House of Commons
Environment, Food and Rural Affairs Committee


Fifth Special Report of Session 2012–13

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Environment, Food and Rural Affairs Committee

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The current staff of the Committee are Richard Cooke (Clerk), Lucy Petrie (Second Clerk), Sarah Coe (Committee Specialist—Environment), Phil Jones (Committee Specialist—Agriculture), Clare Genis (Senior Committee Assistant), Gabrielle Hill (Committee Assistant), Yago Zayed (Committee Support Assistant), and Hannah Pearce (Media Officer).

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Fifth Special Report


Government response

Introduction

The Government thanks the Environment, Food and Rural Affairs Committee for their report on the Natural Environment White Paper (NEWP). We welcome that the Committee showed strong support for the vision and ambitious aims set out in NEWP and also recognised the important role for Government as well as business, communities, the farming sector, and civil society in its future delivery.

Fourteen months after the launch, we are making excellent progress in implementing NEWP. The full contribution of the hundreds of civil society organisations, businesses, land owners and managers, local authorities, and others to delivering NEWP cannot be reflected fully in this Government response but their roles are equally important. The Government is committed to delivering the NEWP while recognising that achieving its ambitions requires sustained long-term and collaborative activity by new and existing partnerships.

There has been strong progress across the breadth of NEWP with the new partnership approaches making a difference on the ground—for example, the identification of 12 Nature Improvement Areas; the announcement of 41 partnerships which will be recognised as Local Nature Partnerships; and 66 river catchment pilots established.

Key reforms which the Government announced in the NEWP will help it and society to capture the value of nature in decisions we all take. The Natural Capital Committee and Green Book guidance will help put natural capital at the heart of economic planning. The business-led Ecosystem Markets Task Force will make recommendations to Government on how business might benefit from new market opportunities that value and protect nature. In the longer term, we will include the value of natural capital into the UK Environmental Accounts—our natural assets are part of our nation’s wealth, and therefore it is important to measure them. All of these reforms will help us move to a green economy which brings benefits to the UK economy from businesses to consumers, and which improves our quality of life as we live in a better environment.

We’re making it easier for people to engage with the natural environment—for example, Government published advice and guidance on school trips and health and safety law for schools to remove barriers to outdoor learning; we supported Open Farm Sunday and the Big Wildlife Garden Competition; and awarded the Natural Connections contract to help schoolchildren learn about the natural environment.
This is a dynamic area. We need to have regard of ongoing developments while delivering our existing commitments in the NEWP. The challenge will be to target our activity and resources in the areas which lead us towards our long-term vision.

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)

We welcome the Committee’s support for the ambitions of the Natural Environment White Paper and its recognition of the importance of the value of the social and economic benefits as well as the environmental benefits of protecting the natural environment.

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)

The Independent Panel on Forestry’s report recognised the value of the ecosystem services provided by woodlands and advocated establishing markets for the payment of those services as part of the broader policy mix. This approach usefully draws together themes from the National Ecosystem Assessment, the Natural Environment White Paper, the work of the Natural Capital Committee, the Ecosystem Markets Taskforce, Making space for Nature (the Lawton review) and green growth. The Government continues to develop and implement the ecosystems approach and work towards better understanding of the enabling conditions for use of Payments for Ecosystem Services more widely, as well as specifically within forestry.

A response to the Panel’s report will be published in January 2013, after the views of stakeholders have been considered.

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)

The Natural Environment White Paper sets the vision for the next 50 years, and provides a supporting and enabling framework that others can work with. Delivering the wide-ranging commitments and the NEWP’s ambitions is a long-term and collaborative process. Defra has an organised process for following up on the commitments—through our internal Programme Board, monitoring progress, and agreeing priority areas. We have focused on moving forward with delivery. This has enabled us to make the positive progress that we have, working across Government, with business, land managers, civil society, local authorities, and communities at all levels.
Delivery is not about the Government micro-managing the framework or setting out the details of who should do what and when. Partners and local areas need both scope to choose how they might contribute (for example, through the Nature Improvement Areas or working through Local Nature Partnerships) to develop the approaches needed locally, and the ability to respond to new challenges and opportunities.

We publish regular updates on progress across the commitments and a number of commitments have stakeholder groups which input to their development and delivery. A number of NEWP commitments are included in Defra’s business plan and progress is reported on a monthly basis on the Number 10 website on transparency including explanations of where there are delays: http://transparency.number10.gov.uk/business-plan/10.

