

Environmental Audit Committee

Oral evidence: Environmental sustainability and housing growth

Monday 21 July 2025

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Members present: Mr Toby Perkins (Chair); Olivia Blake; Julia Buckley; Ellie Chowns; Barry Gardiner; Anna Gelderd; Chris Hinchliff; Martin Rhodes; John Whitby.

Questions 397-460

Witnesses

I: Mary Creagh MP, Parliamentary Under-Secretary of State (Minister for Nature), Department for Environment, Food and Rural Affairs; Nick Barter, Deputy Director for Land Use, Department for Environment, Food and Rural Affairs; Matthew Pennycook MP, Minister of State (Minister for Housing and Planning), Ministry of Housing, Communities and Local Government; and William Burgon, Director for Planning, Ministry of Housing, Communities and Local Government.

Examination of witnesses

Witnesses: Mary Creagh MP, Parliamentary Under-Secretary of State (Minister for Nature), Department for Environment, Food and Rural Affairs; Nick Barter, Deputy Director for Land Use, Department for Environment, Food and Rural Affairs; Matthew Pennycook MP, Minister of State (Minister for Housing and Planning), Ministry of Housing, Communities and Local Government; and William Burgon, Director for Planning, Ministry of Housing, Communities and Local Government.

Chair: Welcome, everybody, to the final Environmental Audit Committee meeting of this parliamentary term, where we will hear from Ministers Matt Pennycook and Mary Creagh as part of our review of housing growth and environmental sustainability. Could you please introduce yourselves, along with those you have supporting you?

Matthew Pennycook: I am Matthew Pennycook, the Minister for Housing and Planning.

William Burgon: I am William Burgon, the planning director at MHCLG.

Mary Creagh: I am Mary Creagh, the Minister for Nature.

Nick Barter: I am Nick Barter, the deputy director for land use in DEFRA.

Q397 **Chair:** Excellent. It is worth pointing out that this review was prompted by the Government's ambitious house building targets, and some of the concerns about noises being made by the Government on removing barriers and the impact on nature. The review started in advance of the publishing of the Planning and Infrastructure Bill and the new national planning policy framework, so although both the Bill and the NPPF will be covered in this session, our report will be about the Government's approach to house building and environmental protection more generally.

Minister Pennycook, you came into office with the hugely ambitious target of 1.5 million homes over five years having already been laid out. Can you start by telling the Committee what you believe the planning problems were that prevented that level of house building under the old regime? How do you believe the proposals in both the Bill and the new framework will bring about the level of improvement you wish to see?

Matthew Pennycook: In very general terms, a series of factors are constraining house building across the country. We inherited a planning system that was faltering on all fronts. It was failing to deliver the outcomes that many communities want to see in terms of infrastructure that is of quality, good design and sustainable, and the infrastructure and amenities that will sustain thriving communities.

In terms of raw numbers, the system was not allocating enough land. We have taken measures through the revised national planning policy framework to address that. We are taking other measures through the



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Planning and Infrastructure Bill to further streamline the delivery of new homes and critical infrastructure. We can talk about those at length.

We are making a series of changes and have a comprehensive plan to reform the planning system, to boost the delivery of social and affordable housing, and to deal with other constraints to bring forward public land. I could go into detail about any specific aspect of the Government's reform agenda that pleases you.

Q398 Chair: To what extent did you believe that nature was one of the blockers? You have not particularly referred to it, but during the Bill's progress many people got the sense that you and other members of the Government considered that it was nature that was foiling the ambitions.

Matthew Pennycook: We have always been clear, and I have made this argument throughout all the stages of the Bill, that we should not see nature as a blocker to development—although it is a barrier; let me touch on that in one second—and that we can achieve a win-win for both development and the environment if we approach things in a different way.

My starting point on certain types of constraints in terms of species and habitats has been that the status quo is not delivering and that there is a smarter and more strategic way to approach that, but I have never made the case that development must come at the expense of nature. I think we can deliver that win-win, and that is what the legislation is premised on doing.

However, it is the case that although environmental considerations are often not a blocker—because there is always a way to overcome and to mitigate the environmental impacts of development, if you are willing to pay for it—they certainly have been a barrier. Nutrient neutrality is a good example: we know that the constraints in that respect are holding up the delivery of house building and having a more subtle chilling effect on applications going into the system. That is why we are taking action—in that instance through the measures in part 3 of the Planning and Infrastructure Bill—to ensure that the system is working in a more streamlined fashion, which will allow us to achieve that win-win.

Q399 Chair: Thank you. Minister Creagh, you will be aware of the widespread concerns of a whole host of NGOs and others about the impact of the Government's original proposals. Over the course of the Bill, we have seen wholesale changes to the proposals and, indeed, further substantial amendments were spoken about this weekend. What role did you play in the changes to the Bill that have subsequently been announced?

Mary Creagh: What we have seen throughout the development—the gestation, if I can call it that—of the Bill is lots of cross-departmental working. That includes both myself and Minister Pennycook, but we have also been working with MOJ and of course with DESNZ, the Treasury and No. 10 to try to get it right.



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I have been sighted around the proposals. We share MHCLG's purpose. It is a cross-Government purpose—a mission—to have both a growth mission and a clean energy mission, and to get the better system that will unlock the housing and infrastructure that the country needs while also improving outcomes for nature at scale. We are moving away from the site-specific, species-specific approach of the past to a much more strategic and joined-up approach.

Q400 Chair: You describe yourself as having been “sighted” throughout the process. I am wondering about the extent to which you want to take credit for the change, because the Bill has changed substantially. Someone has changed the mind of the Minister next to you, because I and other colleagues were there on Second Reading and on Report, when we heard from him why he was not going to do many of the things that he now appears to be doing. Do you want to take this opportunity to take a bit of credit for that yourself? I am sure that others will be claiming it. To what extent do you feel you have been able to drive some of the changes, as well as being “sighted” on what the other Department wanted to do?

