

# Environmental Audit Committee

## Oral evidence: Mapping the path to net zero, HC 104

Wednesday 13 July 2022

Ordered by the House of Commons to be published on 13 July 2022.

Watch the meeting

Members present: Philip Dunne (Chair); Duncan Baker; Barry Gardiner; Ian Levy; Caroline Lucas; Jerome Mayhew; Anna McMorrin; John McNally; Dr Matthew Offord; Chris Skidmore.

Business, Energy and Industrial Strategy Committee Member present: Darren Jones.

Questions 269 to 304

### Witnesses

[I](#): The Rt Hon. the Lord Deben, Chair, Climate Change Committee; and Mike Thompson, Chief Economist, Climate Change Committee.



## Examination of witnesses

Witnesses: The Rt Hon. Lord Deben and Mike Thompson.

Q269 **Chair:** Good afternoon and welcome to the Environmental Audit Committee, where we are delighted today to be joined for a single evidence session by Lord Deben, the chairman of the Climate Change Committee, and Mike Thompson, his chief economist. Before we get into questions, I would like to welcome Darren Jones, who is the chairman of the BEIS Select Committee. We are also welcoming Chris Skidmore as a new member of our Committee appearing here for the first time.

Lord Deben, thank you very much for joining us. I see this—I do not know whether you do—as your valedictory appearance before this Committee because I think you will be stepping down at some stage.

**Lord Deben:** Evidently not.

**Chair:** Well, that is good news.

**Lord Deben:** I have agreed and I am doing another nine months.

Q270 **Chair:** Excellent. It is always good in this Committee to start with a bit of a news splash, so thank you.

You have just published the progress report for 2022, which was sounding a number of pretty serious alarm bells about the ability for the Government to meet their progress in the carbon budgets. Could you start by giving us your headline of the areas where you think we are least well on track?

**Lord Deben:** First of all, we do have to say that we were very complimentary about the Government setting the right targets, the necessary targets, and their leadership in that in COP26. One does have to say that. We were also complimentary as to what they have done with electric vehicles; as you know, the actual sales are ahead of what either the Government or we thought. There is no doubt either about not only decarbonisation of electricity but also the way that the Government have recognised that it is all the same question and answer as far as the cost of living crisis is concerned and that we need to move to renewables even faster for that reason because it is the lowest price production. We are very pleased with all that.

The trouble is that you have to have delivery and Governments are always better at policy, "he says honestly after 16 years in government". It is always easier to do policy and talking about it than actual delivery. It is the delivery that has been very much faulty. If I were to take two big areas, first of all energy efficiency not only of the present housing stock but the appalling, outrageous fact that the Government went back on the net zero proposals back in 2017, it means that we have now 1.5 million homes that are going to have to be retrofitted, which could have been built properly in the first place.



## HOUSE OF COMMONS

That means that what the house builders have really done is to pass on to the purchaser an extra cost instead of doing it themselves. If they had done it themselves, that would have come out of the cost of the land. It would not have increased the cost of the house. If you look at the profits of those organisations and some of the money that they have offered people running them, the Government were wrong but the house builders have been, I think, more than that over this issue.

The second issue, of course, is land use. DEFRA of all Departments ought to have a programme to reach net zero, as BEIS does, but DEFRA does not have a programme to reach net zero. Farmers—and I declare an interest as a small farmer—have no idea what choices they make as far as the Government are concerned because we do not know what ELMS is going to mean. We do not know how to make those decisions. You either do what I do, which is to try to do what I think is right, or you try to guess. I don't know what else you do.

Until there is a proper programme when we are really talking about peat recovery, when we are really talking about a whole range of things like that, and we have dates on it and costs on it and delivery times on it, then it seems to me that we cannot win this battle at all.

Q271 **Chair:** Thank you. Are you able to engage with individual Departments to press them as the CCC or do you just advise and then your advice disappears into different Government departmental black holes?

**Lord Deben:** We invented the concept of doing our annual report Ministry by Ministry relatively recently; I introduced that two years ago. It was very successful in the sense that permanent secretaries do not like being too low down this list so it concentrates the mind. You can see this very much in the pleasure of the Ministry of Defence, which is doing very well. It discovered that out of the 300-odd recommendations it only has two.

I am doing a round of Ministers. It is quite difficult at the moment, if I may dare say so, Philip, as to who I go to see, but I am trying to do a round of Ministers to talk that through.

Q272 **Chair:** That is not for this Committee but I can sympathise with the problem. Last autumn, the Government produced the net zero strategy, which was the first attempt to provide a cross-departmental agreed approach. Do you think there is any evidence that cross-departmental working is effective yet in implementing that strategy?

**Lord Deben:** It is better than it was, there is no doubt about that. There is a real attempt. You know how difficult cross-departmental working anywhere is. This is not just about climate change. This is a "siloesation", if there is such a word, of Government. I can understand that, but it is better than it was. There are the processes to make it better, but it is still true that there are Departments that you really would not think have thought this through. DCMS, which could do so much through



campaigning with sports figures and the theatres and the whole of culture, really is a very good opportunity. It wants to do it but there does not seem to be any understanding that it also has a role to play. I know it is not the central role, but it is a role in this total Government attitude.

**Q273 Chair:** You touched on the cost of living crisis that we are all experiencing, exacerbated by the war in Ukraine. Do you think that this could also have the impact of slowing the pace towards net zero because other pressures, in the same way as Covid had an impact through the pandemic, are a reason for decisions to be put off?