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)

We agree that it is important to be able to assess progress with the ambitions for the natural environment set out in the Natural Environment White Paper. Defra is currently developing a set of indicators on the natural environment, to be published in the autumn. These are expected to consist of a ‘headline set’ of about ten indicators covering the ambitions set out in NEWP, supported by a larger set of supplementary and background indicators.

Defra’s published Business Plan currently includes five input and outcome measures relating to the natural environment. These indicators will be reviewed at the next opportunity to ensure consistency with the published set of natural environment indicators. However, the number of Business Plan indicators which cover the natural environment is expected to remain similar, due to the need to cover the full range of Defra’s portfolio across a concise indicator set. Defra has asked its arms length bodies, particularly Natural England and the Environment Agency, to contribute to delivery of the White Paper’s aims and their contributions are reflected in their corporate plans.

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)

We do not agree with this conclusion. The Government is committed to integrating the approaches set out in the Natural Environment White Paper into key policy areas. The Minister for Government Policy, Oliver Letwin, emphasised to the Efra Committee that all Government Departments had a responsibility to contribute to NEWP’s ambitions and that this agenda is critical to Government. The Government is also making it easier for all departments to account for the value of nature. For example, publishing supplementary Green Book guidance on accounting for environmental impacts in policy appraisal in February 2012.
In regard to planning, the Government’s response to recommendation 24 sets out how the National Planning Policy Framework is closely aligned with the Government’s ambitions in the White Paper. The NPPF is consistent with, and helps implement, the White Paper ambitions. It aims to enhance and not just protect the natural environment, seeking a net gain for nature and also supports the creation of better local ecological networks. We place great emphasis on having a plan-led system. This is why our priority now is to support local authorities and communities to update their plans in line with the policies in the Framework so as to deliver sustainable development. We are looking to Local Plans to contain a clear strategy for enhancing the natural environment. We want local councils and communities to plan positively for the protection and enhancement of networks of biodiversity and green infrastructure, and to recognise the wider benefits of ecosystem services.

In regard to transport, the Department for Transport has and continues to work across government, its agencies and appropriate bodies to ensure that transport policies and schemes are properly assessed and include proportionate steps to protect the natural environment.

For example, DfT’s Sponsor’s requirements to HS2 Ltd set out a clear remit on sustainability for the project. These include that ‘HS2 Ltd will plan to limit adverse environmental impacts during design, construction and operation of infrastructure and rolling stock assets’. HS2 Ltd is required to benchmark itself against other major projects, for example the Olympics and Crossrail, to ensure that best practice is being deployed to best advantage. Detailed submissions are required from HS2 on a number of areas including resilience to the effects of Climate Change and managing flood risk as well as environmental protection. HS2 will shortly be consulting on their draft Sustainability Approach with stakeholders via the Environmental NGO and National Environment Forums.

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)

Typically a natural capital asset will be impacted by the actions of many that interact with it and by the policies of multiple Government departments. As a result, it is important that Government understands the condition of all the country’s natural capital assets in order to inform policy. The Government agrees that it is essential to be able to effectively measure and monitor changes in our natural capital assets in order to manage them efficiently and effectively. The independent Natural Capital Committee (NCC), chaired by Dieter Helm, has been set up to strategically advise government on these matters.

As part of its work programme, the NCC is working closely with the Office for National Statistics and Defra to fully include the value of natural capital into the UK Environmental Accounts by 2020. On July 31st 2012, the ONS launched a consultation on the Roadmap to 2020 and is currently seeking views on what the scope and priorities should be for expanding the environmental accounts.
To further support the NCC, the Government has commissioned a scoping study for a ‘natural capital asset check’. The scoping study will be complete by autumn 2012 and further work to develop an asset check approach will be undertaken as part of the National Ecosystem Assessment follow-on project.

With regards to identifying the impacts of specific policies on natural capital, across all Departments, the Government has recently published supplementary guidance to the Green Book which includes advice on how to perform assessments for changes in total economic value. In using the guidance, departments will have a stronger evidence base on the costs and benefits of changes in natural capital assets to inform policy decisions.

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)

Over a number of years, Defra has invested in training and raising awareness of use of environmental valuation in policy appraisal. A baseline evaluation exercise of regulatory impact assessments and spending Business Cases is to be undertaken during 2012–13 which will assess what more needs to be done to embed guidance and appropriate valuation and assessment of environmental impacts into the policy appraisal process across government.