Mary Creagh: We have certainly disagreed—there have been moments of disagreement. I think we can both own up to that without too much—

Chair: I note that he is not nodding his head, but okay.

Matthew Pennycook: If I could respond to your point afterwards—

Chair: Well, let Minister Creagh speak and you will get your chance after.

Mary Creagh: I think you need a Socratic dialogue. We have had meetings where we have gone in with differing opinions, and we have come out and developed a way forward. I would say that our officials have been working incredibly closely together, including during the passage of the Bill as it made its way through the Commons. No Bill is perfect as it enters this place, and the process of democratic scrutiny has done exactly what it is supposed to do. I am content with where we are.

Q401 Chair: Thank you for that. You are right that almost no Bill ends up exactly where it started, but this one has seen very substantial changes. Mr Pennycook, can you talk the Committee through the changes that are now in place in comparison to the Bill on Second Reading, and why you brought about those changes? If there is anything else you want to add, please feel free.

Matthew Pennycook: I will answer that question specifically, and in doing so, I will refute—I have to put it as bluntly as that—your characterisation of my remarks on Report stage of the Planning and Infrastructure Bill. I made very clear that we were wedded to taking forward the approach that is in the Bill, but throughout the Commons stages of the legislation—indeed, prior to Report and back through Committee—I said that I was personally reflecting, as was the Department, very carefully on the specific points that were put to us by the Office for Environmental Protection, and the concerns that were raised by wider stakeholders, about the operation of the Bill. It is unfair to

characterise me as not being willing to reflect; I have been clear throughout that I would reflect.

Chair: Okay, I accept that, but none the less the body of the Bill is substantially different at the end from how it was at the start.

Matthew Pennycook: Can I press you on how it is substantially different, in your view, so that I can effectively answer your question?

Q402 **Chair:** You can talk us through the changes you have made. The OEP has now changed its view, so what do you see as the key changes on a whole range of things, from mitigation hierarchy to scientific evidence and others? You talk us through what you think the main changes are to the Bill, where people may have had concerns initially.

Matthew Pennycook: I will do, Chair, and I also remind the Committee that we made fairly significant changes to part 3 of the Bill during the Bill Committee, before it came back for Report stage.

In terms of the package of amendments that we tabled late last week, they came about on the basis of having reflected on the OEP's advice, as I said we would. We have tabled a targeted package of amendments to provide confidence that part 3 of the Bill, and the nature restoration fund it provides for, will work in the way that we have always maintained it would, to deliver that win-win for nature. In essence, what we have done is make explicit what was previously implicit, in respect of how Natural England will take forward the preparation of an environmental delivery plan for submission to the Secretary of State.

Let me give you a number of examples. Natural England must consider, as you rightly said, the best available scientific evidence in preparing an EDP. We would always have expected them to do so. That is now explicit in the Bill. Natural England must consider whether network measures will make a greater contribution than normal measures. They would have done this anyway in our view, but to provide that further confidence it is now made explicit. Natural England will set out how conservation measures will be sequenced; again, this was already our intention, and it is taking place in the initial work that Natural England are undertaking on draft EDPs. It is now made explicit through the package of amendments.

We have made it even clearer how Natural England will monitor and report on the effectiveness of their conservation measures, and when back-up and remedial measures—which, I emphasise again, were already part of the Bill—may be used as a result. As before, Natural England will provide the Secretary of State with their opinion on how the conservation measures they bring forward will enable the EDP to pass the overall improvement test. Clearly, in our view this would have happened in practice anyway but, as was our intent all along, where we can bring forward targeted amendments to provide that confidence, we are more than willing to do so.

It is important to say, because we have been accused by some external stakeholders—not on the Committee—of gutting our planning reforms by

tabling the package of amendments, that I absolutely refute that. We have not gutted our planning reforms. None of the amendments that we tabled last week will affect the process by which house builders interact with environmental delivery plans—namely, by paying a levy to discharge specific environmental obligations—or undermine the strategic approach that the model provides for.

As I said, we have made explicit what was previously implicit and, in doing so, we have given the Office for Environmental Protection and other stakeholders further confidence and assurance, without changing the model or undermining the impact of the reforms.

Q403 Chair: Minister Creagh, we are talking about not just the planning Bill but about the Government's wider approach and its impact on nature. The Government have provided much larger house building targets for many local authorities. They have introduced a planning framework that some say will reduce the ability of local councils to protect nature and, through the nature restoration fund, will allow environmental improvement to be someone else's problem for many developers, who will now pay into the fund rather than being expected to see that block them. Do you still feel confident that nature will be protected, coming out of that whole suite of different measures?

Mary Creagh: I am reassured, because we have biodiversity net gain applying to all but the very smallest developments. The Environment Act introduced BNG in 2024 and, subject to some very small exceptions, this is a world-leading initiative that enables nature-positive development. The facts of BNG are that development leaves biodiversity in a measurably better state than before by delivering a 10% net gain. We are looking very closely at the sector, to make it work as effectively as possible, with a particular focus on how it works for smaller developers and extending it to cover nationally significant infrastructure projects. It will apply to nationally significant infrastructure projects from May 2026, and we are currently consulting on how the new mandatory framework will apply for those.

We are moving away from the destroy-and-offset approach to everything having to leave nature better off, and for some of the difficult sites, with much more diffuse impacts, we have the nature restoration fund. To me, it is a belt-and-braces approach.

Q404 Chair: I am glad, as I am sure many will be, to hear that full-throated support for biodiversity net gain. We can be clear, from you, that this Government remain utterly committed to BNG.

Mary Creagh: That is right. In our consultation, we are looking at how we can streamline the small sites metric, so that it is easier and quicker to complete the calculation to meet the BNG requirement. This is about having flexibility and easing costs for developers, while broadly maintaining environmental outcomes.

