HOUSE OF COMMONS

Public Accounts Committee

Oral evidence: Achieving government's long-term environmental goals, HC 927

Thursday 3 December 2020

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Watch the meeting

Members present: Meg Hillier (Chair); Olivia Blake; Sir Geoffrey Clifton-Brown; Barry Gardiner; Dame Cheryl Gillan; Sir Bernard Jenkin; Sarah Olney; James Wild.

Questions 1-98

Witnesses

I: Sir James Bevan, Chief Executive, Environment Agency, Philip Duffy, Director General, Growth and Productivity, HMT, Tamara Finkelstein, Permanent Secretary, DEFRA, David Hill, Director General, Environment, Rural and Marine, DEFRA, and Marian Spain, Chief Executive, Natural England.

HOUSE OF COMMONS

Report by the Comptroller and Auditor General

Achieving government's long-term environmental goals (HC 958)

Examination of witnesses

Witnesses: Sir James Bevan, Philip Duffy, Tamara Finkelstein, David Hill, and Marian Spain.

Chair: Welcome to the Public Accounts Committee on Thursday 3 December 2020. We are here today to look at the Government's ambitious 25-year environment plan, which was published almost three years ago. It is intended to improve the natural environment of England within a generation and is aimed at positioning the UK as a global environmental leader. It has 10 overarching goals addressing challenges as diverse as ensuring clean air, clean and plentiful water, and thriving plants and wildlife, so there is lots of purple prose and lots of big promises. The National Audit Office has been looking at it and examining how the Government have, so far, set about putting those big plans into action.

We are here to talk to witnesses from the Government and agencies about how that has been going for the last three years and what the plans are as we go forward. It is quite heartening to be discussing something that is not covid-19 for once, and to be looking forward to the future.

Our witnesses today are Tamara Finkelstein, the permanent secretary at DEFRA, who I am delighted to welcome in the room; Sir James Bevan, who is on our screen virtually, the chief executive of the Environment Agency; David Hill, who is with us in the room, and is director general of environment, rural and marine at DEFRA; Marian Spain, the chief executive of Natural England, who is with us in the room; and Philip Duffy, who is with us virtually on the screen, and is director general for growth and productivity at the Treasury. Of course, the Treasury is key to making sure that all of this works, although some people may not realise that at the outset. I will turn first to Tamara Finkelstein for a few quick questions from Barry Gardiner MP.

Q1 **Barry Gardiner:** Perm sec, are you satisfied with the progress of the Environment Bill?

Tamara Finkelstein: Yes, in terms of the position we have. We have completed the Committee stage, and it seems to be making good progress.

Q2 **Barry Gardiner:** It was certainly a long time getting to the Committee stage, as you know. A lot of people were wondering where on earth it was. It is now out of Committee. When are we going to get Report stage and Third Reading? Is that something that the Leader of the House will announce to us later this morning?

Tamara Finkelstein: I am afraid I don't know. That is obviously for the Leader of the House. I am not sure of the exact plans on timing.

Q3 **Barry Gardiner:** Okay, so we have no knowledge yet as to when the Bill will be coming back for Report and Third Reading. Is that right?

Tamara Finkelstein: I don't have that information; I am sorry. Our expectation is that we will move forward and hope to have Royal Assent early in the new year.

Barry Gardiner: Okay.

Chair: That will be hopefully be coming up in the House in the next halfhour. I will go to Sir Geoffrey Clifton-Brown next.

Q4 **Sir Geoffrey Clifton-Brown:** Just two top-line questions from me. We read that there is a lot of negotiation on fishing. Whatever the agreement on fishing, it is going to need policing and enforcing. I accept that that is only partly your Ministry's responsibility, but can you assure us that, whatever the deal—I am not asking what the deal is or is likely to be, because that would be improper—you and your other Ministries are focused on that matter? Do you anticipate that you have the resources and protocols in place to deal with it, whatever the circumstances?

Tamara Finkelstein: As part of our contingency work ahead of the end of year, we have put in place arrangements around control and enforcement. The Marine Management Organisation has access to additional boats and military support. The contingency plans that we have talked about are in place to enable adequate control and enforcement. As you say, we are working very closely with the Department for Transport and the MoD on that, but I do have that confidence.

Sir Geoffrey Clifton-Brown: Okay, thank you very much.

Q5 **Barry Gardiner:** Looking at the future and Brexit, are you satisfied that you have the veterinary capacity to impose any of the necessary border checks that may be forthcoming? Again, I am not asking you to predict the deal; I am just asking you whether, in all circumstances, you have the necessary veterinary capacity.

Chair: We touched on this early last week, Ms Finkelstein. Is there any update?

Tamara Finkelstein: It is a key need for export health certificates for 1 January. It is challenging to predict the exact volume of export health certificates that we will need and, for the vets who are trained up, the amount of time they will put on to that sort of work. We have greatly increased the number who are trained to do so, from 600 in February 2019 to 1,200 now, and about 350 have signed up to the training. I cannot give absolute—

Q6 **Barry Gardiner:** What is your estimate of the capacity that might be required in the worst-case scenario? You have given us the figures of the capacity you have. What do you anticipate might be the worst-case scenario?

Tamara Finkelstein: It is very difficult to predict, because you do not know how much time any vet will spend on it or exactly how many you will need. However, as you say, in terms of our scenario planning, if those who are training complete that, for the central estimates that should be adequate capacity, but if not, there would be concerns about capacity, which is one reason why we are training up our Animal and Plant Health Agency vets to have some capacity to do this work. The other reason for that is the uncertainty around geography and where the need will be and where the vets will be, so that is a bit of a contingency. We have also been having conversations with the Food Standards Agency about that capacity, so we are very much continuing to try to up the capacity and plan for it, but it is a risky area; I would not deny that.

Q7 **Barry Gardiner:** I do not want to put words in your mouth at this point—that would be unfair of me—but what you have said indicates that, in a worst-case scenario, you are not confident that we will have, in the right place, the veterinary capacity required. Would that be a fair restatement of what you said?

Tamara Finkelstein: I do not think it would be quite fair. I am saying that, in order to manage that, we are looking at what the right contingency plans to have in place are. We are putting those in place and will continue to do that during the coming weeks.

Q8 **Barry Gardiner:** So you will get there?

Tamara Finkelstein: As I say, it is hard to know where "there" is. Absolutely, the capacity will increase, and the contingency will be in place.

Q9 **Sir Geoffrey Clifton-Brown:** This is not intended to catch you out, and I am perfectly happy if you can't answer and want to send us a note. We have had some representations from zoo owners. Could you give us an update of where the zoos covid fund is, in terms of how much money has been paid out? If you cannot, I am perfectly happily for you to write to us.

Tamara Finkelstein: I am sorry; I do not have the numbers to hand. We have been actively on it and seeking to ensure that zoos are able to access the fund, but I do not have the detail that you would probably like, so if it is okay, I will send a note.

Chair: Yes, that is fine. Thank you very much indeed for that.

Q10 **James Wild:** Ms Finkelstein, I want to ask about sugar beet and neonicotinoids. As will be aware, yields are down 25% on the five-year average due to virus yellows, and five EU member states have already granted derogations for next year's crop. When will the industry get a response to its request for a limited derogation?

Tamara Finkelstein: We recognise the needs of the industry and its concerns, and Ministers are looking at that. We are very aware of the time pressure on that. The industry has said that the middle of the month is quite an important date, and Ministers are absolutely aware of that when looking at the advice.

Q11 **James Wild:** So farmers in North West Norfolk should expect a decision in that timeframe—by the middle of December?

Tamara Finkelstein: I very much hope so. As I say, Ministers absolutely understand the deadline and the time pressure.

Chair: Mr Wild, you know who you need to lobby now to make sure that that happens in time. Thank you, Mr Wild.

Q12 **Olivia Blake:** This question is for Ms Finkelstein as well. Obviously, a big part of the 25-year plan was around soil degradation and peatland management. In the 25-year plan, there was the promise of a peat strategy by the end of 2018. How soon can we expect to see that promised England peat strategy?

Tamara Finkelstein: There are a number of strategies, including that one, that have had to be delayed into next year. A lot of work has been done on it, so it is close to being able to be published, but I think we are looking at the first quarter of next year. I will just see if I have that right. Mr Hill might be able to help.

David Hill: Yes, that is right. Work on the draft strategy is well advanced, and we would expect to be able to bring that forward in the next couple of months.

Q13 **Olivia Blake:** I look forward to that. I just wanted to understand whether you feel that the lack of strategy has led to any further damage of peatland, and whether we should be concerned about that.

David Hill: The challenges we face on peatland are well understood, and in the intervening period, of course, we have had to make interim arrangements around how we protect our peatlands. However, the strategy will have a long-term focus. The key thing about the strategy is that it is really looking forward for the long term at the measures we need to take over the kinds of time horizons we have outlined in the 25-year plan, so although clearly we would have wished to be able to bring this work forward earlier, I feel that getting that long-term approach in place will be the key value that the strategy will add.

Q14 **Chair:** Thank you very much. It would be very helpful if you could write to us with an update as the strategy is progressing, so that we know when it is expected, when that is announced.

David Hill: Of course.

Chair: If you could flag that to us, that would be very helpful, because we are working closely with our sister Select Committees, Environmental Audit and EFRA, on a number of these issues. We can now move into the main session and talk about this very ambitious and exciting plan—if we are being positive—but obviously it is three years in, and we want to know what has been happening. I am going to ask Sarah Olney MP to kick off.

Q15 **Sarah Olney:** Thank you, Chair. Good morning. This question is to Ms Finkelstein. There is a lot of talk these days about a climate and environmental emergency. Many local authorities across the country have passed motions to declare an environmental emergency, and a crossparty group of MPs is supporting a Bill through Parliament on the climate and environmental emergency.

There is a clear consensus across many parts of government and political parties that action on the environment is urgent, yet this Report finds that although an ambition was first set in 2011 that we should be the first generation in the UK to improve the natural environment of England, it took until 2018 to publish the 25-year environment plan, and we still do not have clear objectives as to how that plan is to be achieved. Why is it taking so long when, as I say, there is such a consensus that action is really urgent?

Tamara Finkelstein: The 25-year environment plan is a very ambitious plan, covering 10 goals, and it provides a really important framework. Actually, quite a lot has happened since its publication and in the run-up to pulling the plan together. We talked about the Environment Bill; it is really key legislation that we have developed that provides the statutory underpinning to a lot of what is in the framework. We have developed some of the policy detail underneath some of the plans—a clean air strategy, and a resources and waste strategy—and some of the funding is in place to make progress in some very important areas.

For example, we are just coming to the end of one significant programme of flood defence work, with a commitment to a bigger flood defence programme going forward. We are also committed to funding peatland restoration—which we were talking about before—and tree planting, together with the delivery programmes that underpin that, such as our air quality plan, which is in progress. I suppose I would say that progress has been made in all of those areas.

