail to maximize opportunities for generating funds).

February 2012
Supplementary written evidence submitted by the United Utilities Group Ltd

What does the planning framework need to include to ensure NEWP aims are effectively delivered?

Are you concerned that environmental protection could be used as a barrier to development within your sector?

In the National Planning Policy Framework, we are concerned about the lack of importance attributed to water infrastructure. Water and Wastewater infrastructure is essential for public health and a clean environment and an integral part of sustainable development and ecosystem service provision. We consider it is vital that the NPPF fully recognises that for development to be sustainable it must be effectively linked to infrastructure including water and wastewater services and whether the infrastructure has the capacity to support the development. Specific considerations include:

- impact on water scarcity by increasing the demand for resources; and
- increased load on the sewerage network increasing the risk of flooding that can only be mitigated through costly infrastructure upgrades.

Water companies are not currently statutory consultees on applications for planning permission (although we are often consulted on a non-statutory basis) despite our role in providing essential infrastructure and enabling sustainable development. We firmly believe we should have statutory consultee status.

We believe there is the potential for emerging tensions around Green Area designations and Neighbourhood Plans where water and, in particular wastewater, infrastructure can be subject to local objection. With many assets serving large populations, the benefits span a number of neighbourhoods so it is vital such assets maintain strategic level support and any requirements are built into Neighbourhood Plans to avoid any conflict. We would wish to see the same statutory consultation requirements for Neighbourhood Plans as for other Development Plans ie ensuring effective consultation with infrastructure providers including the water industry.

The planning system needs to determine the best use of land given the competing demands placed upon it, balancing both local and national social, environmental, economic considerations. Ideally solutions that promote multiple uses of land with multiple benefits should be favoured.

Is there a danger that biodiversity offsetting will compromise the ability to protect specific species and habitats?

In your sector’s experience, how far is opposition to development principally about concerns about impacts on biodiversity as opposed to concerns about loss of green space?

We consider that biodiversity offsets have the potential to provide enhanced biodiversity where it is most beneficial rather than forcing piecemeal biodiversity protection and/or enhancement into developments where it is not really needed. However, we recognise that there is the risk of unintended consequences—will developers take the easy option and invest in offsetting because they consider it more cost effective to destroy the local habitat? The risk is the offset investment will be unable to reproduce that lost habitat ie once an ancient hedgerow has gone, you cannot recreate it. Similarly, when a value is placed on nature to underpin offsetting, then there is a risk the market may drive the wrong outcomes—if, say, blanket bog is considered to have more value than a pond, will market behaviour focus on the bog yet local biodiversity needs the pond.

Regarding green spaces, I would refer you to the answer given above. We receive objections on grounds of both biodiversity and green spaces but it is green spaces that we are concerned about.

We hear good one-off examples of work to embed the valuation of natural capital in work to improve water quality. But what further analytical and policy development work is needed to enable these approaches to be adopted much more widely in the water sector?

Do we need regulatory reform to achieve this?

The valuation of ecosystem services and natural capital can help to make better informed decisions on environmental protection and expenditure. We would like to see the science base for ecosystem and natural environment valuation continue to develop and time invested in demonstrating how organisations can apply this thinking to inform their own actions and justify investment. A specific example of this relates to peat ie what is the value of the ecosystem service provided by the sequestration of carbon by peat actually worth? Is the science that underpins that valuation ie the rate of sequestration, actually agreed so an accepted value can be used?

From a regulatory perspective, we would suggest that it is necessary to remove the conflict in and between laws and regulations where possible. We consider it is important to balance social, economic and environmental elements, underpinned by sound science, in decisions and standards. We have invested significant sums to meet environmental standards but question how far the analysis has sufficiently taken into social and economic considerations. From a water sector perspective, it is important to agree the outcomes for our sector eg a sector adapted to climate change and find the best mechanisms to deliver this, not the other way round.
There is probably scope for government departments/agencies to manage the trade-offs the natural environment generates. Government must act in a joined up way to act as a bridge between sound science and the competing demands of social, economic and environmental elements of sustainability.

**In parallel, should the government be encouraging companies to undertake more environmental protection work in fulfilment of their corporate social and environmental responsibilities?**

**How far does customer and public pressure on companies motivate them to undertake environmental protection work?**

As one of a number of “policy levers” necessary to ensure the effective implementation of the intentions set out in the NEWP, we believe government has a role to play in encouraging companies to recognise the importance of the natural environment. Government can play its part in helping value the natural environment and to implement good regulation. Establishing the Ecosystem Market Taskforce is a positive step in scoping out the means for business (and government) to take advantage of the opportunities to market new “greener” products that make a natural capital return for investors and the environment alike.