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)

Following the publication in February 2012 of supplementary Green Book guidance on accounting for environmental impacts in policy appraisal, a baseline evaluation exercise of regulatory impact assessments and spending Business Cases is to be undertaken by Defra during 2012–13 (as set out in the response to recommendation 7). This evaluation exercise will begin to assess the use of the new guidance and if, and what, more needs to be done to further improve assessment of environmental impacts in policy appraisal across government.

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

In view of the relatively recent introduction of supplementary guidance on environmental valuation in appraisal of policies programmes and projects Defra proposes to undertake a review of appraisals conducted in the last six months of this year and first six months of 2013. Defra will make an interim report in spring 2013 followed by a full report before the year end.

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)

We agree that effective and proactive regulatory reform needs to take an even-handed approach and be based on a systematic approach and strong evidence base. For example, Defra is currently assessing the overall impact of its regulatory stock and has published emerging findings in the report “The Costs and Benefits of Defra’s Regulatory Stock”. This is available online from: http://www.defra.gov.uk/publications/2011/08/16/pb13623-defra-regulatory-stock/ and will be updated annually.

**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)

The Natural Capital Committee has been established to advise the Government on the state of English natural capital and in particular to: (i) Provide advice on when, where and how natural assets are being used unsustainably; (ii), Advise the Government on how it should prioritise action to protect and improve natural capital, so that public and private activity is focused where it will have greatest impact on improving wellbeing in our society; and (iii), Advise the Government on research priorities to improve future advice and decisions on protecting and enhancing natural capital.

The EMTF will advise the Secretaries of State for Environment, Food & Rural Affairs; Business, Innovation & Skills; and Energy & Climate Change about the opportunities for UK business from expanding green goods, services, products, investment vehicles and markets which value and protect ecosystem services. This advice will be just as relevant and important for a business audience and should be developed with this audience in mind. The Task Force should provide an overall assessment of the market opportunities, provide a clearer view of the economic and environmental benefits that could be achieved, and identify the most promising opportunities. It should advise on the scope for market development and value creation for businesses linked to ecosystem services. It should also advise on the range of issues and potential actions that might enable UK businesses to more fully take up these opportunities in the future. It should identify and prioritise actions to enable and secure these market opportunities, taking account of the benefits that could potentially be realised (to business and the environment) as well as the costs and level of challenge involved.

Both the Ecosystem Markets Task Force (EMTF) and the Natural Capital Committee (NCC) will contribute to the Government’s ambition for a green and growing economy. Both are independent and between them will bring to bear expert business and academic advice on the state of our natural assets and services that the natural environment provides and how business can gain maximum benefit from new market opportunities which value and protect these assets and services. The EMTF will report back to the Secretaries of State for Environment, Food & Rural Affairs; Business, Innovation & Skills; and, Energy &
Climate Change by March 2013. Defra recently published a summary of the first phase of its work and the Task Force itself will publish an interim report in autumn 2012. The Government will respond to the recommendations of the Task Force in 2013. The NCC has been established and is developing its programme of work which will run for the duration of this Parliament.

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)

The NCC will report annually on its work and these reports will be available to everyone, including Parliament. It may also choose to publish additional reports as appropriate. As an advisory body to Government through the Economic Affairs Committee, the NCC will also be able to provide confidential advice to Ministers. Where the NCC has provided advice to the Government and it is appropriate for Government to respond we would always aim to do so promptly.

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)

We agree that there are opportunities for payments for ecosystem services schemes (PES), as one tool within a package of policy levers and other instruments that could deliver environmental outcomes cost effectively and that the PES approach is currently in its infancy. The Natural Environment White Paper made a number of commitments in relation to PES to facilitate and encourage further activity by awareness raising, sharing best practice, building capacity and removing barriers.

We will publish a PES Action Plan later in 2012 to expand schemes, after undertaking a full assessment of the challenges and barriers. The aim of the action plan is to provide strategic direction, a framework and roadmap for enabling greater use of PES mechanisms. We are funding research pilots to demonstrate proof of concept for potential PES schemes which are still at the evidence building stage—for example, one with the RSPB builds on a Wessex Water pilot to see if PES can address increased nutrient pollution from development. In addition, we will be publishing a best practice guide later in 2012 for potential practitioners about how to do PES, which will include a large number of case studies showing what has worked for a range of ecosystem services.

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)

Key work in Defra on developing greener markets, including the White Paper commitments on payments for ecosystem services (PES) and the Ecosystem Markets Task Force (EMTF), build strongly on the growing understanding of the value of the natural environment, which includes ecosystems services valuations, to review the scope for new and existing markets that can help to protect and enhance the natural environment.