Chair: May I stop you there, because there are many other things—



Mary Creagh: May I just say one final thing about BNG? One of the issues that it has thrown up in its first year of working is that on brownfield sites there are what are called open mosaic habitat sites. That could be some old car park, or an area where there was some old building, that you and I would class as scrubland but over the years has become quite biodiverse. If you are going to build on that in a city centre—brownfield first and so on—it has a very high value and it is not easy to compensate for that on a like-for-like basis. I have had letters about it, and it has created a bit of a philosophical difficulty. There is a limited supply of open mosaic habitat sites. That is just a little example.

This is a new policy. Again, nothing is born perfect. It has to be refined and shaped as we go through and learn more.

Chair: Thank you.

Q405 **Anna Gelderd:** Minister Pennycook, the Committee notes that there is a strong, overarching and important national house building target, but no complementary national spatial plan to direct housing to locations and support nature restoration targets. What would a place-based approach to housing look like?

Matthew Pennycook: It is probably worth the Committee being aware that in opposition, when I had the shadow housing and planning brief, we were encouraged by a number of external stakeholders to take forward a comprehensive national spatial plan. One of the proposals, for example, was that we should establish a royal commission to do so. Ultimately, we did not take forward that particular proposition, partly because of the length of time that it would have taken, but also because of the impact the process would have had on delivery in the here and now.

Instead, the Government as a whole are taking forward, at some pace, various spatial strategies, or strategies that have a spatial element to them, including the strategic spatial energy plan—I know you will be aware of this—and the land use framework, which sits with DEFRA, the industrial strategy and the 10-year infrastructure strategy. The option of integrating all these strategies is available to Government in the long term.

In planning terms, we are bridging the gap between local and national planning policy by reintroducing effective mechanisms for strategic cross-boundary co-operation in the form of spatial development strategies. That is another provision in the Planning and Infrastructure Bill, and that will require groups of local planning authorities to come together at a sub-regional level and produce SDSs, which are, in a sense, high-level strategies for housing growth and infrastructure provision. Therefore, in terms of spatial planning on the MHCLG side, SDSs will allow sub-regions to plan smartly for growth, including by distributing any unmet housing need and dealing with infrastructure across the piece.

The simple answer is that the Government are moving forward a range of strategies, and there is lots of cross-departmental work to knit them



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together, with the option of turning them into a national spatial plan should this Government or a future Government wish to do so. However, it is not our intent at the moment to bring forward a comprehensive national spatial plan for England.

Q406 Anna Gelderd: That is incredibly helpful. Minister Creagh, do you have any reflections on how the spatial plans—we have heard how they are going to work together—might best serve the needs of the public and the environmental targets?

Mary Creagh: The national planning policy framework and the land use framework, which we have just consulted on, are going to work hand in hand to support local planning authorities with their housing delivery, while making sure that we meet our environmental and climate change goals. I think having that framework is going to help guide decision makers on how we make the most of what our diverse landscapes have to offer, setting out the evidence, the data and the tools needed to make better land use decisions.

Crucially, it will not bind decision makers or prescribe land use in specific places, but what is clear from these overlapping strategies is that land is going to have to be more multifunctional: agricultural land will need to deliver for water and for biodiversity; forest land is going to need to deliver for biodiversity. There are measures in the Bill for the national forest estate potentially to develop some energy and climate change projects. Land is a finite resource, so this is about making the best use of the land in the right place.

Of course, that also has to be looked at in terms of weather change, because what is going to happen in a world that has warmed by 1.5°? Things are going to change, and growing patterns will change and develop as we have seen through a year of rain, a very dry spring and a very dry summer. Lots of change is happening around us in real time.

Q407 Anna Gelderd: It is incredibly helpful that you have set out the different parts of this process, and within that, the sequence in which things happen. Do you think environmentalists might have more confidence in the Planning and Infrastructure Bill if a land use framework was already in place?

Mary Creagh: Well, yes, but we would not necessarily have started from here. We had an incredibly ambitious timetable—rightly, in my view—to proceed with our goal of 1.5 million homes. These policies have developed in parallel, but as Minister Pennycook has set out, there is a view that we could have waited five years and had a perfect plan, but nature and our house building targets cannot wait. I think we have to get on with building these from the ground up, and that is the approach we have taken.

Matthew Pennycook: I think it is probably useful to add to and emphasise what Minister Creagh said about the land use framework and similarly spatial development strategies not allocating sites. It is for local development plans to allocate specific sites. What the land use framework very helpfully does, in the same way as many of these other spatial



strategies or strategies with spatial elements that are being developed across Government, is inform what is the most sensible and the most appropriate use of specific sites in any location. Again, coming back to spatial development strategies, groups of local authorities will come together on a sub-regional basis, and they may identify a large site or several large sites that are the most appropriate places to absorb their housing targets, which do not require small numbers of homes to be delivered on the edge of every village, for example. Those are the sorts of sensible decisions that a spatial development strategy will allow. The land use framework and other spatial strategies inform where the infrastructure and homes should go in these instances.

William Burgon: It might be helpful and for the Committee's benefit to add that on a spatial development strategy, one of the things that is clearly most important to delivering the Government's housing targets is the right level of co-operation between local planning authorities. That co-operation currently has to happen at the local planning authority level, through the duty to co-operate and the sharing of housing need. In that, one of the judgments that authorities are trying to make is about how much of their housing target they can meet, given their geographic and sometimes environmental constraints. Our position is that that happening at the local authority level is sometimes too constraining, and that the amount of land available—the area over which they can make the judgment—is too tight.

One of the advantages of moving to a spatial development strategy and these more regional groupings of authorities should be that those judgments can be made over a much wider geographic area. Whether in relation to environmental or other considerations, a number of authorities will be able to work out how best to share their need and target areas of development so that those environmental and other considerations can feed in more. The intent is to see more authorities able to hit their housing targets because they can plan over that wider area.