We very much take what the report says about the need to continue to develop the framework to enable real clarity about how progress can be measured. We are trying to strike a balance between having the framework set and developing the framework, as we develop ways in which to measure these ambitions. There are not yet ways in which to measure some of the things that we are trying to measure, so we are investing in quite a lot of science to do so. It is about trying to get that balance: staying really ambitious in what we are trying to do, while having a clear framework to measure progress against. We have been publishing our progress each year, and will continue to do so, and to build progress that we can publish and give transparency on.

Q16 **Sarah Olney:** I looked at the 2020 progress report against the plan, and I was really struck by some of the language used in the executive summary. It says that you are continuing "to put the levers in place", that the "ability to report on progress against outcomes is at an early

stage" and that you are "still in the process of developing the full set of indicators against which to report". I just want to go back to my previous question. The ambition in 2011 was set three years after the Government were first recommended to do this plan. As we have noted, there was a seven-year lag between the White Paper and the eventual plan. I appreciate the level of ambition, but still, there is the urgency, and there is this time lag—the time that this is taking. Why has it taken such a long time, and why are we still not seeing the measures that need to be reported against?

Tamara Finkelstein: As I say, I think we are making progress. You describe the progress report, and we have developed the set of 66 indicator areas. We do not have indicators against all those, but we had 27 last year and 38 in place this year. We will have more next year. By next year, we will be covering most of the goals in the environment plan. As the report says, it is a very complex and interdependent system. We have put those in place and we have been showing progress against them, but we are continuing to build that framework.

You asked about putting the measures and targets in place. That is exactly what we have been doing through the Environment Bill, which will hopefully become an Act in the new year. That puts in place the statutory framework and the Office for Environmental Protection, which will hold us to account on progress. I think we have been making progress that is commensurate with the complexity, but we take what the report says. We are looking at

how we continue to build through the progress reports, developing the indicator framework, continuing to build the information in place, and really building towards the next version of the plan in 2023 for an even more holistic and complete framework—balancing the ambition with the progress reporting and transparency.

David Hill: If I may, I will add to Tamara's remarks about the outcome indicator framework. Perhaps I can help to set out the status of the framework. As the permanent secretary was saying, the 25-year plan is a hugely ambitious long-term prospectus for driving environmental improvement across some very complex areas of environmental outcomes. Very early on, we were able to publish the data that we already hold about the condition of our environment, but the fact that we have an outcome indicator set of 66 indicators reflects the fact that we are seeking to be more ambitious and more stretching—to understand and measure different aspects of environmental conditions in the future. We were immediately able to publish around 40% of that framework, where we already had the data, but it is an iterative process.

We are seeking to stretch ourselves and do new research so that we can better capture some of the ambition laid out in the plan. That framework will continue to evolve as we set new statutory targets. We may well need to continue to add to that framework and further develop it, because it gives us a better evidence base about how we measure. It will continue to iterate. As the permanent secretary, I would expect that in spring of next year we may well be able to bring forward data against a further 10 or so. I am confident that we are making good progress.

Q17 **Sarah Olney:** From what you are saying, it seems to me that the ambition and the complexity of the plan and the sheer range of outcomes that you are trying to achieve are actually getting in the way of making progress. Is that the case?

David Hill: I wouldn't say that it is getting in the way of making progress. I would say that the complexity reflects the degree of challenge that we face in making long-term improvement in the quality of all aspects of our natural environment. What we are doing, reflecting that complexity and that degree of challenge, is putting in place the legislation, the targets framework, the funding and the delivery programmes, which I know fellow witnesses will be able to say more about, to ensure that we have a programme of work commensurate with the scale of that challenge.

When we talked to the NAO team embarking on the Report it has just concluded, we had some very useful conversations, which recognised that this is difficult, challenging and complicated stuff. The Report itself has been incredibly helpful in terms of helping us think through some of the best practice we can bring to bear in how we address that.

Q18 **Sarah Olney:** What I am hearing is that the Environment Bill is a key staging post towards reaching some of these milestones. Referring to my colleague's comments earlier, we are now expecting the Environment Bill

to be passed imminently. Once that is achieved, when can we expect a final set of clear objectives to deliver the plan?

David Hill: The Environment Bill is absolutely critical. If you think about an analogy with climate change policy a decade ago, the Climate Change Act was the underpinning architecture for so much of what has subsequently driven climate change policy and delivery in the subsequent decade. I think the Environment Bill has the equivalent foundational importance for so much of what we will seek to do on environmental improvement in the coming years.

On your question about when you can expect to see targets, we intend to bring forward draft statutory targets under the chapter areas outlined in the Environment Bill by October 2022, but the process of engagement and consultation and seeking independent and expert advice on the framing of those targets will be under way in 2021, subject to the passage of the Bill.

Q19 **Sarah Olney:** That still seems like quite a long time to wait, given the urgency and the length of time that has already elapsed.

David Hill: It is important that we get the target setting right and it is important that we build in the time for independent expert advice to get the science right, to get the analysis right and to get the assessment of feasibility and cost right. We are moving forward with it as quickly as we can, but it is important that we build that independent and expert scientific advice into the process.

Q20 **Sarah Olney:** Thanks very much. It still seems like an awfully long time to wait, given the urgent nature of the issue under discussion.

I wanted to speak to Philip Duffy now. One of the other concerns about this current lack of a clear set of objectives is a financial plan for delivering them. How will you ensure that the Government's ambitions are affordable and deliverable within the scope of the timeframe set out?

Philip Duffy: That is something we have given a lot of thought to recently. In this spending review—as you recall, it was intended to be a multi-year settlement, but in reality about half the budgets are only one year—we asked Departments for an assessment for all their bids of the contribution of their proposals towards delivering the UK's statutory climate objectives in terms of emissions. We also asked them in looser language to talk about the impact and coherence with the environment plan.

From next year's spending review, as soon as we have the Environment Bill in place, we would like to ask Departments to make those spending submissions clearly linked to the statutory targets that the Environment Bill will be making.

At the minute, we have struggled to do that. We have found that even on the carbon returns we received—which is in many ways more straightforward—to the spending review, some Departments were

struggling to articulate the impact of their spending positions on the climate. I suspect this will also be challenging in the natural environment area.

In the spending review, the Chancellor was able to allocate some longerterm funding by exception to things that he regarded as being an operational imperative to deliver. For example, he has delivered longerterm funding settlements for flood risk. He has delivered longer-term uplifts—very large uplifts—for the research councils and allowed public bodies, such as DEFRA's, to bid into that pot. He has also underwritten things such as the biosecurity programme at Weybridge over a longer period.

The question of how to put together spending decisions with a clear account of implications for our statutory target is something the Treasury is taking seriously now. It is reflected in the Green Book, which we have just issued an update to. We also asked Partha Dasgupta what we should do in terms of our internal processes to maintain that alignment.

As David Hill has said, in many of these areas we are fundamentally not sure what the right choice of indicator would be, because the underlying science base is not yet there. We will have to do a great deal of work at next year's spending review to try to cobble together the Environment Bill and our spending cycle.

Q21 **Sarah Olney:** From what you are saying, it sounds as if the most recent spending review last week was quite reactive and responded to certain things that have become urgent, but you are not yet able to make strategic allocations to invest for the long term, which everyone knows will be needed to address the environmental challenges we are facing. We just do not know yet what those specific allocations look like. Is that

what you are saying?

Philip Duffy: I do not think that is a fair characterisation. First, on the issue of carbon emissions, we have a statutory budget-setting process with advice independently. The Treasury's long-term policy work—whether on financial stability or the national infrastructure strategy—is setting out medium-term objectives for how areas of our work can be consistent with the medium-term areas.

However, in our system, it is for Departments to make proposals for spending. We set the ground rules for those proposals. We need to ensure the guidance and the structures we use reflect the natural environment. It does not currently reflect the natural environment as well as it should do.

The area for development for the Treasury is to ensure that on the back of the Green Book, as we go into another spending review, the guidance we issue and the expectations that we set for how Departments should appraise the impact of what they are doing—whether in the MOD or the road programme, or any area of Government—are better than they currently are. As the permanent secretary was saying, that will require quite a lot of

investment in core science capability, because in many areas these judgments are very complicated.

Q22 **Sarah Olney:** You mentioned that other Departments have a role in this. To what extent are other Departments contributing to DEFRA's submission, particularly over the medium to long term?

Philip Duffy: I think it is variable. At one end you have a Department such as the Department for Transport, which has worked hand in glove with DEFRA and the Treasury. That is a good example of a fully costed programme. It will cost £880 million to get the 61 local authorities in England covered by that programme up to their statutory objectives. We know it can be done, particularly when there is a clear, well-evidenced objective like that.

There are many other Departments. MOD would be a good example, because it is responsible for significant areas of SSSI. It is thinking very hard about its environmental impact and is asking the Treasury about what kind of guidance it can get to improve its assessments and appraisals in the way it does its spending submissions.

I think there is now good governance between the business Department, the Treasury and DEFRA on areas of what you might call industrial policy, where we face some of the most extraordinary and demanding missioncritical implications for the environment. That is improving. Fundamentally, across Government, the level of awareness, understanding and rigour of our natural environment is trailing behind where we are on the climate. That is something that the NAO has rightly raised in its Report and that we need to take quite seriously.

Q23 **Sarah Olney:** Back to David Hill, when we have talked about objectives being set for October 2022, is your expectation that that will include the costs and key milestones?

David Hill: Before I address that question, may I pick up on your earlier question, which Phil Duffy started to answer, on the engagement with other Departments? I will add just one point on that, which is to say that the NAO Report made some helpful recommendations in that, in its view, there was a bit of a gap in some aspects of how we were co-ordinating with other Departments. We have reflected on that recommendation and acted on it: we have established—in fact, it met earlier this week for the first time—a new board, with lead directors-general from all the big domestic delivery Departments with a stake in the 25-year plan. The intention is that that will become the mechanism by which we—

Sarah Olney: Sorry to interrupt, but we will talk a little more about the cross-Government aspect later.

David Hill: Okay, I will come back to it then. On the target-setting point, in the process that I was describing earlier of framing targets, one element of that will be working through the cost and feasibility in the target setting, in

order to fix targets that are stretching but deliverable and achievable. That would be an important element of it.

On the wider question about setting out the costs and associated funding for our major programmes, as Phil Duffy alluded to earlier, we of course have that where we have established delivery programmes, such as with the NO_2 plan for reducing roadside emissions, but we are continuing to refine and improve—I hope—our annual reporting against the 25-year plan. What I would hope to do is progressively draw more information into our annual reporting, some of which will obviously run ahead of October 2022, to give the most comprehensive overview we can of our spend on the main programmes supporting the plan.