The work in relation to PES is set out in the Government’s response to recommendation 13 with the potential for PES as one tool within a package of policy levers. The EMTF is a business led initiative which is engaging with the private sector on business solutions for new and existing markets that protect and enhance the natural environment and will consider the potential of the market for PES within this. The EMTF has published a research report looking at the business opportunities arising from the UK National Ecosystem Assessment (NEA).

The NEA Follow On project will take place over the next 15 months, with the final report, due in March 2014. The Follow On project will provide a growing evidence base that will:

- support the inclusion of natural capital in our national accounts and impact assessments,
- develop further our understanding of the economic and social (personal) value of nature, including how this may change in future, and
- work with stakeholders to develop a range of tools and resources that will enable to take account of this value in the decisions and plans they make. For example, Nature Improvement Areas will be actively involved in the work.

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)

We agree. We said in the Water White Paper that Defra would work with water companies to encourage them to adopt an ecosystem management approach by leading more catchment schemes within Drinking Water Protected Areas. We would want to see that water companies have considered catchment schemes where the cost benefit analysis shows that upstream action can deliver an alternative to end of pipe solutions and bring additional environmental benefits. In line with the Water Framework Directive, schemes to achieve environmental objectives have to be effective, cost efficient and proportionate. We would want to see any assessment take account of the polluter pays principle and consider PES as an option for paying for improvements within the River Basin Planning process where appropriate. We are working with Ofwat to ensure that water companies consider a full range of solutions to meet their obligations, through the 2014 Price Review process. The Social and Environmental Guidance that we provide for Ofwat to inform
their decision-making across the Price Review period will be revised this year to take account of the policy position set out in the Natural Environment and Water White Papers.

**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)

Defra publishes a Statement of Obligations in advance of each Price Review which describes the statutory obligations that apply in particular to water and sewerage undertakers over the Price Review period. This covers both domestic legislation and requirements of European directives. The Statement of Obligations covers drinking water quality, the water environment, managing water resources, climate change, sewerage and flood management.

An updated version of the Statement of Obligations will be published this year in order to inform discussions in advance of the Price Review for the Period 2015–2020. The Price Review process provides the opportunity for the economic and quality regulators and customer challenge groups to enter into a dialogue with water companies about their forthcoming business plans, taking account of the costs and benefits of investment in environmental programmes; and reflecting customer expectations in terms of standards of service and willingness to pay. In this context, we are not convinced undertaking a further assessment and report outside of the approach we are already actively encouraging through the Price Review process would represent best value to the taxpayer.

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)

We agree that reporting under the Water Framework Directive (WFD) should acknowledge improvements that are not reflected in a change in water body status class but do make a contribution to protecting and enhancing the environment. We will seek opportunities to urge the Commission to review WFD reporting with a view to ensuring that such progress is recognised.

European guidance on economic analysis provides detailed guidance on the issues to be considered in arriving at an understanding of costs and benefits that should be factored into the assessment process and states that ultimately proportionality is a political judgement informed by economic information. This principle has been reiterated a number of times and is one which the Government would not want to see replaced by any more detailed European direction on what is proportionate. It is unlikely that substantial
investment would be incurred in order to achieve technical compliance for marginal improvements, since the process of assigning costs and benefits to a potential improvement measure would tend to place a very low value on the potential benefits of the measure to weigh against the costs.

**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)

We recognise that research findings to date indicate that land management changes should be able to play a useful part in reducing flood risk particularly where flooding occurs more frequently. Defra has committed funding to monitor and evaluate the impacts of three multiple objective land management projects which it has sponsored to ascertain the impact that changes in land management could have on reducing flood risk from rivers to local communities. The work we commissioned includes an ecosystem evaluation of the benefits of the projects and final reports are due in April 2015.

The Department will further consider, with experts in the field and potential delivery partners, the scope for additional research and pilots to assess the best techniques to employ and understand where land management changes could make a difference to localised surface water flooding.

**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)

Pillar 2 of the Common Agricultural Policy provides funding for environmental outcomes through agri-environment schemes. Such schemes, as a mechanism for paying those who deliver a wide range of environmental outcomes from the farmed environment, can be considered a Payment for Ecosystem Services approach, with Member States effectively purchasing public benefits on behalf of a large number of beneficiaries, for example, relating to landscape, biodiversity and resource protection (soils and water). The Government is in favour of a greener, simpler and less costly CAP, with a greater proportion spent on public goods, including improved environmental outcomes such as supporting biodiversity, resource protection and climate change mitigation, and will be seeking to secure this in the Reform negotiations.
We continue to work with the Commission, the European Parliament and within the Council to secure greater flexibility over the implementation of greening in recognition of Member States’ agricultural and agronomic diversity. This includes the possibility of Member States having sufficient discretion to ensure EFAs can be applied in ways which permit a more strategic approach to land use to optimise both environmental and production outcomes.