Q408 **Barry Gardiner:** May I say to both Ministers that I do not think that compromise is a dirty word? I welcome the fact that there has been dialogue between the Departments, and that you have been able to change and make explicit that which you believed was implicit. I do not think that that is a weakness at all; in fact Government might be a lot stronger if we had adopted the same approach on some other recent issues. I applaud the dialogue and the way in which the Departments have worked together. I hope that your colleagues across the Government will see that, if they do make changes, they are not going to then be skewered for them, and that they will actually find that people can welcome them.

Having said that, may I ask you about the impact assessment, Minister Creagh? Minister Pennycook said that a good example would be nutrient neutrality, but it is the only example in the impact assessment. In fact, the impact assessment says: "Given the lack of data on other environmental obligations, we are unable to quantify the impacts" of the Bill "beyond nutrient neutrality." Given that the impact assessment is so constrained in that way, can the nature restoration fund be reliably applied to

environmental obligations other than nutrient neutrality? Why should we feel confident that we can trust the impact assessment?

Mary Creagh: The reason that nutrient neutrality was included is that that is where it has already happened—that and, I think, great crested newts. You start with what you know. The legislation allows EDPs to be put in place to address relevant environmental impacts. Natural England will set out a package of conservation measures sufficient to address one or more environmental impacts of development and secure an environmental uplift. Where that has happened successfully has been with nutrient neutrality.

Nutrient neutrality has been the thing that has blocked at scale in areas of housing need. You start with the biggest blockers that will have the biggest impact. Of course, it is natural that the first tranche of the EDPs will focus on environmental issues, because there is an established evidence base and an approach to delivering those conservation measures, but we will see other conservation measures coming forward, particularly from the private sector. We are aiming to have the first EDPs in place as soon as possible following Royal Assent to the Bill and the making of any relevant secondary legislation. We think we will be starting with the nutrient mitigation scheme and district-level licensing for great crested newts.

Q409 **Barry Gardiner:** I will come on to EDPs in a moment, but given what we said about the impact assessment and the curtailed consultation process, how confident are you that the nature restoration fund will not have a negative impact on site-loyal species and irreplicable habitats?

Mary Creagh: I think until EDPs are in place, developers should continue to secure nutrient mitigation, get their planning consents and progress their building. We continue to support mitigation schemes and are clear that mitigation and, most important, nature recovery need to go hand in hand with development. There is a role for private investment in all of this. We have a nature markets framework that sets out how farmers and land managers can maximise the potential of their multi-functional land to produce food and provide wider climate and nature benefits. As part of that, we are working with the British Standards Institution to work with stakeholders to develop standards for high-integrity private investment into nature, including standards for nature-based carbon sequestration and biodiversity uplift markets.

Q410 **Barry Gardiner:** I am not sure that has answered my question.

Matthew Pennycook: I will take your question in two parts. It is worth saying that the impact assessment is a proportionate assessment of the impacts of part 3 and other parts of the Bill from readily available data. There is limited data in this area, but although we would love to have more, there is enough. Nutrient neutrality is used as an indicative example of the type of environmental obligation that could be discharged through the nature restoration fund. We know that there are others. We have engaged extensively with the industry—with the sector—on what those

obligations might apply to. Minister Creagh mentioned great crested newts. A lot of work is going on within Government, alongside Natural England, on what the pipeline of the environmental delivery plans might be.

You asked specifically how you can have confidence in the impact assessment. It was given a green rating by the Regulatory Policy Committee, which stated that, "The department has monetised the impacts of the proposed regulation, and the approach seems reasonable despite limitations in data on how environmental obligations affect development."

Specifically on irreplaceable habitats—I, Ms Chowns and others discussed this at length in Committee—the provisions in the Bill will not reduce protections for irreplaceable habitats. Those protections provide that where development results in the loss or deterioration of irreplaceable habitats, it should be refused unless there are wholly exceptional reasons and a suitable compensation strategy exists. Crucially—this is the important bit—under the Bill, network measures could never be used where to do so would result in the loss of an irreplaceable habitat. That inherently would not pass the overall improvement test. I can be no simpler than that: the overall improvement test would not allow irreversible or irreparable impact to a protected site or species. The Secretary of State, in making a judgment on the overall improvement test, would have that in mind. I have been very clear, to this Committee and on previous occasions, that that is the case.

Q411 Barry Gardiner: Indeed, the Department put out a blog post just last month stating that "Current rules in the National Planning Policy Framework are clear that development resulting in the loss or deterioration of irreplaceable habitats, including ancient woodland and ancient or veteran trees, should be refused." It is good to have you on the record clearly, in that respect. Thank you for that, but tell me this: what criteria must the Secretary of State use when judging whether an environmental development plan meets the overall improvement test?

Matthew Pennycook: They are set out clearly in the Bill. You will have noted the very specific amendment on the overall improvement test that we made in the package released last week to insert the word "materially", so the conservation measures must be materially significant. The overall improvement test is a test that the Secretary of State—for DEFRA, I might add—will have to make a decision on for a specific EDP presented to her by Natural England. We have gone through, and can go through at greater length if you would like, the considerations that Natural England has to have at the forefront of the mind when developing an EDP.

The other important part of the Bill, which was overlooked in much of the debate—including on Report, when issues such as sequencing were focused on—is the wider package of safeguards that are hardwired into the Bill, such as appropriate monitoring, the ability to deploy back-up measures and the ability to amend environmental delivery plans, to

ensure that plans deliver those positive outcomes for nature over the plan period.

The Secretary of State has to consider that and other factors when judging the overall improvement test. I again draw the Committee's attention to the fact that we are comparing this with a status quo that is not delivering, either for housebuilding or for nature. Everyone is very clear that it is not delivering nature restoration and recovery in a way that is possible.