Q24 **Chair:** Could you give us an example? When you say you will put more into that, can you take an example area of what that would actually look like, for those of us reading that plan so that we can keep track?

David Hill: For example, we should reflect on and consider what we could set out in one place, where we have major funded programmes, such as the air-quality programme, the tree-planting programme or the nature for climate fund—the Chancellor reaffirmed commitments to support that programme with £90 million next year and a longer-term commitment—

Q25 **Chair:** How deep would that draw down? If you were living in a county in England, would you have an idea of what it meant for your county? Presumably, you would not go down to the very micro.

David Hill: It will depend a bit on the nature of the spending programme in question. I am sure that we would have some, for example, regional spatial data in relation to the big floods programme investment. On air quality, again I think we would be able to articulate what we are spending—for example, working with different local authorities on their NO_2 reduction plans—but we would need to reflect on whether we could draw that together in a consistent and intelligible format across all the different environment programmes, because it will depend to a degree on the nature of the programme in question. But the challenge is a good one—to see whether we can bring all that together in a more intelligible and accessible fashion.

Chair: Everyone here needs to hold it to account, and that is the key thing that Ms Olney has been highlighting.

Q26 **Sarah Olney:** Covid-19 has obviously had an enormous impact across all areas of Government. Have the pandemic and the associated lockdown had an impact on your ability to progress your work on the environmental plan?

Tamara Finkelstein: I am quite proud of the amount of progress that we have made despite covid and the challenges around planning for the end of the transition period as well. We have taken through the Environment Bill and actually published the progress report and the outcome indicators. We have made quite a lot of progress ahead of time for what, hopefully, will be the set-up of the OEP. You will have seen that we have published our agricultural transition plan with the environmental land management

scheme, which is completely critical to delivering the 25-year environment plan.

Both my colleagues have talked about funding for tree planting and peatland restoration, so we have made a lot of progress. We have had to make some decisions around how we use our resources, so we had to delay our secondary legislation on straws, cotton buds and stirrers, which we had wanted to do in April, but had to do it in October. We talked earlier around some delay in publishing the peatland strategy, so there have been some delays, but we have tried to be quite pragmatic about them, and we do not expect a permanent impact on what we can do on this ambitious plan from the delays that we have had to make. We have made quite a lot of progress underneath that even if something has not been published. So, it has an impact, but we have managed it reasonably well.

Q27 **Sarah Olney:** You mentioned one example of behaviour change that has perhaps been a little bit unhelpful in as much as this year we have all been using far more single-use plastics than we intended for hygiene reasons. What kind of measures will the Department be taking to try to reverse that trend?

Tamara Finkelstein: There have been all sorts of changes in behaviour as a result of the pandemic, some of which are as challenging as you describe. Others are more positive: people using their car less, especially during the early part of the pandemic, and people cycling more into work and so on. We have been quite keen to find ways in which we can help build those into habits sooner rather than later. The Department for Transport is investing a lot in cycling and walking and giving some quite immediate money to local authorities for them to take some immediate actions on that.

For us, a lot of people were accessing nature—different sorts of people who might not normally access some of our national parks and so on. Again, we have been looking at how we can act fast in order to build on that behaviour change in a positive way. We have been investing in a number of things to secure that.

We are very aware of that, particularly of the issue around PPE and the non-disposable elements of that and the increase in that waste. It is quite challenging to do things about that, because PPE is needed in particular settings. Clearly, outside of hospital settings, encouraging people to use reusable masks and so on has very much gone on. So, we recognise that it is a balanced picture, but we have been trying, as I say, to make good behavioural change into habit through some of our investments.

Q28 **Sarah Olney:** May I just press you a little? You talked about cycling and walking. There was, obviously, a big uptick during the first lockdown, but my anecdotal experience—in Richmond Park particularly—is that that has not been maintained during the second lockdown. We are seeing a big increase in congestion in my constituency and in the park itself during the second lockdown. I would be interested to know whether you are actively monitoring cycling and walking—particularly while people are being advised

not to use public transport. What are you doing to monitor cycling and walking, whether there is an actual sustained growth, and whether people are using their cars more? What do you think you might do to either sustain positive change or address, shall we say, negative change once the vaccine is here?

Tamara Finkelstein: I do not have that monitoring to hand. It is something that I would probably need to ask the Department for Transport for, but the Department has very much developed its cycling and walking strategy and has made a big investment in that—I think £2 billion over the next five years. I also know of work with local authorities to have pop-up and permanent cycle lanes, to have changes in use of road space, which we will have seen to make walking easier and so on, and to have investment in cycle parking spaces at stations and so on. I know that work is happening, but I don't know enough about exactly what we are seeing. I could perhaps write to you about that if it would be helpful.

Q29 **Sarah Olney:** I think it would, but if you have your air quality work and you don't know what is going on in the Department for Transport that would have an impact on that, is not that going to be a problem for you, in terms of addressing the air quality issues that you need to address?

Tamara Finkelstein: That is reasonable, and I actually shouldn't have said that that is something I shouldn't know about. I don't have that to hand. Is it possible to bring in Mr Duffy, who seems to be indicating that he could add to that?

Philip Duffy: We are monitoring walking, cycling and public transport use every day, and we have built a team at the Treasury to do that. The reason we are doing that, of course, is that it is a very good proxy for the risk of the R rate for the virus going up. That is the primary reason why we have brought that data in.

You are correct that the level of driving is high—I haven't got the exact number, but it is comparable to what it was last year—but walking and cycling have increased significantly. Of course, during this year, in addition to the £880 million that we have provided for the reduction in air pollution to local authorities, we have also provided extra temporary funding—£225 million—for things like low-traffic networks to facilitate and promote people doing active travel. We also have a very substantial commitment over the Parliament for additional investment in cycling infrastructure.

This is a Government who, from the Prime Minister down, are very focused on active transport and has made some pretty large investments. That should help people to modify how they go about their daily business, particularly on things like the school run, for example.

Sir James Bevan: We are trying to change the behaviour of our own staff, because I agree that changing behaviour is fundamental. We have just rolled out an online carbon calculator so that they can work out how much carbon they emitted when they were travelling to and from work before coronavirus

hit and how much they are now generating when they are mostly working from home, so they can think about how they want to change their behaviour when we eventually come out of the lockdown. Sometimes it is quite counter-intuitive. It shows, for example, that although we tend to think that staying at home is good for carbon, if you have the central heating up too high, you can actually be putting more carbon out than if you cycle to work and work in an office.

Q30 **Sarah Olney:** One last very quick question. Philip Duffy mentioned lowtraffic neighbourhoods. I am interested to know, from an air quality point of view, what is the evidence that low-traffic neighbourhoods improve air quality overall, or do they just move congestion from one set of streets to another set of streets? What evidence is there?

Philip Duffy: It does produce a rise in traffic in alternative routes. There is analysis from the Department for Transport covering that, which we could point you to. Overall, there is a reduction in traffic—the total volume of traffic reduces. Of course, it is worth noting that they weren't introduced for the purpose of improving air quality; they were introduced to make people feel safer cycling and walking in their daily business. It is important that we are clear about the goal of LTNs. They are not per se an air quality measure.

Q31 **Sarah Olney:** I totally get that point, but obviously today's inquiry is about the environment, and it is about co-ordinating activity across Government. If the Department for Transport measure is worsening our air quality, that should be a matter of concern for DEFRA. That is the point I am driving at. Does air quality for everybody improve with the introduction of some of these measures that we have seen during covid? Obviously, we hope to see them lead to long-term behaviour change. I think that is the point that the Report is getting to. If we are making these transport changes, are they improving air quality? I take your point that they are reducing traffic overall, but I would like to see what evidence there is about the improvement to air quality, which is specifically what we are concerned with today.

David Hill: I will make two points. On the point that you raised about the risk of measures simply displacing the problem elsewhere, I will give an example of the work we are doing through our joint unit with the Department for Transport on roadside emissions, working with the worst hot spots around the country. When we appraise local authority business cases regarding the measures they might seek to put in place to reduce NO_2 concentrations, we assess and scrutinise that those measures do not have a displacement effect of just shifting the problem somewhere else, so we try to build around measures that will design the transport infrastructure with other mitigations, such as cycling and walking, which do not have that perverse effect.

The other thing we are looking hard at is in the context of the earlier discussion around target-setting. We are seeking in air quality to do two things: we are exploring the setting of a target that deals with the worst

concentrations of poor air quality, but we are also exploring the potential to set a target for long-term average exposure of the population everywhere. The setting of the second target is intended to complement the first, because it is not just about tackling the worst areas; it is also about trying to have a legal framework that drives continual improvement right across the country.

Chair: Thank you very much, Ms Olney, for now. Let's go to Olivia Blake MP.

Q32 **Olivia Blake:** Obviously, tackling water resources is one of the five priority risks for the Committee on Climate Change. What impact will postponing your work have on reducing the demand for water, and what effect will that have on the threat to water supply in parts of England?

Tamara Finkelstein: We are taking action around supporting a reduction in demand for water, and we have consulted on the ambition to reduce personal consumption of water, on improving our building regulations and on being able to put a label on goods that use water in a way that allows you to identify more water efficiency. There is a whole range of things. In the spring, we will be publishing our response to the consultation on those areas.

Chair: Sir James Bevan wants to come in on the same issue.

Sir James Bevan: I just wanted to add that the Environment Agency is already doing a lot to ensure that we reduce unsustainable water extraction. If you take more than 20 cubic metres of water out of the ground every day, you need a licence from the Environment Agency to extract that. In the last few years, we have been running a programme to ensure that those licences do not allow over-extraction, which is unsustainable. Since 2017, we have changed over 300 of those extraction licences, which has returned, I think, 47 billion litres of water a year to the environment. That is the equivalent amount of water used by Bristol and Nottingham every year.

Q33 **Chair:** Bristol and Nottingham combined.

Sir James Bevan: Yes, and we are continuing with that programme.

Q34 **Olivia Blake:** Obviously, the Committee did a wider piece of work on this earlier in the year. Since then, there have been two pushbacks on when this work will take off. Are you confident in the timeline you have just outlined for early spring, or do you think that there could be potentially a further delay?

Tamara Finkelstein: I would expect us to be able to publish the response in the spring, but that is not to say that there has not been progress ahead of publishing our response to the consultation. The ambition around reducing the level of personal consumption was part of the national framework for water resources, whereby we ask water companies to be planning on that basis. We have been working really closely with stakeholders around both the building regulations and the labelling of

products work. We have not published, but a lot of progress has still been happening. Publishing it is something we have had to delay slightly.

Q35 **Olivia Blake:** Finally, you mentioned in an article back on 27 October that this was a twin-track approach for increasing supply and reducing demand. Can you outline what is going on in terms of increasing supply?