**Lord Deben:** I do not think it is a reason; I think it is the opposite way round. It does seem to me that we ought to be moving much faster, if it is possible, towards the cheapest form of electricity. I never understood those people who say that because the price of gas is high we ought to do more gas. The price is not going to be fixed by whether we get it out of British fields or not; it is fixed by the international price of gas. If the price of gas is high, we ought to be finding other things to do and do it as quickly as possible. That seems to me to be common sense.

I do not think there is any rational reason for doing this and I think the Prime Minister acknowledged that in speeding up the programme for nuclear and gas production. We have done a lot of work on nuclear. We do believe that we have to have nuclear to make the mix right, and we think that what they have tried to do is very ambitious, but it has to be done for the cost of living crisis as well.

Then the no-brainer is energy efficiency. If we could be fast about helping people, particularly at the bottom end of the scale, who are the people who are hit hardest because the things that have gone up fastest in price are the things that very ordinary people have to pay for, if they could pay less for their energy you do begin to make a difference. That is why not having a proper energy efficiency policy is wrong as far as the cost of living crisis is concerned. You can forget about climate change; you need to do that to deal with the cost of living. It is the quickest way to apply Government action to reduce people's bills that I know.

**Q274 Darren Jones:** I want to focus a little bit more on this question of delivery. The business Department will often say to my committee, "We have set ambitious targets. We are celebrated for doing so. We will write some strategies and think about maybe some business models on hydrogen or carbon capture and storage from an investment prospectus point of view, but then we kind of step back and we hope the market will fill in the gaps and do the delivery for us". In my view, that is not really working. Do you agree?

**Lord Deben:** Yes. I am a businessman—that is what I have done all my life, except when I was a Minister. I know perfectly well that you can lay down the plans but if you do not have a delivery system it does not happen. It just does not happen.



When you look at the delivery, what the Government have to do is to set the parameters that enable us to tap the enormous amount of private sector money that is there. We have said it will cost us less than 1% of the gross national product every year and that most of that will come from the private sector, but it will only come from the private sector if the Government show that they have policies that are enshrined, that they are not going to change all the time, that they are supportive and that the conditions of investment are satisfactory and competitive.

Every other country that is sanely governed is doing the same thing, so they are also attracting that money. If we want to have that money, we have to have what this Government can provide, which is an investment-attractive condition.

You have to do a whole range of things and a good example of it is that BEIS should remember what the previous Secretary of State for BEIS got started: the decision that after 2030 you could not sell a non-electric or equivalent car. That is what you have to do. People know then that they have to meet that. If you are doing that, you can begin to get private sector to put money in. The same is true of standing behind energy efficiency, making it possible for people to tool up to do it, to get the staff to do it and to know it will not be killed in two years' time and destroy their business, which is what they have had in the past.

That is why I have to say to BEIS that it is particularly important because of the failures in the past. I feel very sorry for those small businesses that went into the business of trying to meet what the Government said they wanted and then found it just torn away from them from one day to the next. We really have to go for that.

**Q275 Darren Jones:** My Committee has often asked for technology roadmaps or a bit more detail between where we are now and what the target date is, just to provide that extra clarity for investors and businesses, but repeatedly the Department refuses to do that. Do you have any idea as to why?

**Lord Deben:** I would not like to try to explain what its reason is. It is true that if you do that you reveal the enormous task that you have. If you just talk in generalities, then you do not give people the opportunity of saying, "Why aren't you doing that? What about the other?" That is why you have to be detailed about it and I think it is an instinctive—not a ministerial situation; I have particular respect for the Ministers involved, but I think that it is a structural situation of the way in which civil servants operate: it is always much better to keep the cards close to you. We need the cards open. If we need the cards open, then people will come and help.

The other thing we must do is to recognise that you have to plan for the facts you have and not for the hopes you may have. That is one of the problems with DEFRA. It is excusing what it is not doing by saying, "The trouble is that the Climate Change Committee is not as confident in new



## HOUSE OF COMMONS

technology as we are". Well, we are very confident there will be new technology, but until you know what it is you cannot base your organisation on it. You cannot run a business on the basis of saying, "In two years' time we are going to sell a motor car that goes by wind" unless you know how you are going to do that. I am afraid we are in a situation in which DEFRA is banking on something turning up. I do not think you can run a system like that.

**Q276 Darren Jones:** My last question is about machinery of government. While the business Department is tasked with co-ordinating net zero efforts across the whole of government, we have this climate adaptation and implementation committee in the Cabinet Office chaired by the COP president, Alok Sharma. We have had concerns that the structure of the machinery of government is not very effective in driving behaviour across Whitehall. Would you share that view and, if so, how do you think it should be rewired?

**Lord Deben:** I don't think it is for us to say what the rewiring is. Governments have to make up their own mind about that, helped by Committees like yours.

What we have said is that you have to have a delivery mechanism that works better than the one we have at the moment. It has to be clear and it has to be able to insist that these things are done. Neither of those last are at the moment true. I think adaptations could be made of what we have and we could turn it into a much more effective driving force.

There is no situation at the moment in which people can turn to, for example, the Department of Health and say, "The NHS is now brilliantly moving forward. It has a good sustainability head. It has every single trust with a detailed programme to reach net zero. What about the rest of the system? How can the Department of Health use that to help other Departments do what they have to do?" Somebody has to be able to say, not, "Would you mind thinking about it?" but, "You are going to do that, Secretary of State. You have to find a way and we are going to check on you".

**Mike Thompson:** Can I just add two particular things that we picked out in this report? One was this list of roles and responsibilities, and we have seen there is some good practice out there. The EV charging infrastructure strategy has a lovely table in it that says, "This is what central government will do. This is what local government has to do. This is what Ofgem has to do", right through to the service stations and so on. You need to see that sort of thing across the piece so that every bit, particularly local government and national government, who are not working well enough together at the moment, know not just what they are meant to be doing but what everyone else is doing as well so they know how it will all fit together. That is one thing.