Q412 Barry Gardiner: I do not think the Committee needs persuasion on that score, or on the bona fides of your intentions. What we are concerned about is the legal interpretation that others who are less focused on nature restoration might hunt to take it through the courts.

In that respect, the legal analysis of the Government's proposed concessions that we have had as a Committee says that irreplaceable habitats will remain unprotected: EDPs can apply to any environmental feature in England as long as the notional overall improvement test is satisfied, which assumes the successful delivery compensation measures, no matter how complex or risky those compensation measures are. As is the case for biodiversity net gain laws, irreplaceable habitats need legal recognition and protection under part 3. That is the advice that we have been given.

Matthew Pennycook: I cannot comment on advice that I have not seen.

Q413 Barry Gardiner: Indeed. What concerns me is that the Secretary of State, when she was talking about what she wanted to do, said she wanted to remove the chaos and subjectiveness from the planning system. I asked you for the criteria, and you have not given them. I want to know the criteria used in the overall improvement test when judging an EDP.

William Burgon: I am going to expand on what the Minister has just covered. At its heart, an EDP is evidently a balance of both development that it could unlock—Natural England has to quantify the development that it expects to come forward—and the conservation measures that could more than offset that development. That clearly has to be supported by an evidence base that the conservation measures they are proposing would work in practice for the environmental feature in question, which will vary by the type of feature. That balance is at the heart of an EDP and the judgment the State is being asked to make—

Q414 Barry Gardiner: Is a subjective one. That is absolutely the issue here. It is a balance that the Secretary of State has to make, but we as a Committee do not have any pinpointing of what the criteria are that she will have to take into account in making that balance judgment. That means it is subjective.

William Burgon: But also, to add a further point, it is not for the house builder to make that judgment. That is so often misinterpreted in the coverage of the approach we are trying to deliver through the Bill; it is for the Secretary of State to make that judgment on the basis of an EDP that is prepared and handed to them by Natural England, with all the statutory

duties and obligations that it is subject to. Minister Creagh may say more about those—

Q415 **Barry Gardiner:** Perhaps you can say more about Natural England's capacity.

Matthew Pennycook: I am more than happy to. There is the £14 million it has been allocated to start things up and the fact that the scheme runs on a cost recovery basis as it begins to get up and running. We can go into all of the resourcing questions, but at the heart of who we are asking to make these judgments about what the appropriate conservation measures are to deliver those overall win-win benefits, it is not some housebuilder that we have handed out that judgment exercise to; it is Natural England, subject to its statutory duties and obligations, and then the Secretary of State for DEFRA to make that decision.

Chair: We must move on now because I am conscious of the Ministers' time.

Barry Gardiner: I apologise as I have to leave the Committee.

Q416 **Ellie Chowns:** Minister Pennycook, under your amended version of the overall improvement test, the conservation measures have to materially outweigh the negative effect of development, but without a requirement to do a site-specific survey, how do you know what the negative effect is?

Matthew Pennycook: The negative effect in what respect?

Ellie Chowns: Of any development.

Matthew Pennycook: As I said—to re-emphasise my previous point—it is for Natural England to make a judgment, across the EDP area, on the basis of scientific evidence. I refer to some of the amendments that I have already spoken about.

Q417 **Ellie Chowns:** I heard that, but my point is that under the Planning and Infrastructure Bill there is no longer a requirement to do a site-specific survey.

Matthew Pennycook: No, we are moving away. In some ways, I struggle to see how people fail to grasp this. What we are doing here is to move away, very deliberately, from an approach that is based on site-by-site assessment and obligations, to a more strategic approach. It is Natural England's job to put that plan forward and the Secretary of State's to judge it. The Office for Environmental Protection scrutinise the Government's plan, and they have said that the amendments substantially allay their concerns. We are confident that it will deliver that win-win—those overall improved outcomes.

Q418 **Ellie Chowns:** I will come to the OEP's latest letter in a moment, but on this specific point, without doing a site-specific survey, nobody knows—Natural England does not know, the Secretary of State does not know and the developers do not know—what natural features are there that may be impacted by development. It is therefore really hard to see how you can make a judgment about outweighing the negative effect of development if



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you do not know what has been destroyed or threatened by a given development.

Matthew Pennycook: I struggle with your assertion that Natural England would make that judgment without availing themselves of and finding out, on the basis of scientific evidence, as we have clarified through one of our amendments—

Ellie Chowns: But normally the scientific evidence is a site survey for a development.

Matthew Pennycook: Do you think Natural England would not undertake that type of analysis in bringing forward EDPs? I find the lack of faith in Natural England generally in this process quite startling.

Q419 **Ellie Chowns:** Under the Planning and Infrastructure Bill you have removed the requirement to do a site survey.

Matthew Pennycook: We are very clearly moving away from a site-by-site approach to a strategic approach.

Ellie Chowns: And therefore nobody will know what damage is being done by a particular development.

Matthew Pennycook: I disagree with your characterisation of the approach. We are moving very deliberately away from the status quo, which, as I have said, is not only stifling housing development but not delivering for nature in the way that we think it could.

Q420 **Ellie Chowns:** Minister, let me try to be really clear about this. I recognise that you are moving to a wider approach—a strategic approach—of using environmental delivery plans to mitigate the damage done, but we have to look at sites specifically, because damage is done at specific sites.

Nutrient neutrality is a good example. It is potentially possible to have a catchment-wide approach to addressing an environmental problem, but you still need to know what damage is created by a particular site. In nutrient neutrality terms, you can calculate that, but in ecological terms for site-specific species, for example, without a survey you cannot know what damage is being done.

Matthew Pennycook: Just so that I am clear, you are assuming that Natural England will undertake no such surveys.

Ellie Chowns: I am not assuming that, but I am saying that in the Bill you have taken away the requirement to do that.