Sir James Bevan: The measures going on in terms of increasing supply include: provision for more water transfers from one part of the country to another; the building of new infrastructure like reservoirs that will help to enhance supply; and other technical measures like desalination—Thames Water has a huge desalination plant, for example, at Beckton. All those things will help to enhance supply over the next 10 or 20 years, but unless we also bear down on demand, including through reducing personal leakage, we will end up in what I have called the jaws of death, where demand exceeds supply.

Q36 **Olivia Blake:** Do you feel you have enough funding to support infrastructure such as desalination plants?

Tamara Finkelstein: The water companies have got plans and significant investment plans agreed with the regulator to meet the full set of objectives, including resilience of that kind.

Q37 **Sir Geoffrey Clifton-Brown:** Sir James, you will recall that in our hearing on water supply and demand management on 1 June, I raised the problems of our limestone streams in the Cotswolds—I got into trouble because I called them chalk streams—namely, the Coln, the Churn and the Windrush. Your area manager was extremely helpful and sent a letter in September, but the problems do not seem to have gone away, so can I ask for the utmost co-operation between your agency and my environmental groups to see what can be done to improve the water quality on those rivers going forward into next year? I suspect that, when covid recedes and people are out and about more—particularly when we get into the summer drought areas—these problems will come to the fore more than perhaps they do over the winter? Can I have your assurance that we can have that ongoing co-operation?

Sir James Bevan: You can indeed, Sir Geoffrey. By the way, I called them chalk streams too, so we are both guilty if that is an error. I am well aware of the issues that you raised and glad that our team has been in close touch with you and your colleagues. We have been, as I think you know, looking very carefully at whether some of Thames Water's storm sewage discharge sites' permits are appropriate and performing as they should. We are also looking at their drainage strategy, because there may be a risk of them failing to meet their obligations to manage infiltration of the sewer network. We have also put in place additional monitoring so that we have a better sense of what is going on. We will continue to work very closely with you and your colleagues on this.

Q38 **Sir Geoffrey Clifton-Brown:** One of the issues was discharges by water companies. Without perhaps going into specifics, has your interaction with them taken the form of just measuring what they do, or are you going further than that and trying to enforce more closely their licences to discharge?

Sir James Bevan: The answer would be both those things. We have worked with the water companies to put event duration monitors on most of the 15,000 or so combined sewage outflows that we have got in this country so that we and the water companies now know in real time when those sewage outfalls are triggering and by how much they are putting material into the rivers. That allows us to ensure that we work with the companies to ensure that they are reacting quickly if those discharges are exceeding the permitted levels.

I have also had a meeting with all the chief executives of the major water and sewage companies where I underlined pretty explicitly how potentially damaging this issue was for the water sector and encouraged them to reflect on what more they can do, including through more investment over the next few years, to begin to reduce that problem. But it will be a longterm problem, because the costs of replacing those combined sewage outflows, which are huge, will take many years to come forward.

Q39 **Sir Geoffrey Clifton-Brown:** Has that dialogue with the water companies been productive, or have you got to the stage where you are contemplating enforcement action against any of them?

Sir James Bevan: We will always consider, and take, enforcement action against water companies and sewage companies if they are failing to give effect to their legal obligations or our regulatory requirements. That is an ongoing thing. I think it would be fair to say that the water companies recognise that this is an issue for them. I think it has become a much bigger issue over the last year or so because of campaigning, and that is not a bad thing, but, as I say, the long-term fix will involve replacing those old—essentially Victorian—combined sewage outflows with separate arrangements where you separate foul water from clean water. That will take decades and billions of pounds. That progress needs to start now.

Q40 **Sir Geoffrey Clifton-Brown:** One of the issues in that hearing was the regulator providing the infrastructure for the water companies to be able

to invest more to improve their plants. Have you had any discussions with the regulator on that matter?

Sir James Bevan: Yes. We work very closely with Ofwat, which is the economic regulator. We are the environmental regulator for the water sector. We have set up with Ofwat something called RAPID—the regulators' alliance for progressing infrastructure development; a clumsy title for something important—which is designed as a forum for us as the regulators to consider with the water companies what might be getting in the way of the investment that we all want them to put into things like combined sewage outflows. The Ofwat five-year plan for the water companies, which

is fixing what the water companies can charge, and what they can do over the next five years, includes provision to accelerate some of the work that is needed on this kind of infrastructure.

Q41 **Sir Geoffrey Clifton-Brown:** The Chair will want to move on quickly in a minute, but I have three more questions. One big area of water transfer is to see how we can transfer water from the Severn to the Thames to supply London. What work are you doing on that? There are two big schemes that touch on my patch: one is the Abingdon reservoir, and the other is the Severn and Thames canal to transfer water from the Severn. The third, of course, is an underground pipe. What work have you been doing on all this?

Sir James Bevan: We work with the water companies individually as they draw up their plans for the future five-year period. That includes working with them on what we think would be appropriate planning and investment for the kind of infrastructure that you are talking about, including water transfers and the potential major new reservoir near Abingdon.

We are for water transfers. As I said in response to an earlier question, we think that that is going to be part of the mix of the answer to meeting the country's needs over the next 30 years. They are not without risk. One of the risks is the transfer of invasive non-native species between rivers, which can do a lot of damage to the environment. We need to find a way to manage that while empowering allowing those water transfers to go forward.

Q42 **Sir Geoffrey Clifton-Brown:** You very helpfully said that you are looking at over-abstraction, which of course is one of the problems with the chalk streams and limestone streams. You have reduced it by 47 billion litres of water, which sounds a lot. Have you published any information on where that work has borne fruit? Where has that reduction taken place?

Sir James Bevan: It will be all across the country because there are licences across the whole of England, some of which we do not think are sustainable. I do not know, but we will check, and I would be very happy to write to Sir Geoffrey with the details.

Chair: If you could write to the Committee, that would be very helpful because, as you know from our previous hearing, this is a subject of great interest to the Committee.

Q43 **Sir Geoffrey Clifton-Brown:** A slightly trickier question, on the chalk streams and limestone streams. My conservation groups have a suspicion that some of the problems with water quality and pollution are due to discharge from housing percolating through the land into the rivers. Is that something that you have looked at?

Sir James Bevan: We will always look at any reports that we have of pollution of that kind. A lot of the problems that we find with chalk streams are down, as you say, to over-abstraction, which is why we want to reduce unsustainable abstraction and stop it. Quite a lot of it relates to diffused pollution from farming. That is also an important issue for us to address,

but if there is evidence of pollution of a particular chalk stream from a housing development or any other source, we would be very happy to investigate that.

Sir Geoffrey Clifton-Brown: Thank you, Sir James. Very helpful answers.

Q44 **Dame Cheryl Gillan:** Sir James, I have to declare an interest, because I am one of those campaigners on chalk streams. Thank you for all your responses to me. I do bother you a great deal about the River Chess and the River Misbourne, both of which, in indirect ways, are under threat because of the major infrastructure project that is HS2. So I just have a couple of questions on this. Are you satisfied that you have the right connections into the Department for Transport and other Departments on major infrastructure projects to be able to protect environmental rarities such as our chalk streams?

Sir James Bevan: First, Dame Cheryl, I consider myself a campaigner on chalk streams, too, so that makes two of us. *[Interruption.]* Three. I am satisfied that we have good links into the Department for Transport on the issues you talk about. I know that this is not your favourite company, but we also have very good links with HS2 Ltd. We have people who work on a daily basis with them. So I am satisfied that we know what is going on, and we will always give robust advice about what we think needs to be done to ensure that we protect the environment as these projects go forward.

Q45 **Dame Cheryl Gillan:** I have a couple more questions. First, have you got a specific time target for ensuring that we do have full protection of our chalk streams?

Sir James Bevan: We are most of the way through the restoring sustainable abstraction programme, which started in 2017. There are 50 or so particularly challenging licences that we are spending a bit more time on to make sure we get this right, because, as you will know, it is often a case of balancing the economic requirements of a farmer or a company who are taking water out of the ground with the environmental requirements to protect those chalk streams. Wherever possible, we want not to have to choose—we want to be able to continue to protect the chalk stream and to allow that economic operator to continue. So there is a bit more work to do over the next year or so on those outstanding issues, but I do not think the fight to protect and preserve chalk streams will ever finish. We will constantly need to be watching them and protecting them, because they are one of the most valuable resources that this country has.

Q46 **Dame Cheryl Gillan:** This is my last question to you. Obviously, we have COP26 coming up, when we are going to be taking centre stage in the world environmental debate. As 85% of the chalk streams, which are very rare, are in the United Kingdom, would it not be a good thing if the Government could increase the protections on those chalk streams, thereby signalling to the world that we look after our own precious and rare environments, at a time when we are trying to take a lead worldwide and ask other countries to be more environmentally friendly?

Sir James Bevan: That might be a question for Ms Finkelstein—for the Government—but I do think it is right to protect the chalk streams. We already have substantial protections in place, and we are funded by the Government to give effect to those protections.

Dame Cheryl Gillan: But not enough.

Tamara Finkelstein: I just have a warning on COP26. To have an effective and successful international conference, you have to be making progress domestically across all the areas. COP26 will have a strong strand on nature, of which this and all our natural assets are a part. So that is very much an impetus for making progress across the 25-year environment plan. It is very relevant to COP26 and the reputation that we need to be continuing to build going into it—we need to be able to be clear about the progress we are making.

Chair: Our green and pleasant land is, you are saying, safe in your hands—let us hope so.

Dame Cheryl Gillan: Thank you for that optimism.

Q47 **Barry Gardiner:** Perhaps, Ms Finkelstein, it is even more appropriate in advance of COP15, the convention on biodiversity COP, next year, which will be looking at precisely these issues, to have that protection in place.

Before we leave water entirely, you spoke about the substantial investment that the water companies were putting in, but of course the Government announced that they will be putting £496 million into the water companies for the exploration of strategic options for meeting the nation's future water needs. Where else do we pay commercial companies to do research on the future demand for their own product?

Tamara Finkelstein: That relates to the work that Sir James was talking about, about how you look at those big challenges around moving water from one place to the other and some of these major projects that require that sort of collaboration.

Q48 **Barry Gardiner:** £496 million to commercial companies? I wonder what Marian Spain could do with that at Natural England. Ms Spain, would you like to comment on the size of your current budget relative to £496 million?

Marian Spain: I won't comment on the conversation you have just had with Ms Finkelstein, because that is not an area I am informed about, but the question you were perhaps getting at— **Barry Gardiner:** What a diplomat you are.

Marian Spain: Perhaps I can answer more broadly about where Natural England's finances are now and my confidence in our being able to deliver our part of the 25-year environment plan. It is a matter of very clear record that Natural England's finances have shrunk considerably in recent years, by 45%, so I will not dwell on that.