The other one we have pointed out is that there still are major pieces of new policy coming out that do not consider either net zero or adaptation.



The levelling up White Paper would be an obvious example of that. We have talked before about a net zero test, the idea being that for every bit of legislation, for every new major policy, it goes through a filter that says, "Is this going to help us to meet net zero? Could it help us to meet net zero? How can we use it usefully? If it is going to cause problems, how can we mitigate those?" That does not exist at the moment and policies are slipping through without properly considering things.

There are some fairly simple things that we think could be done that would make quite a lot of difference.

Q277 **Chair:** Just on that point, Mike, we have just been considering as a Committee in private before this began our response to the environmental principles policy, which is due to come in this year. Have you commented on that as part of the consultation? Do you think that will make a difference?

**Mike Thompson:** I do not know if we have commented on that specifically in the report. We have talked quite a bit about "The Green Book" and we are pleased to see some shifts in "The Green Book", particularly on the adaptation side, but the environmental principles one I don't think we have covered in this report.

**Chair:** I might encourage you to have a look at that during the course of the next report.

Q278 **Anna McMorris:** The UK is currently experiencing the biggest energy price shock that we have seen in decades and we know that energy prices are due to rise again. The energy price cap has already risen but is due to rise again in October, perhaps by £3,000 per household. This is going to hugely increase the numbers being plunged into fuel poverty, up to at least 12 million people being plunged into fuel poverty in the autumn. That is a startling figure. We know the correlation between acting on climate and the cost of living crisis and you have just talked about that in your opening.

Could you talk a little bit more about how you see that correlation working but, more importantly, how the Government can communicate that message so that people being plunged into fuel poverty can understand how they can, first, vote and support a Government that are going to take action on this?

**Lord Deben:** That is exactly the central question. First of all, the Government putting an extra £500 million into local government for the work that it is doing is a good start, but it is very important to use local authorities much more effectively than we do now. Local authorities do have a means of spending this money very effectively and very often among the poorest and the most damaged by the cost of living crisis.

My first thing is that the Government, as Mike has said, really have to relearn how they deal with local government. I am afraid that is institutional as well as ministerial. Having been the Secretary of State for



## HOUSE OF COMMONS

Local Government, I have to say there is a problem between people who are Crown servants, civil servants, and local authority officers. There is a feeling by the one that really, "Better not, Minister, you never quite know what they might do". Of course, there has been a history of examples. Derek Hatton is a very good example of where that is true. However, that is not true of local government in general, and that is why I have taken the Climate Change Committee around the whole of the country. We have had this conversation so that they would see what local government is doing and can do.

The first thing that I would be doing would be very much closer working with local government, seeing how much we could get done as quickly as possible in the poorest areas where local government has a real understanding of how to do it. Of course, if you do it as a whole, you can do it much more cheaply. I would be doing that.

**Q279 Anna McMorris:** Of course, you are the committee that advises the devolved nations as well, particularly in talking about local government, but also devolved Government. For example, representing a Welsh constituency as well, we know that there are examples from Wales that come through that could be used. Could you point to some of those?

**Lord Deben:** One of the best examples that I saw is a Welsh example, where a whole very poor housing estate was entirely refurbished with, if I may dare remind people, European money, which is not going there any longer, which just reminds us of what a foolish decision that was. The fact of the matter is that they did such a good job.

Interestingly, I talked to the teacher of the local school and that really brought it home to me. I said, "What is the difference now?" He said, "The children don't come to school wet". These houses were so wet that they could not dry the clothes overnight. That is when you really understand what this means.

Wales has some very good examples. Its best example is on waste. That is the sort of thing that it does best. The Scots are trying hard on this. They have very good targets, but again there is a delivery issue there.

The only other thing I would say is that we really do have to learn the lessons of the Green Deal. We cannot just say we cannot find a way of doing it. We have to find a way of doing it. It has to be done. The issue is that there is a lot of private sector money there that they would be prepared to put into systems if the system had some backing from the state. If we did that, then I think we could get large numbers of people to do what needs to be done.

The last thing is your point about information. The Government must have a proper information system so Mrs Miggins can lift the telephone up and say, "I live in a semidetached house of a 1930s kind. I have three bedrooms. Will you help me to do what is best and ask the right questions?" I have in the last year bought an electric car and bought a



heat pump. Buying an electric car, if you have the money, is absolutely simple. Of course, there are a hell of a lot of people out there who are willing to tell you how to buy it and say their car is the best, and you can make a decision. But you try buying a heat pump. I am chair of the Climate Change Committee and it really is very hard indeed. What is poor Mrs Miggins supposed to do, if she does not quite know what a heat pump is and does not quite know what questions she should be asking? It seems to me just nonsense.

We have to have a system that helps people to make those decisions. Lots of people out there will do it, and if they had a system where they could borrow the money and pay it back out of the reduction in the cost, perhaps not start for two years, what a good idea. You help them to do it. They do not pay any of that back, the Government back that two years, and then they start paying it back. That helps them during this period.

**Q280 Anna McMorris:** Yes, that is a very good point. I am proud to have helped to bring in that energy efficiency programme when I was working in the Welsh Government, so I am glad you mentioned that.

Moving quickly on to transport as the highest emitter, which remains heavily dependent on oil, largely ignored by the Government's energy security strategy, where one of the solutions is to just invest more heavily into electric cars—all fine if you can afford an electric car. How can we then, Mike Thompson, accelerate the transition from fossil fuels in transport? What role can the demand side measures play here?