The need exists to raise awareness of the risks biodiversity poses to businesses and so address the current lack of understanding and general ignorance that results in risk aversion. A recent GRI report on “incorporating ecosystem services into an organization’s performance disclosure” proposes a focus on the threats to ecosystems so that organisations capture ways they could be contributing to those threats and how they are dependent upon the ecosystems that are threatened. Government, as much as business, has a role to play in raising awareness and the very existence of NEWP is a positive step.

As a regulated business that is required to invest in improving the natural environment, to some degree we are less sensitive to customer/public pressure to undertake environmental protection work.

EUROPEAN DIRECTIVES: PRESCRIPTION VERSUS OUTCOME: BRIEFING NOTE

**SUMMARY**

In their approach to environment legislation the European Commission must focus on outcomes rather than prescriptions, and produce a suitable enabling framework to cater for those circumstances where the wrong holistic outcomes are driven. Balanced consideration should be given to social, economic and environmental factors, with rigorous regulatory impact assessment. Monetising the natural environment robustly and consistently will enable balanced decision making.

**BACKGROUND**

Over half of the £90 billion investment by the water industry in England and Wales since privatisation has been to meet environmental standards in European Directives. That investment has resulted in much improved bathing beaches, rivers and drinking water quality. It has, however, come at a cost, with the industry’s carbon footprint doubling. Diminishing returns from end-of-pipe treatment mean point source improvements are increasingly less cost-effective, the resultant water quality improvements less affordable and sustainable and the carbon footprint of improvements disproportionate to the reduction in pollution achieved.

To achieve a consistent outcome, framework directives were intended to recognise the different circumstances across EU Member States and to provide the flexibility to achieve both minimum environmental requirements and sustainable environmental outcomes. However, a more flexible, considered approach is needed to ensure that Member States can better balance carbon impacts and ecological outcomes.

In influencing future European environment priorities the UK should seek to ascribe monetised value to the natural environment and ensure these are used, along with carbon costs, in Regulatory Impact Assessments (RIAs) as the basis for future recommendations.

In this briefing note United Utilities has identified a number of examples, which illustrate a lack of flexibility that has led to outcomes that may not deliver against the sustainability agenda, for the environment, or on social and economic considerations.

**EXAMPLES OF DIRECTIVES AND OUTCOMES**

**Priority Substances Directive**

— Outcome driven: tentative recommendations from the European Commission propose including in the Directive substances ubiquitous in our environment, implying extreme costs for very limited environmental outcomes. For example, the cost of removing oestrogenic substances and ibuprofen is estimated at £26 billion over 20 years. Instead, these substances should be put on a watch list, further work done to understand their actual impacts with due regard to both the polluter polluter pays and beneficiary pays principles. In the UK a national study is on-going to seek the most effective strategy for each of the substances whether that is natural die off, end-of-pipe removal, source control or identifying where there is no suitable technology. UU is actively contributing to this study.
Water Framework Directive (WFD)/Habitats Directive

The WFD places greater emphasis on outcomes and benefits. However it is hampered by the legislation that sits beneath it, such as the Urban Wastewater Treatment Directive (UWWTD) and the Habitats Directive, which act as constraints because neither consider disproportionate cost nor cost benefit analysis. Whilst these directives have achieved much they are not now flexible enough to recognise the ever increasing challenges of climate change and affordability. Greater flexibility is needed to achieve holistic outcomes. More thorough impact assessments are also required to ensure there is robust evidence of harm before investments are made. The use of the precautionary principle has tended to erode and distort the burden of proof such that we have examples of poor balances being struck between protection of specific habitats and protection of the wider environment.

For example:

Habitats Directive

— A small WwTW situated in the Northern Lake District has been regularly updated over the years as a result of various environmental drivers. Wastewater treatment is provided for a resident population of 1,212. To meet the requirements of the Habitats Directive, we have invested £13 million to comply with BOD, phosphorous and ammonia standards. Given a true evaluation of the costs and benefits and a disproportionate cost assessment the outcome for the environment, society and the economy could have been markedly different. Cost benefit analysis needs to be consistently applied in such cases.

North East Irish Sea

— There remains a future risk that pressure from the EC could lead to the North East Irish Sea being designated as Nitrate Sensitive, contrary to the previous EC decision made in 2009. If that decision had gone against the UK, or the matter was challenged again in future, over £1 billion of expenditure with massive environmental costs and questionable environmental benefit would be required. Indeed, it has never been demonstrated that it would have delivered £1 billion of benefit and perversely there is no requirement to assess the costs and benefits as this infraction proceeding was driven by the 20 year old UWWTD.

Combined Sewer Overflows (CSOs)

— The EC has proposed a discharge frequency from CSOs of 20 times per year or lower, which appears to be an arbitrary prescription. In the worst case scenario the national cost of this maximum spill frequency has been estimated at £70–100 billion based on re-sewering to separate foul and surface water flows. Rightly, the UK Government takes account of river needs when determining spill frequencies to ensure proportionate controls are in place.