Q49 **Barry Gardiner:** 49%, wasn't it?

Marian Spain: I could explain why there is a subtle difference between those, but the fact is that it is substantial—it is nearly 50%, whichever way we look at it. If I look forward, as well as looking back at that number, I think budget cuts drive efficiencies to a certain extent, but when I came into post two years ago, it was clear that Natural England's budget had gone past the tipping point. It was no longer driving efficiencies but had got to the stage where we could not deliver our work, could not meet the demand on our services and could not do our job. It was at that point that the conversation started with DEFRA about starting to reinvest in Natural England's most essential services, and that is what has happened over the past year. Last year our budget went up by £15 million—

Q50 **Barry Gardiner:** To what?

Marian Spain: The total budget for last year was £135 million. That is not all DEFRA grant in aid. I could break it down if you would like me to, but those numbers are available. Our grant in aid went up by about 10% last year, particularly to focus on the new duties that we need to get ready as the Environment Bill comes into place—starting to invest in the work we will need to do on net gain policies, for example—but also to ensure that we could carry out our basic statutory duties in more efficient and effective ways. That increase is starting to make a difference, and if I look forward even more to the matter of the Department's spending review settlement—I will not talk about the numbers now, because they are available—the fact that the Department itself has had not only an increase in its baseline, but an increase in areas that Natural England will be very involved with, gives me confidence that our budget will grow again next year.

Q51 **Barry Gardiner:** I am very glad that you are confident of that; you may know that I was the Minister who established Natural England back in 2006, and we thought the budget for it was tight then; for it now to have fallen, in cash terms, to about 50% of the budget it then had is deeply distressing. In relation to the original figure I was quoting, of £496 million, being given to the water companies to do what should be their own research, I think you will agree that your entire budget is about a quarter of that amount.

Ms Finkelstein, I think it was Stanley Baldwin who said of Lord Beaverbrook and Lord Rothermere that they had "power without responsibility". The truth about DEFRA is that it has got responsibility without power, isn't it? If we look back, there has been no crossgovernmental forum in which DEFRA could hold other Government Departments to account for their contribution to the 25-year plan.

Tamara Finkelstein: It would be useful to bring Mr Hill in shortly, but I think there is a reasonable challenge in the Report that we should do more to bring together other Departments with responsibilities. We have been doing that work very closely with Departments, and at a working level a whole range of relationships to make progress with the responsibilities of other Departments was the plan, but—

Q52 **Barry Gardiner:** Not a single other Department had the words "environment plan" in any of their submissions last year, in their key performance indicators or in their applications to the Treasury for money.

Chair: So, Ms Finkelstein, a good challenge.

Tamara Finkelstein: Interestingly, in this spending review we have all sort of signed up for strategic outcomes, and we are the lead on the environment strategic outcome, but MHCLG and the Department for Transport are partners in that. I think we are moving in the right direction, of ensuring that there is accountability for those who need to contribute to the plan, but it is a very reasonable challenge around having the right level of board in which we bring together the different Departments, map out the systems and interdependencies, and follow up on the responsibilities of different Departments for elements of the plan. It is for the board that Mr Hill was talking about earlier—it met yesterday—to make progress on this.

Q53 **Barry Gardiner:** Look, it is wonderful that you have come in just under the wire and fulfilled some of what the recommendations in the Report said, but if you go to paragraph 2.5 in the Report, you will find that the Environmental Audit Committee back in 2018 said that these things needed to be done, and the NAO found that it just has not been implemented in the two years since then. The Environmental Audit Committee was saying this to you two years ago, and only now, with the NAO Report, has the Department taken a blind bit of notice. Why is it that it has taken two years to do what was pointed out to you two years before, and has now been pointed out to you again?

Tamara Finkelstein: As I say, it is not that we are not working very closely with those Departments. Those Departments have been part of this, as we do our progress reports and follow up particular aspects of the plan as we take actions, but we have not had that board in place. It is a very reasonable challenge, and it is in part linked to some of the things that the Department has been grappling with. It is a reasonable challenge, and we have now put that in place.

Q54 **Barry Gardiner:** Thank goodness it is in place. I do not want to waste time—it may not be wasted, that is the wrong word, but I do not want to

spend the time rehearsing what is now in place, because I know the Chair is short for time and wants us to press on. We assume that you have taken on board what the Report has said. Why are no other Departments represented on your implementation board and on the environment committee in DEFRA?

David Hill: Perhaps I can answer that question, Chair. The implementation board within the Department is about the work that teams within the Department are bringing to bear on the plan. The group that Tamara was referring to was set up precisely because the NAO Report highlighted a gap, and that is why we have fixed something at director general level across Whitehall. It will hold Departments to account for their contributions to the

plan, but also, importantly, help Departments gear up for the things they will have to do in law as the Environment Bill comes into effect. The Environment Bill establishes a legal framework that all Departments will have to work within in terms of the new statutory targets and enshrines certain environmental principles into the way policy is made. One of the reasons we have established that group is to ensure that Departments have the right understanding of the law and the right capacity and capability to be able to do all of this in a meaningful way. That is why the Bill is so important in actually biting on the accountability of all Departments.

Q55 **Barry Gardiner:** Perhaps you could explain this to me. In this new committee that you have set up, what happens when there is a policy clash where one Department's key priority conflicts or causes environmental damage? When you then say, "Well, look, that will not fit with the 25-year plan. You can't do that," who decides? Who has the power? Do you run off to the Cabinet Office? Michael Gove used to be Minister at that Department. Who is going to arbitrate?

David Hill: What we hope that group will do is expose where those difficult choices and trade-offs are. Without question they exist. What we would do, if we can't resolve them, is escalate them to Ministers, and Ministers will need to decide. There are certain aspects of net zero policy that would potentially, depending on the choices Ministers make, be in conflict with some aspects of air quality policy, for example. Ultimately, Ministers will have to take a view in the round as to the balance of those competing priorities, but the purpose of what we are trying to do here is to make sure that we have a clear, shared understanding of what those difficult trade-offs are.

Q56 **Barry Gardiner:** What I am trying to get at is that you say you will escalate to Ministers, but Ministers in your Department are going to be in conflict with Ministers in the other Department. My question is, who kicks ass?

David Hill: As you say, there may well be tensions between the agendas of different Departments. That would have to be addressed through the normal processes of ministerial collective responsibility and the relevant Cabinet Committees. We can escalate issues from that group to the climate Cabinet Committee, for example. We have senior representation from the Cabinet Office and No.10 on our group. We have strong support from Philip Duffy's team in the Treasury.

Chair: That is a bit of a matrix. Mr Gardiner's question was more pointed. Mr Gardiner, do you want to try again?

Q57 **Barry Gardiner:** It seems to me, Ms Finkelstein, that your Department does not have the clout to bear the responsibility for delivering on the environmental plan. No doubt it needs allies in the Treasury, but where are you going to secure not only the programme, but the responsibility for delivering?

Tamara Finkelstein: I am not sure it is fair to say that we don't have the clout. This is the area in which David chairs that group and is bringing exactly the right people together. Where there are trade-offs to be made, as there are in all sorts of policy areas, it will go to Ministers, and the Climate Action Strategy and Implementation Committees are there, and are places that we could use to resolve things, if we need to do that in committee.

We need to ensure that we are doing what we need to do to bring Departments together, and to bring our leadership to bear. That is exactly what we are doing. As Mr Hill mentioned, it is important that the Environment Bill places requirements on public authorities. The OEP will be looking at public authorities and what they are doing. That is something that will become very noticeable to a Department and will be part of what we bring to bear in that leadership, which you correctly say we need to bring to bear in order to achieve what we want to achieve from the 25year environment plan.

Q58 **Barry Gardiner:** Normally, the Cabinet Office has responsibility for coordinating across Government Departments. How closely are you working with them to ensure that they are backing you up in delivering here?

Tamara Finkelstein: As David said, they are on this group. They have been part of forming the suite of committees that enable one to make these cross-Government judgments. Both the Cabinet Office and the Treasury are very much allies in us doing this cross-Government work.

Q59 **Barry Gardiner:** Perhaps I could ask our Treasury friend, who is no doubt paying close attention to Mark Carney's Reith lectures, how he, in the Treasury, sees the new valuation of natural capital proposals and the system of environmental economic accounting that has been incorporated in the Treasury backing up the work to achieve the environmental plan? How is the Treasury helping to drive this, not just in DEFRA, but throughout every single other Department?

Chair: Mr Duffy, have you got the clout?

Philip Duffy: I do not know whether we've got the clout, but we are trying.

Chair: That is remarkably honest, Mr Duffy.

Philip Duffy: As you say, Mr Gardiner, we have Mr Carney working for us on the whole question of private finance. We also have Professor Dasgupta working for us on a report for the Chancellor on biodiversity, and we have just done the Green Book and have a further academic review on discounting for these areas.

All those exercises are saying that the effective pricing of natural capital needs to be more consistent and needs to figure more highly in decisions that are taken on investment, whether that is infrastructure or public spending. I do not think anyone in the Treasury disagrees with that—that is good economics when you consider the discontinuities in environmental

damage that can take place—but we are a long way away from having a grip on the numbers in the way that we are beginning to get in respect of climate change across all the activities that we are doing.

Next year, we will have a further spending review, which we hope will be a multi-year review, at which we are going to strengthen our guidance to say that the returns need to cover not only climate but coherence with other statutory duties—which I hope will include the Environment Bill by that time—to make sure that we are pricing those effectivity.

There are a number of methodological issues that we are looking at, but the big one is the future of the discount rate and whether the public value discount rate is an appropriate discounting rate for natural capital, given the benefits of health and given that we are talking about a limited resource that does not necessarily expand with growth.

Q60 **Barry Gardiner:** I think that is the third Carney Reith lecture, isn't it—on the discount rate?

Philip Duffy: Yes, that is a point that Mark Carney has made. It is also a point that we covered in our Green Book review, which we published along with the spending review last week.

Q61 **Barry Gardiner:** Are you confident that in all the Departments other than DEFRA people understand the importance of looking at their priorities in this way? Are they taking natural capital into account in their own decision making? How are you ensuring that they focus on that?

Philip Duffy: I do not think it would be right to say that I am confident in that across all Departments, because I am not—some Departments are not yet taking that approach. If I think about what the ingredients would be to get them there, we obviously need strong political leadership, and we have got that from the Prime Minister, who is very focused on this subject.

We do need law, because law focuses minds. It has moved things like tackling climate change from the "nice to have" into the "must" category in departmental thinking. That is very important.

We need capability, and particularly science capability, across Government, because these are not easy factors to draw up and we do not already have that. My colleague from Natural England was too polite to say it, but one of the striking things was that the reduction that we saw in financing between 2010 and 2015, particularly in science capability in DEFRA, has left us exposed on that, so I am very pleased that the SR begins to rectify that situation.