**Mike Thompson:** We are doing pretty well on electric cars, as you say. It is worth saying that the constraint there is not people wanting to buy them as much as the manufacturers bringing them all to the market and then the infrastructure to charge them.

We find that the take-up of electric cars is good. We have now a zero emission vehicle mandate, which we are very pleased is coming in. That is something that we recommended, which does not just set that 2030 date but will have target uptake from 2024 right through to 2030. There is an obligation on the suppliers each year. That bit all looks good, frankly. The vans are not at the same place yet, but there are more models coming to market. We are reasonably confident that that will start to follow.

We do need the infrastructure to be ramped up much more quickly, but again the policy around that is pretty good. The big gap is on the demand side. That is where the Government have said lots of warm words. They have said how they would like to shift more people to walking and cycling. They would like higher occupancy and more efficient use of the fleet there. They would like to move people to public transport. However, they have not given any targets for that. They have not said what reduction in mileage they are looking for from the cars or what reduction in use they are looking for. We do not know what they are aiming for and they have not, frankly, brought in any policies to deliver it.



Again, it is this story of good on ambition but poor when we get into delivery. They need to take the good ambition of the transport decarbonisation plan and translate it through to delivery by actually doing things on the ground and being clear on what they are trying to achieve by doing it.

**Lord Deben:** The prize example of that, if I may say so, is the roads policy. The roads policy is still based upon an assessment of need and use of motorcars and suchlike that has not been affected by the Government's net zero strategy. The Government must decide how much they think their policies, whatever they may be, will reduce the actual demand and what that means for the roads programme, but they have not done that. There is just a general statement that, "We will look at the roads programme" but this needs to be logical. If you were running a business, you would say, "I want to get those facts right and then I can work backwards from that as to what my investment has to be", but we are not doing that.

Q281 **Anna McMorris:** Do you think the price of oil and the cost of living crisis is going to lead to a faster, quicker change? Do you think the Government are actually addressing that?

**Mike Thompson:** There is no doubt that the appetite is there for it. You can see it already in the polling data. The interest in electric cars has spiked quite a lot since the oil price has gone up. We see that there is maybe a bit of a danger with that zero emission vehicle mandate in that it is too conservative, that it is not keeping pace with where the market will go anyway.

We risk missing out on tapping into that enthusiasm because the manufacturers are not obliged to bring those products to market. They want to keep running the old supply chains and producing the old cars, so we miss out on what people want to do and people end up paying higher motoring costs into the bargain. Yes, that we have said needs to be looked at in the near term to make sure it is driving ambition, not holding it back.

Q282 **Caroline Lucas:** Could I quickly ask a supplementary on transport first? You have talked about demand management in the context of road vehicles. I wonder if you could say anything about that in terms of aviation. We are doing a shipping and aviation report and one of the Ministers we had in front of us said, "With the use of technology, and with the multiplicity of things that we will put in place, we do not need to look at demand management and that we can do without it."

**Lord Deben:** You have put your finger on the thing that really worries me most, which is that when people have a difficult decision to make, you do not talk about that decision, but you say all this is happening. You have to face the decision, which is that we need to live in a society in which we do not use aeroplanes as much as we have thought to for every possible reason.



## HOUSE OF COMMONS

This is not a question of stopping people going on holiday and all the rest of it, but after all, most businesses surely would be very sensible, now that they know that Zoom works so well, that instead of going to the United States four times a year they might go once. I am sure that businesses are going to do that because the financial directors will insist upon it.

I cannot understand why the Government do not say, "Let's see what we can do about that and let's have an overall policy about that" because that will then feed through to infrastructure decisions about airports and things of that sort. Unless the Government are prepared to take that decision and be honest about it—it can perfectly well say, "People will be able to fly abroad and they can go on holiday. We are not stopping them doing that, but what we are doing is helping them to make those decisions properly. We will, in fact, be doing things that make staycations more convenient".

There are a whole series of things you can do, but you need to face the issue. One of the points we made in our report was that in so many areas the issue is not being faced, there is a sort of sidelining of it, and this is one of them.

**Q283 Caroline Lucas:** Then to the questions I am meant to be asking, which are to Mike Thompson in particular, starting with the climate compatibility checkpoint. I know that the CCC wrote to the Secretary of State for BEIS on that climate checkpoint. I think you said that the evidence is not clear cut on whether new UK production is compatible with our climate targets. I wondered if you could unpack that, given that we have what the IEA has said about leaving new fossil fuels in the ground.

We have the IPCC Working Group III saying that further installation of unabated fossil fuel infrastructure will lock in greenhouse gas emissions and put 1.5 out of reach. We have heard some evidence in another inquiry from UCL similarly saying that it is not compatible. I would love to understand how you came to that conclusion.

**Mike Thompson:** As you know, in that letter we were pretty clear that overall we would like to see a stop on UK oil and gas new extraction and new sites. That we think would send a strong signal about our commitment to 1.5 degrees. What we are not able to say is that that would be required to meet the UK carbon budgets or that it would unambiguously help at a global level because you are into these fundamental imponderables: if you extract more oil and gas in the UK do you end up with less being extracted elsewhere or do you simply grow the size of the global market? It is not possible to judge whether that will happen or not, particularly in a world where there is a lot of geopolitics around what is happening with oil and gas at the moment.

The IEA scenario is one we looked at very carefully. We take that very seriously. It is a scenario, and it is a scenario that says we can meet the demand in a 1.5 degree scenario for oil and gas without any new fields. It



## HOUSE OF COMMONS

is a scenario that tells you that. That does not tell you that that is the only scenario, of course, that will get to 1.5. It does not tell you about what if we put restrictions on movement of certain Russian oil and gas around the world and we use less of those.