**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)

As we have said previously, from an environmental perspective it is clear that an earlier target date for reducing horticultural use of peat to zero would be preferable. However, we also know that the replacement of peat in products sold to the amateur gardener market and used by professional growers is not without significant challenge. It is also important to ensure that the shift from peat to peat alternatives does not have perverse impacts either on the environment or the long term sustainability of the UK horticulture industry.

Since publication of the NEWP, the Sustainable Growing Media Task Force, chaired by Dr Alan Knight, has made excellent progress in improving the quality of the debate around this issue. In early July, Dr Knight submitted his report to Defra (see http://www.defra.gov.uk/peat-taskforce/work/chairmans-report) which includes a draft roadmap setting out the steps that industry, government and other organisations need to take to move towards sustainable growing media in the shortest time possible. We welcome the report and are grateful for the work of Dr Knight and the Task Force, and will provide a full government response to its findings by the end of 2012. We remain committed to a policy review before the end of 2015, which will be based at least in part on an assessment of progress against the roadmap.

We note with interest the Committee’s recommendation for a public awareness campaign. It is important that this is viewed in the context of Dr Knight’s report, based on conversations with industry experts, which recommends that “transformation should be encouraged through choice editing rather than consumer education or campaigns”. We have not yet formed a view on this issue, but will cover this in our response to the Task Force report later in the year.
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)

NIAs and LNPs develop their own objectives and priorities on the basis of the local environment. We have set out a role for Local Nature Partnerships which includes working with and supporting the 12 Government-funded NIAs as well as helping to establish new, locally determined NIAs. There are opportunities to secure multiple benefits through NIAs and LNPs working together where they co-exist as well as with water catchment pilots and other approaches set out in the White Paper.

Defra and Natural England published a framework for the monitoring and evaluation of the initial Nature Improvement Areas (NIAs) on 17th July 2012 (http://www.naturalengland.org.uk/ourwork/conservation/biodiversity/funding/nia/monitoringandevaluation.aspx). This framework is designed to be flexible to the local conditions and objectives of the NIAs, proportionate and capable of application within resources available, and draws on the approaches set out in Professor Lawton’s Making Space for Nature report. Evaluation of the indicators, among others, will be used to inform the development of future policy on NIAs.

NIAs will select the most suitable performance measures or indicators, though all local partnerships should report on the extent of habitat managed to improve condition, the extent of areas managed to restore or create habitat, and a local indicator of habitat connectivity. The latter may include ecological connectivity between protected areas. In addition all NIAs should report on at least one of the following indicators for species: (a) status of focal species; (b) status of widespread species; or, (c) extent of habitat managed to secure species-specific needs.

Forty one Local Nature Partnerships (LNPs) were announced on 17 July and are beginning their work in a formal capacity. It is for each LNP to develop their own objectives and priorities within a strategic vision for their area and we will not be prescribing specific objectives beyond our overall vision for the LNP role which we set out in April 2012. We will be carrying out some early evaluation of the LNPs to explore how the different areas are fulfilling their LNP role, including how they are using ecosystem services thinking in their work.

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)
In addition to the £10m new funding set out in NEWP, delivering NEWP’s ambitions harnessed wider funding of about £500m in 2011/12 through funding for agri-environment schemes, water quality, catchment sensitive farming and international biodiversity under Darwin initiative. In addition, the Government aims to secure best value from wider funding like the Common Agricultural Policy and private sector investment to help achieve NEWP’s ambitions.

We agree with Professor Sir John Lawton that non-government sources of funding should play a greater role in future. Defra is enabling others to identify the opportunities and facilitating them in taking these forward, particularly through the work of the EMTF, the commitments on PES, the NIAs and LNPs. The approaches set out in the White Paper will be taken forward by business, civil society and other partnerships often at a local or regional level and the ability to use mechanisms, such as payments for ecosystem services, and to attract investment through schemes, such as biodiversity offsetting, will heavily depend on local circumstances. This means that local rather than national plans will be required.