Recommendations

Water Framework Directive

The water industry has a number of concerns around the first cycle of river basin management plans (RBMP) and there are opportunities to enhance sustainability:

— RBMP Benefit Valuation Tool Reform: to encourage a more visible approach through measured, weighted community engagement.

— No Deterioration: the water industry discharge baseline will change from the previously agreed River Quality Objective to the reported 2009 WFD status, potentially driving investment in AMP6 (2015–2020) in areas of unthreatened, clean water. This approach requires urgent review to prevent disproportionate societal cost.

— Sectoral Equity: the first cycle of river basin management plans saw the majority of investment come from the water sector, and end-of-pipe solutions. The potential for sustainable contributions from other sectors has not been properly explored. Indeed it would desirable that softer catchment type interventions should be encouraged in sooner rather than later cycles as, whilst they are more sustainable, they are inherently less certain and take longer to realise the full benefits compared to end-of-pipe measures.

— Handling uncertainty: the response to long-term challenges like climate change needs to be codified to provide leadership and direction.

— Priority Substances: Defra should ensure the cost of compliance is environmentally and economically sustainable and encourage “at source” solutions, rather inappropriate unsustainable end-of-pipe investment.

42 Estimated costs were in the range £638 million to £2.2 billion depending on scope, with annual operating costs ranging from £79 million to £119 million
Timing: water companies can help tackle increasing water scarcity through integrated asset planning, where it is not disproportionately expensive. The EA is keen to develop an approach but fixed deadlines for the WFD process could serve to hamper joint innovation.

Clarification: the relationship between WFD and other directives such as the Drinking Water Directive and the Habitats and Birds Directive should be more clearly defined and outcome driven.

Regulatory Impact Assessment (RIA)

Completion: RIAs at both EC and UK level have not always been concluded before the requirements have been enacted—this should be statutory requirement. (However, the work of the Regulatory Policy Committee should improve the UK situation over time.)

Improvements: RIAs for new legislation should ensure that all impacts and benefits are valued and fully and appropriately considered.

Discharge/Water Quality Permissions

Current permissions for water company discharges and water quality should take account of wider environmental impacts, particularly energy use and carbon emissions. The recommendations of the Innovative Permitting Project (joint water industry/EA programme) will be published shortly and will identify opportunities to strike better balances.

Interpreting Directives

Approaches must be consistent across the EU, but there must be flexibility within the legislation to cater for circumstances where the wrong holistic outcomes are driven currently. This is in the best interests in delivering sustainable outcomes, in particular ensuring a level playing field for business and commercial organisations.

EUREAU: Water Industry Engagement With the European Commission

Water UK, the industry’s trade association, is actively engaged in representing the interests of its members in Europe, in particular through its participation in EUREAU, the European association representing national associations of water and waste water services companies. Water UK has a seat on the Board of Management of EUREAU and has representatives on the key committees that carry out EUREAU’s policy and technical work. Water UK also has its own representation in Brussels and has established relationships both with European institutions and the permanent UK representation in Brussels.

February 2012

Supplementary written evidence submitted by HM Treasury

Answers to Efra Committee Follow Up Questions on the Natural Environment White Paper

Q1: (Para 3.15 of the NEWP states that “creating efficient markets and pricing environmental resources correctly is essential for the transition to green growth.”):

- What is HMT’s timeframe for creating efficient markets and pricing environmental resources correctly?
- What intermediate milestones will you be setting towards achieving these aims?

Supporting efficient markets that correctly price environmental resources is inherently an ongoing task, where policy interacts with changing market practices, externalities and information gaps. HM Treasury is committed to continued engagement with the developing field of environmental economics in order to understand the analytical frameworks and their implications for policy.

The Natural Environment White Paper draws upon this approach to set both a vision for the next fifty years and a series of concrete actions for Government that will in the shorter term improve the efficiency of markets and pricing of environmental resources.

The Government is very much aware that the natural environment is intrinsically linked to the economy and needs to be measured in terms of the stock of natural assets and the flow of services they provide.

Natural capital provides an approach to understanding, measuring and valuing the environment through assessing stocks of natural value in addition to the flows of ecosystem services derived from them. The Natural Environment White Paper committed to an independent Natural Capital Committee (NCC) to advise the Government’s Economic Affairs Committee on the state of natural assets in England. The Government intends that NCC members will be appointed and its work will commence later this spring.

Beyond that, the NCC’s work will itself inform future strategy in this area, while the review of the NCC before the end of the Parliament sets an important milestone for evaluating the value and implications of the approach to policy design that supports efficient markets. Closely linked to this, the Office of National Statistics has proposed a timetable for making early changes to the coverage of natural capital within the UK.
Environmental Accounts, starting in 2013. Defra are working with the ONS to publish a roadmap in 2012 for further improvements up to 2020.