That is where we said that this tells you a direction and it tells you that it would be a useful signal for the UK to commit to not doing this, but it does not tell you black and white that you must not have any more oil and gas extraction or you make these things impossible. For a committee like ours, which is independent and which is evidence based, that puts us in a somewhat tricky position because we are used to recommending on things that we have pretty clear evidence for. That is how you see us ending up with this advice.

It is also worth contextualising in terms of the UK particularly. The projections for UK oil and gas production that we used in coming up with the UK pathway to net zero, the sixth carbon budget advice, that was based on a projection from the Oil and Gas Authority, which did have some new fields in it. Unfortunately, it does not tell you how many new fields. We do not know how much of that extraction is from existing and how much is from new fields. We think it would be useful for that to be transparent. It has not been made such yet. Again, that puts you in a difficult position. The evidence does not tell you particularly one way or another where you end up.

**Q284 Caroline Lucas:** There is nothing to seriously suggest, is there, that if we were to exploit more new fossil fuel reserves in the UK there would be mysteriously some compensatory reduction elsewhere? I am just looking at the UNEP production gap report, which said to the contrary, that we are on course to be producing globally more than double the amount of fossil fuels that would be compatible with 1.5. I am still surprised that you cannot be a little bit more definitive.

**Mike Thompson:** I guess the obvious one that we are talking about at the moment is Russian oil and gas, less extraction of Russian oil and gas from existing sites, which Europe and the UK are trying hard to push down upon. Then where does that come from? You are right, there will be other places in the world that it could come from as well. In these projections we still end up with a very small amount of UK oil and gas production by 2050, for example. We are not talking about huge new fields being developed in this. If we started to see that, then you start to ask the question differently. It is a case of margins a bit.

We have mentioned the UN production gap report and we have mentioned the IEA report, both as things that should be evidenced going into the climate compatibility checkpoint. We think that that is something the Government need to make decisions based on what it would do for climate change and, of course, the wider geopolitical concerns. Those go beyond what a committee like ours can really consider.

**Q285 Caroline Lucas:** How stringent would the checkpoint tests need to be to



## HOUSE OF COMMONS

ensure that we do not undermine domestic and international efforts to limit temperatures to 1.5?

**Mike Thompson:** Again, it is hard for us to draw a precise line on that. We have said they ought to be very stringent. As a minimum, they should be very stringent in terms of the environmental credentials of those new fields. It should be very clear that they are best practice in terms of electrifying platforms, minimising leakage and these sorts of issues so that the actual footprint of extracting the gas or the oil is as low as possible. They also should be stringent in terms of those wider assessments that we just talked about. Is the UK increasing our level of imports? Are we going beyond to a point where we might actually be exporting?

Our scenarios have oil use in the UK down by 90% by 2050. They have gas use without CCS down to pretty much zero. There is a world out there where if CCS is not developing very well we may just not need these supplies in the longer term. If that is the case, if we see that in 10 years' time that is where things are heading, that would point to a much tighter set of criteria in the checkpoint. They should have flexibility to do that.

The other point that we have made is that the checkpoint is very early because it is at the point of licensing. It can take 28 years from licensing, on average, to production beginning. With the timescales we are talking about, that becomes a very different question. We have said this is too narrow, it needs to be applied again at the future points. There need to be reopeners, in the regulatory language, to come back to say, "Yes, we have licensed it but will we actually permit it to go into production?"

Q286 **Caroline Lucas:** The progress report also identifies risks that emission targets may not be reached across a range of sectors. Would that limit the headroom available to increase domestic extraction of fossil fuels? Is that something else we need to be factoring into that?

**Mike Thompson:** The direct emissions from the UK fossil fuels supply sector are fairly small. We think by 2035 they could be down at 10 million tonnes compared to 500 million tonnes today. It would not change the headroom a great deal is the straightforward answer, I think.

**Caroline Lucas:** That is with scope 3 as well?

**Mike Thompson:** Of course not, no. If we talk about the amount that we burn and the amount that we extract, the things that are counted in the carbon budgets are the emissions from burning oil and gas, and those will absolutely non-negotiably have to be reduced dramatically. That is the only way you can meet carbon budgets. There is then separately, "How much of what we burn is extracted in the UK or not?" All of these scenarios would still involve us being an importer of oil and gas, we think, so you also then have the emissions from that extraction. Those have to



be counted in the carbon budgets as well. They do not make a huge amount of difference. The key thing is to stop burning the stuff.

Q287 **Caroline Lucas:** Lastly, continuing that point, how feasible do you think it would be for industry to achieve a 68% reduction in production emissions by 2030? We know that we are about average internationally. Countries like Norway have a lower carbon footprint than we do. We have the North Sea Transition Authority with a 50% target enshrined in its approach.

**Mike Thompson:** We would not have proposed that if we did not think it was feasible. We absolutely think that is feasible. It is not an obvious place to use the slack in the carbon budgets; there isn't very much. We have been pretty clear in the progress report that the Government should be aiming for the 68%, not the 50%, because they probably will need that to make up for possible slippage elsewhere.

**Lord Deben:** We never, if I may say so, recommend something that we do not believe is possible, which is why we have had this particular difficulty in the north of Ireland, where we have not been willing to support a more extreme figure because we just do not think they can achieve it. I just want to make it clear. We think that it is crucially important that what we propose is feasible. Otherwise people will not believe us and they will just say, "We can't do it so we won't do anything".

**Chair:** I am just going to say that I would like to finish at 3.00, so can we keep the next set of questions to eight minutes? Thank you.

Q288 **Barry Gardiner:** As tight as possible, indeed, Chair. First of all, I welcome the fact that Lord Deben has agreed to extend his position for another nine months. I think he is in danger of becoming regarded as a national treasure.