Additional funding of £750,000 for NIAs was announced in July 2012 to support landscape-scale partnerships beyond those which were successful in the funding competition. Defra will undertake an assessment and review of lessons learnt from NIAs covering the current funding period 2012/13–2014/15. This will inform future policy development.

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)

The Government disagrees. Strenuous efforts were made to integrate the National Planning Policy Framework with the principles and policies in the White Paper. The two documents are closely aligned, which is why the Framework:

- Recognises that sustainable development means seeking economic, social and environmental gains jointly and simultaneously through the planning system;
- States unequivocally that pursuing sustainable development involves seeking positive outcomes—including moving from a net loss of biodiversity to achieving net gains for nature—contributing to the commitment in the Natural Environment White Paper to halt the overall decline in biodiversity;
- Underlines that planning should recognise the wider benefits of ecosystem services;
- Expects local councils through their Local Plans and communities through their neighbourhood plans to encourage ecological networks that are more resilient to current and future pressures
- Recognises the important role of Local Nature Partnerships in strategic planning;
• Looks to local authorities to plan for biodiversity at a landscape-scale, including support for Nature Improvement Areas where these have been identified, so that nature can reconnect on a significant scale;

• Makes clear that plans should allocate land for development with the least environmental value, and that policies should encourage reuse of brownfield land providing this is not of high environmental value;

• States that local planning authorities should set criteria based policies against which proposals for any development affecting protected wildlife sites will be judged. This includes protecting Local Wildlife Sites, as these are vital elements of biodiversity networks;

• Is very clear that if significant harm resulting from biodiversity cannot be avoided, adequately mitigated or as a last resort compensated for—such as through offsetting—then planning permission should be refused;

• Maintains strong protection for irreplaceable habitats such as ancient woodland;

• Provides a brand new Local Green Space designation which local communities can use to identify for special protection green areas that have particular importance to them, including areas which are important because of the richness of their wildlife;

• States that planning should aim to identify and protect areas of tranquillity which have remained relatively undisturbed by noise and are prized for their recreational and amenity value for this reason.

We understand the Committee’s interest in planning guidance, including how planning can protect the environment in Nature Improvement Areas. Following the approach of the National Planning Policy Framework in distilling 1,000 pages of policy into around 50, the next challenge is to review and streamline around 6,000 pages of supporting planning guidance. The Department of Communities and Local Government will shortly announce the details of the approach to be taken in reviewing existing planning guidance and considering what underpinning guidance continues to be needed, involving practitioners and other interested parties. The outcome of the review will be an appropriate and easy to use set of guidance, focussing on issues that require national expression, to support implementation of the Framework. It will not always be the case that the guidance should come from Government—in some cases professional bodies may be the most appropriate bodies to publish guidance. The Government has been clear that until such time as the guidance review is complete, the existing guidance where relevant can still be used.

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)

The National Planning Policy Framework published by the Department for Communities and Local Government sets out how the planning system should meet development needs whilst also contributing to and enhancing the natural environment. Local plans are expected to give strong protection to the natural environment and the Framework provides a set of principles for local planning authorities to apply when determining planning
applications with the aim of conserving and enhancing biodiversity. Local authorities and those preparing neighbourhood plans must have regard to national policy including the Framework in the preparation of local and neighbourhood plans. The Framework is also capable of being a material consideration in the determination of planning applications.

The Framework reinforces the importance of up-to-date plans and the Department for Communities and Local Government is working with partners to support local authorities and their communities to get updated plans in place and continues to underline the priority this should be given.

Now that many Local Nature Partnerships (LNPs) have been designated, the Government will amend the regulations governing the preparation of local plans, making LNPs a prescribed body under the duty to cooperate. This means that bodies bound by the duty will have to have regard to the views of LNPs on strategic planning matters, further reinforcing the Government’s commitment to ensure that environmental issues are properly considered through the plan making process.

We are confident that revised local plans, and new neighbourhood plans, will strongly demonstrate the link that the Committee seeks between the principle of protecting and enhancing nature and planning decisions.

**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)

One of the benefits we expect from biodiversity offsetting is a better long term approach to the delivery of biodiversity benefits which is both transparent and well monitored. Natural England advisers will play an ongoing role in monitoring the biodiversity benefits of offsets projects in the pilot areas as will the independent contractor who will undertake the evaluation of the pilots.