Of course, you also need the institutional and structural backing, which they are going to have from the Treasury because they are going to have this integration in the way in which we make spending decisions, which I think will help greatly. So the ingredients are there, but I also think that awareness is moving.

If I can make one more comment, it is as a civil service leader. A lot of our staff in the civil service are quite shocked that we do not take this more seriously. There is the generational factor and a real pressure from our own staff that says, "How can we put up a submission that doesn't cover anything of this subject? That is not appropriate." That is an interesting point for us to bear in mind.

Barry Gardiner: Thank you very much, Mr Duffy; that is really helpful.

Ms Finkelstein, it may be appropriate to ask—no, actually, I shall leave that to be covered in the questions on resourcing, Chair.

Chair: Okay. I know that you are coming back in later.

Q62 **Barry Gardiner:** Ms Finkelstein, a handful of sectors—water supply, flood defences—are taking into account the possible extent of climate change in their future plans, but most are not, according to the report. What is going to happen if that lack of planning continues?

Chair: Go ahead, Ms Finkelstein. We then need to move on to a colleague, Mr Gardiner.

Tamara Finkelstein: I am not sure exactly where that is in the Report, but it is critical that we need to support all the sectors to take account of climate change. As you say, Mr Gardiner, we have made quite a lot of progress on that in the water sector.

Barry Gardiner: I am talking about paragraph 2.16 and paragraph 15, and the domestic adaptation board, which has met twice in three years. Why was that?

Chair: Sorry, Mr Gardiner, but I think we need to come back to that point in a moment. I am going to go to Sir Bernard Jenkin on a point that was raised earlier.

Q63 **Sir Bernard Jenkin:** What we are hearing raises questions about the fitness of the machinery of government. That is ultimately a matter for Ministers. I am not asking you for what advice permanent secretaries might be giving Ministers, but how much discussion is going on about the machinery of government, particularly to support COP26, which looks remarkably undeveloped at the moment?

Tamara Finkelstein: On COP26, there is a unit to co-ordinate that in the Cabinet Office. It draws on all Departments, including people seconded from different Departments. There are lots of things that we are working on. The 25-year environment plan is one. Net zero is a challenge. There are deeply systemic and interconnected issues, so we have to find ways and learn how to operate, when trying to deal with systems problems, across Departments. Whether things are resolved by moving something from one place to another, the answers lie in how you make the machinery work effectively, and we are doing quite a lot to try to improve the way we understand those

systems and interdependencies and how we work across Government to deal with that.

Q64 **Sir Bernard Jenkin:** So there is a lot of discussion.

Tamara Finkelstein: How you manage systems issues and work effectively across Government to do so is very significant work.

Q65 **Sir Bernard Jenkin:** Wouldn't it also be a good idea to promote some discussion about whether the machinery of government is fit for purpose to support COP26?

Chair: It is a big challenge, given the timescale involved.

Tamara Finkelstein: Absolutely. As I say, the set-up is a unit that draws across all Departments.

Q66 **Sir Bernard Jenkin:** I am asking a different question. I am not asking you what advice you are giving Ministers. I am just asking whether it would be a good idea to promote some discussion about the fitness and purpose of the machinery of government to support COP26.

Tamara Finkelstein: It is not something that I think is not working, from the experience of the Department, in terms of engaging with COP26.

Chair: So it is something we can keep an eye on.

Q67 **Barry Gardiner:** Ms Finkelstein, you didn't answer the question about adaptation and taking into account climate change. What are the implications if that lack of planning continues?

Tamara Finkelstein: Apologies. On adaptation, we have been working very closely with the range of Departments that have responsibilities for sectors that need to engage with adapting to climate change. You asked about the way in which we do that. The central national strategic implementation group, which eventually feeds into the Prime Minister's group on climate action, focuses on adaptation. In fact, Mr Hill did a session with a range of Departments around their sectors on the action that needs to be taken on adaptation. The Climate Change Committee has reported to us on the state of readiness for climate change.

Q68 **Barry Gardiner:** What the Climate Change Committee actually said was that, "all policies, programmes and investment decisions take into account the possible extent of climate change this century." That is an ambition of the plan, but only a handful of sectors that have planned for

it have considered a minimum of 2° global warming, so what are you doing with those sectors that don't? We know about water, but what about the rest?

Tamara Finkelstein: I will bring in Mr Hill because, as I say, he had conversations across a range of Departments about this recently.

David Hill: In answer to your question, the implications of not getting this right are very severe. It is imperative, and the work of the Committee on Climate Change exposes this. If Departments do not plan adequately and work with the sectors that they face into to have serious long-term plans for adaptation and resilience, we know that the costs will be high and the impacts on those sectors will be serious.

Q69 **Barry Gardiner:** But Mr Hill, you are restating the problem. I am asking what which Departments—finger them. Which Departments and which sectors need to make more progress in considering the impact of climate change on their future plans?

David Hill: I think the CCC reports have exposed that. We know that highly regulated capital-intensive infrastructure sectors, which are more accustomed to serious long-term investments in big bits of kit, are doing better than other sectors in terms of long-term planning, including those in the DEFRA space, frankly, such as agriculture and land use.

That is why measures such as environmental land management in the agriculture sector, for example, will incentivise and pay for public goods around adaptation and resilience. The challenge we have is that the capacity and capability in those different sectors of the economy to do that long-term planning is variable. One of the challenges is in how we learn from those. Floods infrastructure and some of the big transport infrastructure are probably good examples of that capacity and capability to plan long term. I think we need to bring some of that into those other sectors—new housebuilding and agriculture, for example—and think about how we can actually support them to do that long-term planning more effectively.

The transparency of the work of the CCC is important in that regard. I know that you will have the further CCC—

Q70 **Barry Gardiner:** How are you going to do what you have just said if, in fact, you have only met twice in three years? When is the next meeting of the Adaptation Committee?

Chair: I will bring in Sir James Bevan and then we will move to Sarah Olney.

Sir James Bevan: I just want to underline exactly how much is already happening on the ground. On mitigation, for example, the EA regulates most of the carbon-emitting industries. That is year on year driving down emissions.

On adaptation, floods are a good example. As you say, Mr Gardiner, we now build flood defences with climate change design. Another good example is planning. We work with planning authorities across the country to ensure that future towns and cities are climate resilient. We have taken the decision that the Environment Agency needs to walk the walk itself, and we have adopted a commitment to becoming a net zero organisation by 2030.

Finally, just to reassure you, the EA's own five-year strategy, which is about delivering the 25-year environment plan, has a top line, "A nation resilient to climate change". All our targets and metrics feed into delivering that.

Chair: I will ask Sarah Olney to pick up on that. Mr Gardiner will come back in a little later.

Q71 **Sarah Olney:** Ms Finkelstein, one of the things that the Report identified and that has been discussed today is that there is a lot of crossover between climate goals and environmental goals. It seems as if they are not being managed terribly effectively across Government. While DEFRA has responsibility for adaptation, BEIS has responsibility for mitigation. We have seen on a number of occasions that a mitigation might actually clash with an adaptation, and there are trade-offs. What links have you identified between different environmental goals, and how are you managing that across Government to ensure that there are no perverse outcomes?

Tamara Finkelstein: As you say, BEIS has responsibilities on mitigation, and DEFRA leads on adaptation, but we work very much hand in glove, because of exactly what you say—there are connections. The governance that we have in place enables us to do that by bringing that together on our official, Committee and ministerial levels, to manage trade-offs.

Q72 **Sarah Olney:** Can you give me some examples of where trade-offs have been identified and how you are managing them collectively?

Tamara Finkelstein: I might pass this one to Mr Hill.

David Hill: Actually, I can see Sir James wants to come in.

Sir James Bevan: I just want to give Ms Olney an example of where there has been a really successful balancing of both. The Thames Tideway Tunnel, which will ensure that large amounts of sewage do not end up in the Thames, is a massive construction project. That is an adaptation because, as climate change goes forward, we risk more flood instance and more overspill into the Thames. It is also mitigation, because we are working with the Tideway authorities to make sure that the concrete that is used is very low carbon, that the maintenance requirements do not generate lots of diesel, and that all the equipment that is brought in and the spoil that goes out are going by barge rather than by road. So if you plan right, you can actually manage to deliver really important mitigation and really effective adaptation.

Q73 **Sarah Olney:** Thank you, that is really helpful. Can I ask Mr Hill what he thinks the most important links are that need to be managed and mitigated in the next few years?

David Hill: Links between different environmental goals?

Sarah Olney: Between different environmental issues, yes.

David Hill: I think we have already touched on this, but there is an important piece of joining up to be done between our goals around carbon

reduction and air quality. For example, some of the choices we make about biomass may have a positive impact on carbon reduction, but we need to think about the potential air quality impact of that. That would be one example. The goals are highly interdependent in all sorts of ways. One of the things we are trying to do through the work we have described is to make sure we have that clear view of all the different connections across water, air, biodiversity and nature.

Marian Spain: To build on that, we talked earlier about COP26. One of the big features of that is that we will be using nature as part of the solution to climate change—*[Inaudible.]*

Sarah Olney: Sorry, do you mind repeating what you said? I could not hear you.

Marian Spain: I was making reference to the fact that one of the major themes of COP26 will be nature as part of the solution to climate change. Perhaps as another example, the Nature for Climate fund—the investment in tree planting and peat restoration—will tackle the climate crisis and the biodiversity crisis and offer more opportunity for public enjoyment of nature. Sometimes we get caught in thinking these things are always in conflict.

I was reflecting on that in the earlier discussion about the crossGovernment issues. I am not one to ignore the issues that were being raised about the need for cross-Government co-operation. What we are increasingly seeing is that a number of Departments are recognising that the environment is part of the solution. For example, in the Department of Health and Social Care we are increasingly seeing the rise in the use of green prescribing and social prescribing.

That is another theme that I want to make sure that we do not ignore in these discussions. It is not always a conflict. It is often something where nature is part of the solution. On climate change, nature-based solutions as mitigation will be of growing importance for Natural England and DEFRA.

Q74 **Sarah Olney:** That is a view that has a lot of public support—that naturebased solutions will form part of our battle against climate change. To go back to Mr Hill, what is being done in DEFRA to try to push that policy forward? How are our environmental solutions working with our climate solutions? Who is responsible for identifying those links?

David Hill: Ultimately, I think I am responsible as the SRO for the 25year plan for making sure that that work is done. How are we doing it?