**Chair:** Like you, Barry.

**Barry Gardiner:** I also wanted to put on record, Chair, that I think the way in which he has always sought to work on a bipartisan basis has been phenomenally helpful.

Mr Thompson, as Lord Deben said, DEFRA is banking on something turning up and, indeed, the Secretary of State for DEFRA recently told this Committee that he was more optimistic than the CCC about the potential for technological innovations to reduce emissions. How does the committee account for potential future innovations in the carbon budget pathways? Could you set out that this is not some arbitrary thing that you have plucked out of the air but the balanced pathway is comprised of a great many pathways and scenarios that you have looked at in quite some detail and, therefore, is not something to be dismissed lightly by the Secretary of State?



## HOUSE OF COMMONS

**Mike Thompson:** Thank you. I am pleased to be able to address the question.

I think that we were the first to ever develop a marginal abatement cost curve for reducing emissions from agriculture back in 2008. We have been working on that and developing it with the academics and the research community to build in what technologies you can use, what changes in practice you can do and how much they can save you emissions.

Of course, it is a mug's game to predict the future. You are never going to get it absolutely right, so I do not claim that we have. What we have tried to do is to make sure it is based very firmly on the evidence, that we have talked to the people who are doing these things, that we have talked to the experts that are talking to them and are well placed to assess it. We have used those to propose pretty ambitious reductions in agricultural emissions, pretty ambitious uptake and use of technologies, alongside changes on the demand side, which are able together to take you a lot further than either can on its own.

It is definitely worth saying that since we first put these out in 2008, and we were talking then about reductions to 2020, we have not seen the reductions that we talked about so far. Agriculture emissions have been flatlining and these technological improvements, these practices that the industry said, "Yes, we will deliver on these. We will scale up and we will reduce emissions", we have not seen them come through in practice because emissions have not fallen in the way we would like them to.

Yes, the future scenarios are based in evidence and they are pulling in everything that we think is available.

Q289 **Barry Gardiner:** Given that they have flatlined, do you believe that there is either a need for greater incentives to introduce them or greater penalties for not introducing them?

**Mike Thompson:** There is a need for stronger levers I guess I would say. It is not for us to say whether it is through subsidy or penalty. You could probably do it either way but it needs a much stronger incentive than just a voluntary agreement that says, "Please do these things". It needs to be baked into the ELM policy and we need to have regulatory baselines for any payments that say there are some basic things that you all must be doing, otherwise there will be penalties if you are not doing the easiest—

Q290 **Barry Gardiner:** That use of stronger levers: would you say that that would be helpful to be a recommendation of this Committee under this report?

**Mike Thompson:** Absolutely, definitely. DEFRA is engaging in some magical thinking about what technology can do and it is not backing anything up with a firm hand to make anything happen.



**Barry Gardiner:** Magical thinking.

**Lord Deben:** Also, if I may say so, if this Committee was able to say it in a way that explained that farmers cannot do what they ought to do if they do not know what it is that they ought to do. It is also a question that because DEFRA is playing with magical thinking, it is not telling farmers what programme it has, so farmers cannot make these decisions. It seems to me that that is a hugely important point. Unless people know where they are, you cannot expect them to decide to try to get somewhere else. That seems to me to be very obvious. It would help a great deal if you were to say that because it is absolutely essential.

The big point is that we will not reach net zero unless DEFRA creates these circumstances. If it says, "We might be able to get there much more quickly because we might invent this, that and the other", we will need a bit of that to make up for the things that will not work. If you run your system on the basis that everything we are going to do is going to work, and in addition we are going to have miracle things that have not worked so far, then it seems to me that you would be sacked if you were a financial director of a private company.

Q291 **Barry Gardiner:** Let me try to paraphrase what you have said so I am absolutely clear. You believe that DEFRA's progress is poor, that there are no credible plans in place and that the existing plans are at significant risk of failing to meet their targets. I take it that you believe it is not possible for the agricultural sector to achieve the necessary carbon reductions using technology alone. Is that correct?

**Mike Thompson:** I think that we would say not reliably on the latter. We cannot say it is not possible. The future is difficult, but we could not reliably—

**Barry Gardiner:** It should not be relied on?

**Lord Deben:** Somebody might invent something that we have never thought of, but you cannot rely on that.

Q292 **Barry Gardiner:** To that extent, do you believe that DEFRA is following the science in its attempts to reach net zero?

**Mike Thompson:** The targets that it has adopted, the ambition it is adopting, is scientific. We think that is aligned to what we think the ambition ought to be, but at the moment the mix of things it has to get there looks stretching on credibility to us.

Q293 **Barry Gardiner:** If I rephrase that question in terms of implementation, is it implementing the science?

**Mike Thompson:** The details are not there yet, is the frank answer, so it is not going to deliver—



**Lord Deben:** There are no details, so we do not know whether it is delivering anything and it does not know whether it is delivering anything because it has no policy or programme to measure what it is doing.

Q294 **Barry Gardiner:** Can any sector rely solely on innovation to meet their goals or will contingency planning around behaviour change also be required?

**Lord Deben:** The absolute refusal to face the question of behaviour change is at the heart of one of these problems. The point is that behaviour change is happening. It is not something that Governments necessarily do. People are eating less meat, for example. They are doing it. They are making that decision. Therefore, for the Government to help them so that we eat less meat and better meat is not a nanny state concept at all. It is a sensible way of giving people the information that they need.

Frankly, non-meat alternatives are much more palatable than they were and there are choices to be made, although many of them have very big environmental questions put over them about how they are made and where they come from. As you know, I have been very clear that I do not think veganism is the answer to this because I think you need to have mixed farming and you need animals. All that is important.