The six pilot projects we have established have a good geographical spread. It is too early to say whether the pilots will lead to a wider use of biodiversity offsetting or on what geographical basis. However, one of the key elements in the use of our current approach to biodiversity offsetting is the establishment of an offsetting strategy linked to local biodiversity priorities so that new benefits, such as restored or recreated habitats, help to negate threats to and enhance those interests which are most valuable and under the greatest pressure.
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)

We agree that it is important that we are able to assess whether the activity to engage people with the natural environment is delivering positive outcomes. We are using indicators to track and assess progress, which can also be used by organisations involved in delivery, rather than imposing top-down systems of targets. Increasing public engagement with the natural environment and indeed doing so with children is being considered in our development of a set of indicators for the natural environment.

In addition, on 29 May 2012, we published a new suite of indicators that we will use to track progress with our biodiversity strategy for England, Biodiversity 2020. The biodiversity strategy includes people engagement as one of the outcomes, (“By 2020, significantly more people will be engaged in biodiversity issues, aware of its value and taking positive action”). The new suite includes indicators to track progress on public enjoyment of the natural environment and people taking action for the natural environment with further development of the indicators covering these issues planned.

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)

The Department of Health and the Department for Education recognise the benefits from people engaging with the natural environment and the Departments and Defra recognise the opportunities to work together to encourage more people to access and use the natural environment.

The Department of Health’s commitment to delivering NEWP’s ambitions is evident in the indicators for the new Public Health Outcomes Framework. The Public Health Outcomes Framework reflects the benefits of connecting people and nature by including an indicator on using green space for recreation and health, alongside other indicators relating to noise and air pollution. This provides a means to measure increased public engagement with nature for health benefits through the number of visits and their purpose. Extending such a measure to demonstrate a direct link to health improvements is challenging for a number of reasons, including the evolving delivery landscape and new roles (such as the creation of Public Health England and new public health responsibilities for Local Authorities). It is also difficult to directly attribute improvements in local health outcomes at a population level to greater access to the natural environment. The Department of Health has also asked NICE to develop a series of Public Health Briefings to
support local authorities as they prepare to take on their public health functions. As part of this work, NICE recently issued a Public Health Briefing for Local Authorities which promote the benefits of outdoor access for health Local Government Public Health Briefings: PHB3 Physical Activity July 2012.

The Department for Education is committed to the NEWP ethos. In supporting this, the Department has published a “Top Tips” document for schools on its website and this suggests practical ways for schools to become more sustainable. The Department for Education believes sustainability is an important issue for schools and this includes the natural environment. Schools perform better when they take responsibility for their own improvement and we believe they should make their own judgements on how sustainable development should be reflected in their ethos, day-to-day operations and through education for sustainable development. Those judgements should be based on sound knowledge and local needs. The Department aims to keep communications with schools and the rest of the education sector to a minimum, so as to enable them to spend as much time as possible delivering their core services. The Department works with the Eco-Schools programme which is run by Keep Britain Tidy and aims to embed sustainability principles into the heart of schools and change pupil behaviour. Over 16,500 schools are part of the programme in the UK. In addition, the Department believes all children should have first-hand experience of the natural environment. It has focused on making it easier for schools to teach outdoors when they want to by removing the barriers and intends to reduce the bureaucratic burdens further that can deter schools from undertaking school trips.

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)

Part 9 of the Marine and Coastal Access Act 2009 places a duty on the Secretary of State and Natural England—to secure a long-distance walking route along the length of the English coast, together with a wider margin of coastal land to which the public have a right of access for recreation, though the Act does not set out a specific timetable for implementation of the coastal route. We are making progress in a cost effective way—focusing first on stretches of the coast where additional access will deliver most public benefits. The first new right of coastal access was implemented on 29 June 2012 on a 20 mile stretch of the coast between Portland and Lulworth, Weymouth Bay Dorset.

Natural England has started development of its proposals for a further 380 miles of the coastal route and over the next 5–7 years will introduce coastal access in a planned way which will provide improved coastal access to benefit some of the most significant populations in the country, and create an early link to the Wales Coast Path and existing national trails.

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)

The Government remains committed to being ‘the greenest government ever’, which is relevant to policy across the board. The steps that Government is taking in respect of its policies and the key tools put in place are set out in relation to recommendation 31. Government is also leading by example in delivering the White Paper across its own estate. This involves a commitment under the Greening Government Commitments (and the NEWP itself) for central Government departments and their agencies to report on steps they are taking to manage biodiversity and the needs of the natural environment in the government estate and to reduce the environmental impacts of food and catering services. In addition, through the Greening Government Commitments, the government made a firm commitment for central government departments and their agencies to reduce carbon emissions, water use and waste arising, as well as to procure sustainably (using Government Buying Standards) and report on supply chain impacts. The commitments were made in 2011 and relate to reductions by 2015 from a 2009 baseline. For 2010/11, a target was set for central Government departments to reduce carbon emissions from offices by 10%, which it comfortably exceeded.