Well, I would give you the example that Marian Spain has just picked up on. We have substantial funding through the Nature for Climate fund to deliver on tree planting and peatland restoration. The detailed design work of how we spend that money is being thought about in terms of how we ensure that it achieves those multiple objectives in the choices we make about the types of trees we plant and the kinds of habitat we develop through that. All that is about making sure that we do not just plant—if I can call it this—the

wrong kind of trees simply in the interests of reducing carbon, but that we are actually doing it in a way that delivers biodiversity benefits as well. That is absolutely part of how we design and develop those programmes.

Q75 **Sarah Olney:** A quick question to Mr Duffy: do you think that the way the Treasury is funding some of these different projects is helping the crossdepartmental working that we need to see, or is there a danger that things are being funded piecemeal and we are not making the links in the way we should do?

Philip Duffy: Can you give an example of a project that you think is cross-departmental that you have in mind, Ms Olney?

Q76 **Sarah Olney:** I am not so much talking about a cross-departmental project, but Mr Hill's example was for things like tree planting and peatlands and that being funded through—I have forgotten exactly what he said; the Nature for Climate fund, or something. That sounds like a single pot of money. What we are identifying is that there is a broader range of climate and environmental goals that could be joined up—but I am just wondering if the way that they are financed is hindering that.

Philip Duffy: The good news on Nature for Climate is that it is a longterm implied settlement—£640 million was the manifesto commitment; so next year is £92 million as part of that. That does actually help drive efficiency, because you can plan better and you can provide the capabilities, like nursery provision, for example, for trees, which we don't currently have in sufficient amounts to meet those goals.

I think, from the Treasury's point of view, the key issue here is what the Secretary of State said on the 30th about the future of the environmental line management structure, because we see farmers as being so absolutely critical as agents and guardians of the land, and therefore the long-term reform that DEFRA has set out in how the post-Brexit farm payment system should operate due to that long-term horizon, with clear confidence about the money—and of course there is a manifesto commitment to the quanta of money throughout this Parliament. That, I think, helps quite a lot.

I do think there are one or two areas where it has been a bit of a struggle. We did an interesting piece of work last year on Network Rail. We have increased their maintenance budget partly to deal with the challenges they are facing on climate change—the well-established problems they are having in Devon in Cornwall would be a good example of that. That did raise some interesting questions about whether they were capable and knew what they were doing. We had an independent review on lineside vegetation. There are some areas where we have to nuance that a bit, but in general I think the longer-term piloting is better.

Regrettably we couldn't do the multi-year settlement that we perhaps wanted to do this year, given the state of covid and the public finances, but we will have a look at that next year, because that unlocks a great deal more efficiency for the Departments like DEFRA.

Sarah Olney: Thank you very much.

Marian Spain: I think the Treasury jargon for this type of work is the shared outcomes fund; we are increasingly seeing investment to help Departments work together. An example that is front of mind for me at the moment is a shared outcomes fund between DEFRA and BEIS, which Natural England will play a major part in delivering, to make sure that the necessary development of offshore wind is done in a way which doesn't damage other aspects of the marine environment. I think that is a very practical example of where we are recognising solutions and working between Departments.

Q77 **Olivia Blake:** I will start on skills, if that is okay. I am aware, and am wondering how concerned you are, about the impact of funding and skills shortages on achieving the outcomes and ambitions. That is to Tamara Finkelstein.

Tamara Finkelstein: Maybe I could start on this, but it might be good to bring in both Sir James and Ms Spain, because some of where we need the expertise is very much in our arm's length bodies. There is definitely a need for us to look strategically at the skills that we are going to need. There are some scientific skills that we need in the Department, but the skills of operating effectively and using scientific expertise are going to be important, as is project management around some of the big projects and programmes that we will need to deliver to make progress. We will be very reliant on skills, as I say, in the Environment Agency and in Natural England, so I am just wondering if it would be useful to hear from both of them.

Marian Spain: I will not repeat the answer I gave to Mr Gardiner. It is a matter of record that Natural England's resource has shrunk but is beginning to grow again. Perhaps I can focus on where we most want to grow it. Ms Finkelstein has already touched on one of these areas.

An area where we are particularly pleased to see investment coming through the spending review this year is science capability. The issue is not just the capability or skills of individuals. We already have a body of incredibly skilled scientists, and Natural England is a science-led, sciencebased organisation. The vast majority of our staff are professional scientists. It is about how we use that science, and we need to invest in understanding how a whole ecosystem works. The natural capital and ecosystem assessment that the Treasury has invested in for next year, and is growing next year, is a very good example of that. We are starting to really understand some of those issues we were just talking about: if we pull one lever, will it have a negative impact somewhere else? It is about understanding natural capital and ecosystems, and using science to really understand the impacts of decisions we make. An example of that is the conversation about trees. We need that understanding of where trees are the most beneficial use of land for carbon, without causing damage to the natural environment.

Investment in science is one area. Before I let Sir James come in, let me give another area of investment in Natural England in skills and capability: the investment in making sure that in our planning work, where we have

perhaps in the past focused on assessing whether a planning application will have an impact on nature, we are increasingly moving—as part of the Project Speed work, but we were doing this anyway—towards a more strategic approach to development. We see that development has the potential to make the environment better if we get the mitigation right, and if we look at large-scale solutions. We are increasingly skilling our staff up to be able to take that much broader, risk-based approach and look at solutions to environmental problems, rather than simply having to object to a development because it might cause a problem.

Olivia Blake: Thank you. That is really useful.

Chair: Sir James Bevan wanted to come in on that briefly.

Sir James Bevan: We do have some live risks. As Ms Finkelstein said, we obviously need a lot of very highly skilled people, and we have particular risks of skills loss in hazardous waste—in the skills you need to manage big, dangerous industrial sites and any nuclear regulation. The reason we have those problems is largely down to the fact that we cannot pay the market rate that people can get in the private sector. We do compensate for that by topping up salaries a little bit where we can, and we do try to grow and develop our own in-house talent, but it is a real risk.

Q78 **Olivia Blake:** That is quite a worrying risk, I would say. It would be interesting to know how you are trying to diversify some of your staff, because I imagine that most periods of austerity lead to gaps in Departments when it comes to progression. I was interested in whether you have done much analysis on your worker profile.

Sir James Bevan: We do. We are doing reasonably well in attracting and retaining these skills, not because of the money we can pay—it is not competitive with the private sector—but because there are other attractions to working for the Environment Agency: you are doing a fantastic thing with fantastic people. As I said, we are also trying to recruit people from outside, including people from black, Asian and minority ethnic communities that we have not traditionally recruited. That includes going into technical institutes where BAME people may well be predominant, and offering apprenticeships. Those are helping to bring people in, and also apparently make those people feel quite loyal to an organisation that has funded them, including for a professional qualification.

Q79 **Olivia Blake:** What about gender?

Sir James Bevan: We are doing reasonably well overall on gender. We have a gender target in our corporate scorecard, which we look at every quarter. Last time I checked, 44% of our senior leaders were women—obviously, the goal is 50%, but we will get there. We are also doing reasonably well on female engineers: we need a lot of engineering skills, and we have a scheme to encourage women who have engineering skills to join us, as well as a support network to ensure those people feel supported as they go up the organisation.

Q80 **Olivia Blake:** What level of investment would you need to be able to offer market rates?

Sir James Bevan: It would depend on the skill. Obviously, it varies, but very crudely, someone who has, let us say, a skill in nuclear regulation—we need people with that skill, because we help oversee the design and operation of nuclear reactors—would typically get two or three times the salary that we can pay them in the private sector.

Olivia Blake: Wow, okay.

Chair: I will bring in Marian Spain briefly.

Marian Spain: Would it be helpful if I mirrored Sir James's comment and gave the Natural England picture?

Chair: Yes, please.

Marian Spain: As James said, we also have problems retaining staff, and we have recently started to see problems in attracting staff because of salary gaps. We see salary gaps opening between ourselves and not so much the private sector, but environmental NGOs, which are another employer of choice for people who do the type of work that we do. It is important to note that there is an issue of pay and retention in our sector in our world.

We do not yet have any real, hard gaps, but I think your points about diversity are very well made. We haven't recruited a lot in recent years because of that downward trend in budgets, so we have not been able to move our workforce as fast as many others have. In the recent rounds of recruitment we have done, we have, exactly as James said, actively targeted and recruited in different places. For us, gender is important, but we are 56% women—we are right on the balance. The main driver in Natural England is thinking about how our workforce reflects the people we need to be talking to.

If we are thinking about nature being a health solution, we need to make sure that is available to all communities, particularly our poorest communities, some of our most urban and/or most remote communities, and particularly to communities where there are high proportions of people from black and ethnic minorities. We don't reflect that in our workforce.

Again, that is something we want to invest in in the future—having people who represent the communities we serve.

Q81 **Olivia Blake:** That is really helpful. Can I ask Tamara Finkelstein if she would like to comment on a similar issue in local authorities? I understand that in planning departments across the board, ecologists have dropped out and people with knowledge about these issues have dropped out of employment. Are there any plans to address that or work within MHCLG to address that gap?

Tamara Finkelstein: It is a challenge and a worry. We are working closely with MHCLG and with the Association of Directors of Environment, Economy, Planning and Transport on an ecological skills survey, which should give us a sense of what the challenges are there.

Q82 **Olivia Blake:** There have been quite a lot of announcements about jobs coming forward, in terms of how we are going to tackle some of this. Can you give us an idea about how many of those are already funded, and about the types of jobs? Do they fall into the industrial strategy?

Tamara Finkelstein: I am not 100% sure—are you referring to our green investment challenge fund?

Chair: And also the work more generally. There is an attempt to have, certainly on the climate change side, green jobs.

Tamara Finkelstein: Sorry, do you mind repeating the question?

Olivia Blake: Let me frame it differently. We have had a lot of announcements around the green industrial strategy and green jobs. What is your Department's role in those jobs? Are they fully funded, and is there an ask for more, to enable you to achieve what you need to achieve through the strategy?

Tamara Finkelstein: I will let Mr Hill pick that up, as he has the details.

David Hill: As I am sure you will know, as part of the response to the Covid pandemic, we established a green recovery challenge fund, which was £40 million in round one. It was very oversubscribed, but we estimate that the projects brought forward will create and safeguard thousands of jobs in a whole range of nature, conservation and access-to-nature type activities.[1] In terms of the spending review, the Government doubled that fund to £80 million, so there will be a further round early in 2021. More broadly, some of the significant investments we talked about in relation to the much bigger Nature for Climate fund, which will support tree planting and peatland restoration, will obviously, as they are rolled out, have a jobs benefit as well.

More broadly, some of the significant investments we talked about in relation to the much bigger Nature for Climate fund, which will support tree planting and peatland restoration, will obviously, as they are rolled out, have a jobs benefit as well.

Q83 **Olivia Blake:** Can I follow up by asking Sir James and Ms Spain if you feel confident that your organisations will be able to deliver on their parts of the long-term plan, in terms of ambition, given current resources? Are the extra resources helpful, or not enough?