I do not understand why people find it so difficult to talk about organising things so that it is easier to be good and more difficult to be bad, cheaper to be good, more expensive to be bad. That seems to me to be a perfectly reasonable way of doing it. Our beef has the lowest carbon footprint in the world. It is half the average. Therefore, we should be buying British. We should be buying less but we should be buying the best. That will not cost us any more because we are not eating so much.

That means at the other end farming can do all sorts of things. For example, I think that gene editing is a particularly valuable form of improving and getting rid of some of the diseases. We should not have mastitis today. We really ought to be able to breed that out, as we have already in porcine circumstances made huge differences. We have also done the same as far as chickens are concerned. We can do an awful lot of that kind. People have to recognise that the Government are encouraging it, they are not being antagonistic.

**Chair:** As a British beef producer, which I should declare, I am very encouraged to hear your remarks.

Q295 **John McNally:** I think that Lord Deben described what he called having difficult conversations. Once you actually start a difficult conversation, they are never usually that difficult. That is a very interesting point.

My question to you, Lord Deben, is the committee advised that the next national adaptation programme due in 2023 should deliver a change in ambition and delivery. How out of kilter are the Government's current levels of ambition and action with the scale of the adaptation challenge?



**Lord Deben:** We do think that the national adaptation report is going to be hugely important. We are way behind on adaptation, there is no doubt about that. We have done quite a lot on flooding itself, but even that is not integrated into the planning system, for example. We have a planning system that does not take adaptation or net zero into account.

When we talk about a new Planning Act, that is really where the newness has to come. No wonder Cumbria could not make a decision about a coalmine because there is nothing in the Planning Act to allow it to do that. I feel very sorry for the council in those circumstances because I don't know what you do. You invent it from the top of your head? You cannot do that.

We have to have major changes and the adaptation we will be looking very carefully at because it is very much behind the rest of it, even in policy terms, leave alone delivery terms. We have not even got the policy terms in the same firmness that we have in the net zero strategy.

Q296 **John McNally:** As a former chair of an APPG on flooding, I had my eyes opened about the exemptions that could be allowed to allow building to go ahead. Some of them were horrendous—building on flood plains, for example. It does not happen in Scotland but it happened in England. Of course, then it brought in different things like insurance.

Can I turn to you, Mike? What are the gaps in adaptation policy and on what timescales do these need to be addressed? If I could just take a wee minute, Chair, on that, certainty of policy would then be followed by certainty of investment. I think that goes without saying. I have thought about this for a while and I do not know if it has ever been tried, but should there be something along the lines of an all-party or cross-party agreement for 25 years? Is that too difficult to achieve? People would then see what is going to happen in the future. You just talked about farmers. How are you going to plan for 25 years ahead when you do not know what any policy is going to be in two or three years?

**Mike Thompson:** If I start at the start, we will have the national adaptation programme next year. We published our independent assessment of climate risks last year and we said in that that we are very keen to see a vision for what a well-adapted UK looks like. We want that to be a vision that then can be translated through to policy, which means that it needs to be backed up by clear metrics.

For example, we do not have a goal for reducing or keeping steady the amount of flooding as the climate changes. That makes it very hard for us to assess whether we are progressing against where we would like to be on adaptation. We would like that sort of thing articulated at the start, to say, "This is where we are trying to get to across all of these risks that we face, flooding, overheating and so on".

We would like that then to be backed. Once you have that vision and you have those metrics of what you are trying to achieve in the different



## HOUSE OF COMMONS

spaces, then you can back that up with funding, with the resources to deliver it. You can use research to fill in the gaps, the bits you do not know about. There are very real gaps in data.

We published a report this week on the adaptation reporting power, which allows the Government to go to companies and ask them to come back and tell the Government what they are doing. It is voluntary, so we have gaps in the people who are asked to do it, and it does not cover all of the sectors. There are some important landowners, for example, who do not report back about what they are doing, and we need to know what they are doing to assess it properly.

Then we need adaptation to be integrated within wider policy. That is the fundamental at the end of the day. Our climate is changing, whether we want it to or not, and all the policies we are trying to deliver, from levelling up through to all of the energy and the net zero things we have just been talking about, need to be delivered not against today but against the future climate because that is what they will be in. We need a process for integrating adaptation as well as mitigation.

**Q297 John McNally:** Thank you. Would you like to make a wee comment on whether you have ever tried to have different political parties in a long-term agreement?

**Lord Deben:** The Climate Change Act was a unique Act, which has delivered something that no other Act could have delivered in terms of cross-party operation. As Mr Gardiner rightly said, this is a genuinely cross-party circumstance. The thing it also does is to give us a long-term programme to work to, and we need to have that on adaptation. The mechanism for doing that will be bound to be a parliamentary mechanism, but we do need to have a permanence and consistency of policy on adaptation.

I will just remind politicians, if I may as an ex-politician, of the fact that when Germany had those disastrous floods, they did not turn round and say, "The police did not behave properly" or the local authority didn't. They turned round and said, "Why have the Government not dealt with climate change more effectively?" I think that people have to realise that the people who are flooded and the people whose mothers die because they are too hot in an old people's home because nobody has dealt with that issue are not going to blame the local authority. They are going to blame the Government, so both major parties and every party has to face that.

**John McNally:** Yes, I will finish on that, Chair, thank you.

**Q298 Chris Skidmore:** Lord Deben, we thought this might be your valedictory appearance. Obviously, you have another nine months now in post. When you do complete your second extended term as chair, are there any reflections on your term in office that you would like to share with us?