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)

The Government’s commitment to mainstreaming the value of nature is an integral part of its commitment to both mainstreaming sustainable development and to growing a green economy. As set out in the White Paper, strong evidence shows that a healthy environment is essential to long-term growth. This understanding that environmental goals and economic goals are complementary is at the heart of the Government’s green economy agenda.

The White Paper sets out the approaches to mainstream the value of nature across society and provides an enabling framework for Government, civil society, business, local authorities, and communities to work together to deliver. This is underpinned by a sound evidence base, for example, the NEA and the Lawton Review. The Government is drawing on a number of initiatives, policies and tools to enable and facilitate action by Government Departments, business, and others across society at a national and local level.

Government considers mainstreaming environmental analysis across all Government departments to be the only effective way to ensure it is fully accounted for in Government policy. Defra is the centre of expertise in how to do so and will remain primarily responsible for developing tools, promoting their use and monitoring their use. While it is not for HM Treasury and the Cabinet Office to take on this role, it is important that within their areas of responsibility they continue to implement the principles and approaches set
out in the NEWP and use the developing evidence and tools. There are a number of actions to take this forward across Government:

- CO will continue to work with Defra on their reviewing of departmental business plans in relation to SD principles, and Defra’s Sustainable Development Unit provides expertise to the central process of Business Plan development.

- The Minister for Government Policy will continue to hold departments to account through the quarterly business plan review process, with principles on SD embedded in all business plans and headline SD indicators within the SD Annexes of the relevant Departments.

- Departments have to report on their embedding of SD into core business (including policy) in their Annual Reports and Accounts which are published and laid before Parliament before summer recess each year.

- The Minister for Government Policy also co-chairs a Ministerial Steering Group overseeing delivery of new commitments for Greening Government’s Operations and Procurement, which is successfully holding departments to account on these commitments.

- Natural Environment issues can also be considered when new policies are collectively agreed by Cabinet Committee level as the Secretary of State for Defra sits on both the Home and Economic Affairs Committees, which consider the vast majority of all of Government policy (and the Natural Capital Committee will report to the latter).

- HM Treasury will continue to seek to incorporate the growing and developing evidence base built by environmental economics on accounting for the full range of environmental impacts in policy appraisal; and to build knowledge and skills to apply this. This will be informed by the work of the independent Natural Capital Committee and outputs from the work with the Office for National Statistics (ONS) to include natural capital within the system of national accounts.

- The baseline evaluation exercise of regulatory impact assessments and spending Business Cases (2012–13) will assess what more needs to be done to embed the Green Book guidance on accounting for environmental impacts in policy appraisal across all departments.

There are many examples of businesses investing in the natural environment or improving resource efficiency, and finding this more cost effective than dealing with the risks to their ability to operate from the degradation or loss of natural capital. We also recognise the need to help businesses to shift onto a more sustainable footing. One way to do this is through better measurement of their environmental impacts and dependencies, often the first step to better management. For example, Defra published an informal consultation on the draft reporting guidance for business on environmental Key Performance Indicators in July 2012 and, through WRAP, has experience of convening action across supply chains with its ‘Halving Waste to Landfill Commitment’ bringing together major players in the construction industry to work together to reduce waste and generate significant cost savings for industry. The business-led World Business Council for Sustainable
Development (WBSCD) has developed a guide to Corporate Ecosystem Valuation, and TEEB For Business aims to evolve best practice and catalyse action around accounting for and responding to corporate environmental externalities. There are also policies to help businesses take advantage of market opportunities associated with ecosystems services, including for example Payments for Ecosystems Services and Biodiversity Offsets.

Local partnership initiatives also have a role in mainstreaming the value of nature—such as the 41 recognised Local Nature Partnerships (LNPs), 12 initial Nature Improvement Areas, engagement with the Local Enterprise Partnerships across a range of issues, and the Green Infrastructure Partnership which brings around 250 private, voluntary and public sector stakeholders together to explore how to promote green infrastructure in England. In addition, the NEA Follow-on project will also give local communities the tools to reflect better the value of their natural environment in a wide range of local decisions.

These initiatives, policies and tools seek to both drive environmental change that will benefit nature, people and the economy and support the mainstreaming of the value of nature.