Matthew Pennycook: The requirement is that Natural England brings forward environmental delivery plans that will meet the overall improvement test. My assertion is that they would not put that in front of the Secretary of State if they were not confident that it would do so.

William Burgon: It is also worth saying that it of course varies by feature. You have just given the example of nutrients where, for example,



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the ability may exist to act on a catchment level, or potentially on multi-catchment level. It is also obviously true that the licensing schemes for great crested newts, for example, currently allow action on a particular type of species in a way that effectively compensates in the aggregate for specimen loss. The point of the NRF in the Bill is to take what are, to some extent, those nascent approaches to a strategic approach and provide a more structured framework for that to happen.

Q421 Ellie Chowns: We are back to Barry's first question to Minister Creagh. I confess that I struggled slightly with your answer, Minister, because you pointed out these two examples. Of course, we already have district-level licensing for newts under existing legislation, and nutrient neutrality is the only aspect that is considered in the impact assessment, which itself says, "This is not a poster child for every other type of impact." The calculations of impacts have basically been based on a whole bunch of assumptions. We cannot make the same assumptions that are related to nutrient neutrality for location-specific, site-loyal species. There is a fundamental problem here that is not addressed by the amendments.

Minister Pennycook, you talked about the OEP's commentary. What is your response to the OEP, given that even after you recently tabled the amendments the Planning and Infrastructure Bill, it still believes that the Bill lowers environmental protections?

Matthew Pennycook: Again, I would not necessarily agree with your characterisation of what I said.

Ellie Chowns: I can read you the quote—

Matthew Pennycook: I can happily read you the quote, Ms Chowns: "even after the material amendments the Government proposes, the Bill would, in some respects, lower environmental protection on the face of the law. In the round, however, the additional safeguards proposed today make Government's intended 'win-win' for nature and the economy a more likely prospect."

Ellie Chowns: "More likely", not certain—

Matthew Pennycook: We accept that in some respects there will be impacts. In the round is the important point, because again—I emphasise—we are moving to a strategic approach, which needs to deliver overall environmental improvements across a wider area, not on a site-by-site specific basis. That is how we get the win-win. I appreciate that some would love to retain the status quo, and not to realise that opportunity, but the Government are determined to do so.

Q422 Ellie Chowns: Some would love to see maintenance of existing levels of environmental protection, while being perfectly open to potential other mechanisms to achieve it. The concern with the Planning and Infrastructure Bill is the risk that it reduces environmental protection overall.

One of the points that the OEP recommended in its previous legal advice was that provision should be made to apply the mitigation hierarchy, but

that is not done in the Planning and Infrastructure Bill, and it has not been addressed with your latest set of amendments. Why is that?

Matthew Pennycook: We laboured over extensive debates in Committee, Chair, so in the interest of time, I just refer the Committee to those. Ms Chowns, you are well aware that the Bill is premised on Natural England having a degree of flexibility in how it applies the mitigation hierarchy. We would expect it to do so normally, but if it feels that that there are instances in which it needs to move away from a strict application of the mitigation hierarchy, the approach allows it to do so. In the aggregate, however, the mitigation hierarchy is maintained. That is why the chief executive of Natural England herself says it is effectively maintained.

Q423 **Ellie Chowns:** We raised in Committee that the opinion of the chief executive of Natural England appeared to conflict directly with the advice from the Office for Environmental Protection.

Matthew Pennycook: And the package of amendments that we have tabled, as I said, substantially allays their concerns.

Q424 **Ellie Chowns:** But it does not address the mitigation hierarchy.

Matthew Pennycook: I do not think that I could have been any clearer on this point. We are not going to remove the flexibility that the approach provides for in that regard. To do so would be to render the whole nature restoration fund inoperable in the way that we want to see it come forward. I appreciate that you take a principled and different opinion from the Government on this point, but we are not going to remove that flexibility. If we did remove that flexibility, we would not be able to achieve the more positive outcomes for nature than are possible under the status quo.

Q425 **Ellie Chowns:** Do you not think it is possible to apply the mitigation hierarchy in a flexible manner, rather than jettison it entirely? Because the mitigation hierarchy—

Matthew Pennycook: I would argue that we have not jettisoned it entirely—that is precisely my point.

Q426 **Ellie Chowns:** The first step of the mitigation hierarchy is to avoid environmental damage but, under the provisions of the Planning and Infrastructure Bill, there is no requirement on developers to avoid that. It moves straight—

Matthew Pennycook: Not developers. Let me please reinforce this point: developers do not develop environmental delivery plans. Developers do not draft them. Natural England makes the judgment on the conservation measures required. And yes, it has that flexibility.

Q427 **Ellie Chowns:** Let us be really clear about this, Minister: Natural England is responsible for provision of environmental delivery plans, which are the mechanism for offsetting. Natural England cannot avoid or mitigate on-site damage; the developers who are doing the development on the site are the only actors who can possibly take steps 1 and 2 of the mitigation



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hierarchy, which is to avoid or to mitigate damage on site. Under the Planning and Infrastructure Bill, however, there is zero requirement for developers even to consider steps 1 and 2 of the mitigation hierarchy. It moves straight to step 3, or offset—handing the responsibility over.

Matthew Pennycook: Again, Ms Chowns, I think you are slightly misinterpreting how the nature restoration fund will work. It is not for developers—*[Interruption.]* If I could just finish the sentence, I will answer the question. It is not for developers to determine steps 1 and 2 under an EDP; Natural England will prepare the EDP. All that developers are required to do is to pay the levy into the EDP if they want to discharge their environmental obligations through it. Natural England, in bringing forward the EDP, can impose planning conditions on a particular site to require specific action, but the approach is premised on flexibility when it comes to the application of the mitigation hierarchy, which, as I say, in most instances, we would expect Natural England to proceed on the basis of—there are clear advantages to doing so. The approach does provide that flexibility. I have been very clear about that. I am not making any attempt to hide that we require that flexibility to get the win-win for both development and the environment that we are seeking.