## HOUSE OF COMMONS

**Lord Deben:** I will have to be a bit more careful now, won't I? First of all, I feel very strongly that I did not believe 10 years ago that we would have got as far as we have now. We need to remind ourselves of that fact because it is very depressing because we have not got as far as we want to get, but we really have moved hugely in a way that I had not expected.

The second thing is that I am very keen on remembering the benefits of saying thank you. I am afraid I had an argument with Caroline Lucas's Member in the House of Lords and I just said to her—

**Caroline Lucas:** They are not my Member.

**Lord Deben:** —that it would be very nice if just occasionally you said, thank you when people did what you wanted because it is much easier then to go and ask them to do more. I do think that is important.

The third thing is that my biggest reflection is that our real problems are institutional and the fundamental changes we need to make we need to make anyway about the way government works, about the relationships between central government, local government and, of course, the national Government, and an attitude of "can do" in that and also the relationships between Departments. All this has come up in our discussions. The thing that I believe we have to think about is some very fundamental institutional changes that we need to have not just for climate change, although that is the biggest pressure, but for all sorts of other delivery situations. We have to deliver more effectively.

Q299 **Chris Skidmore:** What about the institution of the CCC itself? How would you see that evolving over the next 10 years?

**Lord Deben:** It will change in the sense that it will be much more about delivery because it set the targets and we know where we have to go. It will be much more about delivery. I would myself say that I think the Act was remarkably prescient so there would not be many changes I would have made now. I would have put in now a protection for funding, which we have never had. I cannot complain about any Government. Of course, they have been mean and tried very hard to—but in general we have had the money that we need, but that is not protected. That is one thing.

I think I would have set down very clearly the process for choosing members to make sure it is a very independent process. I insist upon it being a very independent process but it is something I have to do and it is not actually in the Act.

Those are the two things I would have done. Otherwise I think that we have an Act fit for purpose.

Q300 **Chris Skidmore:** You have spoken repeatedly about cross-party support for the Climate Change Act. I think since being in post you have seen three Prime Ministers pass by. You are about to see a fourth Prime Minister be selected. What would your advice to any fourth Prime Minister



be if they decided to revise the Climate Change Act?

**Lord Deben:** I would suggest that it is not a sensible thing to do. This is an Act that does have real commonality of support. It is not quite right in this and that way, but have we not learnt that perfection is the enemy of the good and that very often, because we wanted to make it just that bit better, we have destroyed the permanence of legislation? That has meant that people did not feel confident in it. I think that this is as good an Act as we are likely to get and my advice is don't change it.

Q301 **Chris Skidmore:** Finally, and this is perhaps more of an internal question: in which areas would you recommend the Committee focus its future scrutiny on Government progress?

**Lord Deben:** Land use and agriculture are absolutely crucial, and energy efficiency insofar as it is within the Committee's remit is vital. Unless we do something about the use of energy at home we are not going to meet our targets. Therefore, I come back to my priorities. They are energy efficiency and land use.

On the energy efficiency bit, right across the board we should be building no homes that are not future proofed. We should be making it easy for people to lower their costs. There are so many ways we could do that. You could do it by saying that every time anybody sold a house they had to show that they had moved the energy efficiency up one notch. If they did not, part of the sale price was used to do that. I take that not because it is my job to tell the Government how to do it, but there are lots of things you could do without increasing Government expenditure, merely making it part of the way we live. That is what I mean about institutionalising it.

Q302 **Chris Skidmore:** On the land use one particularly, the thing we have focused on is lining up the net zero goal with the adaptation goal and with the nature goals that we have now and the food security goals. We are trying to do a lot of things with land and we need to come up with a system that is able to do them together rather than them coming into conflict, very much cutting across devolved nations and UK legislation as well. It is a complex picture, which is why we have to have a strategy for how we deal with it.

**Lord Deben:** It is why we also have to have a Planning Act that covers that.

**Chair:** We have a final short question from Anna McMorrin.

Q303 **Anna McMorrin:** It is just very quickly on the point you made on adaptation. Both the Environment Agency and Natural Resources Wales are using outdated maps on flooding, one in every 100-year maps. I have challenged them on this, but they say that they cannot do anything about it because that is how it is at the moment. What can you do as a committee to make sure that this does not happen? What this tells the story of is how it impacts people on the ground but it also helps



Government to make those actions and commit to the funding to adapt.

**Lord Deben:** There is a long answer to that and we will try to give it to you, but there is a short answer. That is that the one in 100-year comment is about the worst use of language that there is. Nobody understands it. It does not mean what it sounds like it means and I think it distorts the whole argument. I never use it. I merely say—

**Anna McMorrin:** They do.

**Lord Deben:** I know, and I tell them not to and we have to tell them not to. It is disinformation and it is the kind of phrase that ought to have been invented by a Marxist.

**Anna McMorrin:** I have constituents who are still now living with their furniture upstairs because they are in fear of being flooded out.

**Mike Thompson:** It is fundamental to adaptation that people have good information. It needs to be accurate and it needs to be up to date.

**Barry Gardiner:** A Marxist or a UK Prime Minister, Lord Deben?

**Lord Deben:** I was making no comments of a political kind.

Q304 **Chair:** Thank you very much. Just before we conclude, in terms of energy efficiency, which is one of the big items you have raised this time, our Committee did a report looking at energy efficiency of existing homes, which we published I think two years ago. We took evidence that was somewhat contradictory to the evidence that you had to substantiate your average cost of improvement across the UK. It would be very interesting if you had the opportunity to read our report and compare it with your evidence and see whether or not one of them needs updating.

**Lord Deben:** We have read it and we will certainly do that.

**Chair:** Thank you very much indeed. Thank you, Lord Deben, for joining us, perhaps not for the last time, and Mike Thompson—both of you—for giving us such powerful evidence today.