Translating these principles and insights into policy design that correctly values environmental resources will be promoted by the supplementary Green Book guidance that HM Treasury published in February\(^{43}\) and which departments will be expected to apply where appropriate to economic appraisal such as that published and presented to Parliament in impact assessments.

Another dimension to achieving the aim of environmentally efficient markets that the Natural Environment White Paper strongly emphasises is that of enabling businesses to take account of environmental value and take advantage of the opportunities it creates.

HM Treasury is fully supportive of the plans that have been set out for achieving these. Guidance for businesses on how to measure and report their corporate environmental impacts was published on the Business Link website in August 2011.\(^{44}\) The business-led Ecosystem Markets Task Force,\(^{45}\) which looks at the opportunities for UK business from expanding the trade in green goods and the market for sustainable natural services, was launched in November 2011 and will issue an interim report by early autumn.

Q2: What assessment has been made of the effectiveness of using the tax framework to provide clearer short-term signals to deter environmental degradation which only becomes apparent in the longer term?

The Government is committed to a tax system that is more predictable, stable and simple. It has made substantive changes to the way tax policy is developed, communicated and legislated, for example in December 2010 the Government committed to the following steps, in order to embed greater predictability and stability in the way tax policy is made:

- to outline the policy objectives and rationale for reform when introducing major changes;
- to abide by a longer policy cycle, providing a greater opportunity for consultation and scrutiny;
- to use the period between the Budget and the following Finance Bill to consult on proposed policy changes and draft Finance Bill legislation; and
- to take a more strategic approach to tackling avoidance and, wherever possible, to apply the principles of predictability and stability to anti-avoidance measures and to outline what impact it expects the change to have through the publication of Tax Information and Impact Notes (TIINs).

The Government has also taken separate steps to promote greater simplicity in the tax system for the benefit of both businesses and individual taxpayers, including setting up the independent Office for Tax Simplification in July 2010.

The impact of environmental taxes and behaviour change continues to be an important part of our assessment when designing or reforming green taxes. This works alongside the greater transparency of the Tax Information and Impact Notes, which are published alongside Budget measures. The Green Book presents the techniques and issues that should be considered when carrying out assessments and describes how the economic, financial, social and environmental assessments of a policy, programme or project should be combined.

Q3: How does the UK compare with other EU Member States in the proportion of taxation revenues generated from environmental taxes?

The proportion of tax revenues generated from “environmentally related taxes” for EU Member states can be found on the Eurostat website.\(^{46}\)

The Coalition Agreement states that the Government will increase the proportion of tax revenue accounted for by environmental taxes.

Q4: Under which circumstances would you consider it appropriate to set aside environmental concerns for short term economic reasons?

Returning the UK economy to sustainable economic growth is the Government’s overriding priority. The Government’s aim is to create the conditions that enable UK businesses to be successful.

Ministers have been clear that the Government’s short- and long-run environmental and economic goals are not only consistent but also mutually reinforcing. Frameworks such as the Green Economy Roadmap\(^ {47}\) set out the Government’s plans for the transition to a green economy that will deliver both sustainable development and long term growth.

16 March 2012

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\(^{43}\) http://www.hm-treasury.gov.uk/green_book_guidance_environment.htm

\(^{44}\) http://www.businesslink.gov.uk/bdsg/action/detail?itemId=1075488504&tipo=RESOURCES

\(^{45}\) http://www.defra.gov.uk/ecosystem-markets/


\(^{47}\) http://www.defra.gov.uk/environment/economy/
Supplementary written evidence submitted by the Department for Environment, Food and Rural Affairs

In Relation to Q269
— Activity has started for all commitments except for two, which depend on progress with others and cannot start yet. These two are commitments 5 and 45. Commitment 5 requires LNPs to exist and is to host a ministerial event later in 2012. Commitment 45 is exploring how best to drive forward the potential identified in the final report from the Ecosystem Markets Task Force, and the report is due in March 2013.

In Relation to Q327
— The consultation on the implementation of the parts of the Flood and Water Management Act which relate to Sustainable Drainage Systems, which includes the amendment of the right to connect surface water drainage to a sewer for new and re-development, has closed. We are currently analysing the responses to that consultation.
— This is different from the right to connect to a water supply, which is set out in the Water Industry Act. The NPPF includes water availability as an issue which Local Plans should take into account.
— We will continue to encourage developers, Planning Authorities and Water companies to engage with each other early to ensure that water availability is properly taken into account by Local Plans and hence in development decisions. There is currently no proposal to consult on the right to connect to a water supply.

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