William Burgon: It might be worth adding that—as the Minister made clear at the beginning—one of the implicit points from the original model that we sought to make explicit in the amendments that we tabled at the end of last week, is the amendment setting out that where Natural England is taking network or off-site measures, it will do so where it judges that the environmental gain is greater from taking those measures off site than on site. That was always implicit in the model and would have formed part of the judgment on the overall improvement test; none the less, that is now an area that is explicit in the legislation, and something that Natural England would therefore have to evidence in the EDP that it brings forward.

Chair: Thank you. We will move on.

Q428 **Chris Hinchliff:** Minister Pennycook, in this inquiry we have received a notable number of comments in written evidence highlighting concerns about the absence of an official definition of sustainable development in the most recently revised NPPF. How would you define sustainable development?

Matthew Pennycook: As a Government Minister, I would define it precisely as it is defined in the national planning policy framework. Chapter 2 sets out a very clear definition of sustainable development, in that the planning system has three overarching objectives—economic, social and environmental—all of which are independent but must be pursued in mutually supportive ways. It is clear that those are to be achieved through both local development plans and the application of framework policies in decision making. The definition is there in black and white in both the revised and previous versions of the NPPF.

Q429 **Chris Hinchliff:** How would you respond to the view put to this



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Committee by Professor Scott of Northumbria University, that the NPPF should explicitly incorporate the UN sustainable development goals in its definition of sustainable development?

Matthew Pennycook: That is not something that the Government incorporated in their revised NPPF. I know that the Committee knows this, but just to put on the record, the NPPF is a high-level policy framework to guide planning decisions. It does not need to incorporate and copy in every other Act of Parliament or strategy. It has very clear references to the Climate Change Act and the Environment Act. It reads across to those things, but they do not need to be incorporated into it. It must have regard to various pieces of legislation, but it is a high-level framework for making planning decisions.

Q430 **Chris Hinchliff:** Thank you for putting that on the record. I am sure the Professor understands that as well.

Matthew Pennycook: I understand the point: that he would like to see that.

Q431 **Chris Hinchliff:** I will give you a specific example of a small market town, Buntingford, in my constituency—I apologise for it being parochial—which is currently subject to numerous hostile speculative housing applications that are leading to large, car-dependent, bolt-on estates far from the infrastructure and amenities that you have previously referred to. They are often going through based on the presumption in favour of sustainable development. I find it very difficult to see that those new estates are truly sustainable. Do such examples worry you, and would you consider amending the NPPF in future to address those outcomes?

Matthew Pennycook: You will appreciate that I cannot comment on any specific planning applications for the obvious reason that Ministers have a quasi-judicial role in making some of them. My starting point in answering that question would be: why is your authority in the presumption?

Chris Hinchliff: That is a perfectly legitimate question to ask.

Matthew Pennycook: I assume that it is in the presumption because it does not have an up-to-date local plan in place, and it is not meeting its housing delivery targets. My answer is that a system that is based on local development plans, and in which we have under a third up-to-date coverage, is not a system that is functioning well. We have taken steps to boost coverage and have been very clear that we will use all the intervention powers that are available, because local development plans are the best ways for communities to shape development in their areas. Once sites are allocated, there are measures of protection from precisely the type of development that you have identified and which I have been very clear—I have lost count of how many times—that the Government do not want to see come forward.

Q432 **Chris Hinchliff:** Those are all very legitimate points. My question was about whether you think that the presumption in favour of sustainable development is currently being used to allow such developments to go



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ahead. You have just said you want to move to a system that does not see such developments or minimises them. You quite rightly make points about local authorities needing to have up-to-date local plans and so on, but does the NPPF definition or any aspect relating to the presumption in favour of sustainable development need to be refined or improved so that even where a local authority has an up-to-date plan, that presumption is not then allowing unsustainable development?

Matthew Pennycook: The very direct answer would be no. I had the chance to refine the presumption when we revised the NPPF back in December. It plays a critical role in ensuring development can come forward in some form where a local authority does not have an up-to-date plan in place and is not meeting its housing delivery target. If we had nothing in that area, the incentive to game the system by not putting a local plan in place would be increased.

Q433 **Chris Hinchliff:** I think that is very clear. I will try one final time: are you confident that the current presumption in favour of sustainable development is only allowing sustainable developments to proceed, or do you have any concerns that unsustainable developments are being approved on the basis of that presumption?

Matthew Pennycook: No, I do not have any particular worries about the way the presumption is operating. It is operating in the way that we intend it to operate. As I say, we are encouraging local authorities to get local development plans in place to give themselves a measure of protection against speculative development of that kind.

I suppose I would make a more general point, which is that every planning decision is a judgment on the specifics of the case and the balance of material considerations at play, so it is really impossible for me to sit here and say that a particular type of development is acceptable or not. It will be for the decision maker—whether that is the local authority or the Planning Inspectorate—to decide whether it is applicable.

What I would say in more general terms—this is a pertinent point—is that we made a number of changes in the revised NPPF back in December last year to strengthen the delivery of sustainable development in the round.

I will give an example: we inserted into the NPPF a requirement for vision-led development for transport—the definition of that is in the glossary of the NPPF. It sets out a move away from an approach that has historically been based on predict and provide, towards one that focuses on outcomes and prioritises sustainable development. That is just one of the changes we have made to try to drive improved outcomes in what comes forward. That is in reference to transport, but there are others.

We did look to strengthen across the framework as a whole. On the operation of presumption, no—it is operating the way that it needs to. Do I hope that, over the course of the Parliament, we boost up-to-date local plan coverage to the extent where our ultimate aim of universal coverage is met? Absolutely. But we have many more local authorities—the vast



majority of them—with those protections against speculative development in place.