[1] We have amended this transcript to reflect concerns by DEFRA that these original figures quoted during the evidence session were early estimates prior to the launch of the fund.

Chair: We will go to Sir James first.

Sir James Bevan: We will always do the best with the money that we have, but our budget is also under heavy pressure, just like Natural England's. Ultimately, we will get the environment that we are prepared to pay for. We do not yet know what the spending review will mean for us for next year. It is our hope that we will see allocations that reflect the Government's ambitious commitments, both on reducing flood risk and enhancing the environment.

Marian Spain: At the risk of repeating what Sir James said, we don't yet know exactly what our settlement is, but we will continue to have a real challenge between how far we can do our existing job, and how much we are able to invest in the new things Government and DEFRA will need us to do over the next few years, as the Environment Bill comes into place.

The challenge is that we need to think carefully about those choices and focus on the things that will most help us achieve the outcomes that we want now—those 25-year environment plan goals. We also need to look hard at how we carry out some of our current statutory duties. There are increasing investments in new technology, which allow us to do things in a more efficient way. The question is whether we can make that investment fast enough to catch up and fill that funding gap.

Finally, I would hate not to suggest that Natural England needs the money, because our staff will be vital to convening and using it, but when we talk about investment in the environment, we need to look at the whole picture. It is about not just Government investment, but the investment the private sector will increasingly need to make, through policies such as net gain, which mandate it, and through off-setting schemes, which may be more voluntary. The question is how we bring that money in to match Government money, and how bodies such as the Environment Agency and Natural England work together on the ground. I see us playing an important role in ensuring that investment is used in the most impactful way and is blended with public sector finance to get the goals we want to see.

Q84 **Barry Gardiner:** I think it is fair to say, permanent secretary, that the Office for Environmental Protection has been the most controversial issue in the Environment Bill. How do you see Parliament playing its role in reviewing the OEP's funding and its leadership?

Tamara Finkelstein: We are getting on, as the Bill progresses, with trying to put things in place to ensure that the OEP can be operational as soon as possible, including progressing the appointment of a chair. The expectation is that the chair will appear at a joint Environmental Audit Committee and EFRA Committee hearing later this month. We hope to be able to keep to that timetable.

Q85 **Chair:** Just to be clear, that is a confirmatory appointment hearing.

Tamara Finkelstein: Yes, it is confirmatory.

Chair: I recognise that is a laden word in Whitehall. It is one where the chair must show the Committee that they are capable.

Tamara Finkelstein: The chair designate will appear before the Committee later in the month. That is absolutely the plan. Clearly the Committee can call the chair to question them in future as well. There will be a sponsoring Minister of the Department who can also be held to account, but the OEP must lay its reports before Parliament.

Q86 **Barry Gardiner:** Who would it report to? I thought it reported to Government, not to Parliament.

Tamara Finkelstein: No, because it is an NDPB and therefore has a sponsoring Minister, who is responsible to Parliament.

Q87 **Barry Gardiner:** So it is specifically not like the Committee on Climate Change, which is mandated to report directly to Parliament and not to Government.

Tamara Finkelstein: Yes, those are the arrangements that are in place. We have put several things in place to ensure its operational independence. That is in the Bill. There is a duty on Ministers to have regard to its independence. The Minister will not have power over the work programme and decision making.

The OEP itself will have a duty to operate objectively and impartially. Also—you talked about funding—it will be providing an annual assessment of whether it has sufficient funding, and there is the requirement for the Government to give it a multi-year indicative budget, ring-fenced within a spending review period. So, a number of things have been put in place to assure its operational independence.

Q88 **Barry Gardiner:** Looking to the new year, obviously on 1 January the environmental protections in law that are in place with the EU will have gone, but the Office for Environmental Protection will not yet have been established. How will you ensure that public bodies are held to account for adherence to environmental law in that interim period?

Tamara Finkelstein: Obviously, we have been aware for some time that there could be this air gap of time. We hope that it will not be too long, but it clearly might be a number of months—

Q89 **Barry Gardiner:** Could you be more specific on the number of months?

Tamara Finkelstein: Well, that will partly be about Parliament and the Bill receiving Royal Assent. We need the Bill to become an Act before the OEP can have its full set of powers.

We have been thinking, "How do we bridge that air gap?" We have ready a secretariat in place within the Department, which will very much be operating with a chair designate. It will be able to receive any complaints about public bodies, preparing those to be available for the OEP as soon as it is set up. So, we will do as much as possible to ensure that the OEP can

immediately play any catch-up on things that have occurred over those few months at the start of the year.

Barry Gardiner: You cannot be more specific on timings.

Tamara Finkelstein: It is in the hands of Parliament, rather than mine—

Q90 **Barry Gardiner:** But in the setting up of the office—

Tamara Finkelstein: On the set-up—I should be clear. We have done everything to ensure that the set-up can happen fast. That is, as I say, doing the work on the chair, and we will start appointments of other members of the board. We would expect an interim chief executive—a whole range of things is to be put in place so that the OEP is absolutely ready to go. We have put in quite a lot of careful work, including draft frameworks and everything that can be there to enable it to get going very fast.

Q91 **Barry Gardiner:** Finally, if you look at targets for water, originally set for good ecological status in 2015—a target of 75%—I think that was only at 16%. You are 10 years beyond the original deadline for the air-quality limits for nitrogen dioxide and you are not on track to meet three quarters of the international biodiversity targets—the Aichi targets. How can you be confident that you are going to be on track to meet the plan's ambitious long-term goals? What interim targets are you setting? What landmarks along the way are you putting in place? How are you going to report on them?

Tamara Finkelstein: The commitment in the Bill has been both for the long-term targets, which we will be putting in place, and for setting the interim targets. So, we will be setting interim targets alongside the longterm targets. I think Mr Hill was talking earlier about the consultation that we will be doing on that for October 2022, and then in the plan in 2023. More broadly—

Q92 **Barry Gardiner:** But my point to you, perm sec, was that the other targets that you had already set—for the good ecological status of water and for nitrogen dioxide, so you had targets there—were short and medium-term targets, and you did not meet them. What will make this different?

Tamara Finkelstein: To talk specifically on the water quality target, it is a significant problem that that target is at the level it is. That underpins a lot of the work that we are doing, including the investment in the environment that water companies are putting in place and our environmental land management. Lots of these things are designed to try to make progress on that. On the specific issues, we are taking actions.

There is a lot to do across all these goals. As well as putting in place the framework that we have talked about, we are putting in place actions, tracking those and showing them in the progress reports that we are doing each year. As I say, this is about trying to get a balance around the right—and an ambitious—framework, and also, absolutely, reporting on the sort of performance you are describing and then taking the action that needs to be

taken. In the cases that you talk about, we are taking action and investing in the way you would expect.

Chair: We like milestones and targets on this Committee, don't we? Mr Gardiner, do you want to pursue this issue?

Q93 **Barry Gardiner:** Isn't it fair to say, perm sec, that until you and the Treasury are seen to be absolutely as one in driving this throughout every Department in Whitehall, you can set all the targets you like but you are not going to achieve them? It is not simply about you asking for more money, although God knows you need it in your Department and Natural England needs it. It is also about ensuring that the whole way in which we value things in government through natural capital valuation is driven right through Whitehall. Surely that has to be your focus.

Tamara Finkelstein: It absolutely is our focus. We are on a journey that is completely ratcheting up the importance of the 25-year environment plan and what it is about. We have talked about the importance of the legislation. We are making the changes that we need to see in the governance. We do have the backing of the Treasury in terms of the changes to the Green Book, the expectations of other Departments in terms of their spending and how they put their spending bids in, and also in terms of some of the down payment of the most important things for us to make progress. It is the right challenge to say that we have to further embed our leadership on this, but I would say that there is commitment from the top, from the Prime Minister, who will talk about climate and nature being two sides of the same coin. Nature has been chosen to be a huge theme of COP26, for us to show international leadership on nature.

So I would say this is a progression and it is ratcheting up all the time in terms of its importance. You are right that we have to capitalise that and use our leadership to ensure that is understood and we drive the actions we need to take, but we are on the right path and, I think, getting the right balance in terms of absolute ambition and then being clear about the actions that we are taking and the progress that we are making.

Barry Gardiner: Well, we all hope so.

Q94 **Chair:** Thank you very much. We have had a very interesting session, and I think one of the things we will pick up on is the relationship between the Treasury and DEFRA. Mr Duffy, you have talked with great enthusiasm about natural capital and measuring it. My simple last question to you is this. Are you unusual in the Treasury, or is this really embedded in the Treasury psyche? We are spending billions of pounds on covid. There are huge challenges on the public finances, and you have all been very candid about the lack of investment over years in this important area. There is a 25-year plan. That sounds great, but without the money it is not going to happen, so Mr Duffy, can you convince us that there will be the funding available to deliver this?

Philip Duffy: The first thing I would say is that the Treasury has vastly increased the amount of time, energy and staffing it puts into environmental matters compared with where it was even two years ago.

We now have a dedicated director for climate and natural environment. We are—

Q95 **Chair:** That is the people. We don't doubt that; we know you have the people. But is this embedded in the psyche? When push comes to shove, at the next spending review, when a Department puts in a bid with some of this in mind, will it be received favourably by the Treasury and perhaps be prioritised?

Philip Duffy: I think the best answer to that is to say: look at what just happened last week in the SR—the 10-point plan, which is £12 billion of expenditure; £1 billion more for DEFRA. This is a Government who are extremely committed to spending and prioritising finances—

Q96 **Chair:** Can I just ask you a question on that very specific point? The Blue Book talks about £1.6 billion in capital next year, but does that not include the flood defences money? Perhaps Ms Finkelstein, as the accounting officer, might be able to answer that very directly.

Philip Duffy: That would include flood defences.

Tamara Finkelstein: A billion does include our capital money for floods, yes.

Q97 **Chair:** Okay, so although that is a generous settlement, let us be clear about this, Mr Duffy, a lot of that has already been earmarked?

Tamara Finkelstein: Well, £600 million of it is capital and £400 million is resource. As we have talked about before, it is significant investment in flooding, in tree planting, in peatland restoration, in our science base and also in our national parks and areas of outstanding natural beauty, so a whole range of areas.

Q98 **Chair:** Okay. We will be getting full detail on how that is broken down in due course.

Tamara Finkelstein: Sure.

Chair: Thank you very much indeed for your time. I thank our lead questioners for the effort they put in, and particularly our witnesses, of course, who hold the crucible of this very important policy area. We, of course, as a Committee, focus on the delivery and the effectiveness of that, so we will be working with our sister Committees—the EFRA and Environmental Audit Committees—to make sure that, between us, we hold your feet to the fire.