There is actually an onus and an obligation on all of us, as politicians, to make clear that, where our local authorities do not have an up-to-date plan in place, residents are facing detrimental consequences as a result. Too often, it is put on the individual applicant rather than the authority for not having that measure of protection in place through a local development plan.

Chair: I will bring in Olivia Blake, who first wants to bring to the Committee's attention a declaration of interest.

Q434 Olivia Blake: I declare that I am co-chair of the all-party parliamentary group on local nature recovery, and I am asking a question that relates to that. Ministers, can you both explain how the local nature recovery strategies, nature recovery networks, biodiversity net gain, environmental delivery plans and NPPF revisions—such as on green-belt land and grey-belt land—align and work together?

Mary Creagh: I will start with that, as LNRs are in my purview. They are a new system of spatial strategies for nature recovery and the environment. Some are already in place; they are being developed across England at the moment, and we expect to have the majority of them published by the end of 2025 or shortly afterwards, to help us target where best to invest in nature recovery and deliver those wider environmental benefits.

They will help ensure that nature recovery is properly reflected in the planning system, because the Levelling-up and Regeneration Act 2023 created a duty—which will come into force later this year—requiring people doing those plans to take account of their local LNRs. At the moment, they just have to have regard to them, so updated guidance explaining what that “have regard” requirement means was published by MHCLG in February this year.

They are designed to inform it and support the planning system, but not to conflict or overrule it. They are being developed through local partnerships involving all local planning authorities, and they will identify and map proposed areas for habitat management, enhancement, restoration and the creation of biodiversity and the wider natural environment. We have 48 of them, covering all of England with no gaps, and each is prepared generally by a county council or combined authorities, but they are created from the ground up with the DEFRA group, environmental NGOs, landowners and local communities.

You asked me: how does all this weave together? I think they overlay. You have chapter 15 of the NPPF, which talks about planning policies and decisions contributing to and enhancing natural and local environments. That is requiring sustainable drainage systems in minor and major developments with drainage implications; setting out areas that must be protected, including ones with designated habitats, national landscapes, national parks and the green belt; and highlighting, for example, the

opportunity for development to support threatened and priority species such as swifts, bats and hedgehogs. That is the NPPF.

We also have the habitats regulations, which protect sites that are internationally important for threatened habitats and species, and we have strategic environmental impact assessments, which assess the potential effects of development activity arising from different plans. They overlay, overlap and inform each other.

Q435 Olivia Blake: Which one is top trump at the moment, as it were?

Matthew Pennycook: I do not think it would be appropriate to characterise it like that. All of these policy strategies—NPPF, BNG, local nature recovery strategies, and, when they come forward under the Planning and Infrastructure Bill, environmental delivery plans—together put in place a more strategic approach to considering environmental risks and opportunities, and a more certain approach to securing environmental benefits. They are all within the broader overriding policy framework that maintains strong protections for the environment generally. They work together, and we have given very careful thought to how they work together, and how other elements of our planning reform—for example, spatial development strategies—interact with things like local nature recovery strategies. There is thought across both Departments as to how all these various bits weave together.

William Burgon: The only thing I might briefly add is that, of course, although there are many strong interactions between MHCLG and DEFRA on planning policy, that goes for plenty of other Government Departments. One of the ways in which we strive to maintain discipline on the point you are making is that planning policy is ultimately held in the national planning policy framework and the PPG—the planning practice guidance—that sits below it, regardless of departmental interests. From a Government perspective, planning policy is centrally held in one place. That is not to say that some of the other things you have referenced do not contribute to or get referenced by that. In terms of discipline on what it is that authorities and others in the sector are having to apply from a planning perspective, that is at least confidently and intentionally held in one place.

Q436 Olivia Blake: It sounds quite complicated when you layer it all up, however. Would you welcome recommendations on tightening some of the relationships between the different plans, strategies, networks and all the rest of it?

Matthew Pennycook: They relate together. As we roll out new reforms like environmental delivery plans, we will be monitoring and carefully evaluating their impact to ensure they do. This hopefully answers part of your question, but we were encouraged to consider, for example, whether some of these strategies could be amalgamated. An external stakeholder suggested we should consider some of those things. We ultimately think that each of these particular frameworks or strategies plays an important role on its own. Obviously, it is really important that they speak to each

other, but merging or rationalising them would, in a way, result in some loss in their objectives and intent.

Q437 Olivia Blake: That is helpful. In the revised NPPF, the term “vision-led” development was used. Can you give a clearer and more practical definition of what “vision-led” means, beyond what is currently set out within the framework?

Matthew Pennycook: A precise definition is in the glossary of the NPPF. I apologise if your Clerks suggested that question to you. It is there in black and white. As I said, it wants to move away from the historic approach—

Q438 Olivia Blake: Beyond that—

Matthew Pennycook: I will characterise the approach, and I will say something about how we intend to help guide its application. The specific intent of a vision-led development for transport is to move away from this sub-optimal predict and provide approach, which too often provides for car-dependent development of the kind that we would like to see less of. As I said, we are moving towards an approach more focused on outcomes that prioritises sustainable transport.

As Will just said, below the national planning policy framework sits planning practice guidance in a whole host of areas. We are looking to update and refine the transport PPG to give further guidance and support to local authorities as to how they can bring vision-led transport interventions forward.

Q439 John Whitby: Minister Pennycook, can you confirm whether MHCLG has fulfilled its obligations under section 19 of the Environment Act to have due regard to the five environmental policy principles when developing the NPPF and the Planning and Infrastructure Bill?

Matthew Pennycook: The statement is on the front of the Bill, in terms of the obligations under the Act. The Government intends always to have environmental considerations at the heart of all policymaking. As you will be aware, Chair, we have not published an environmental principles policy statement—that is not routine practice—but environmental considerations for the Bill were given due regard, in line with the requirements under the Environment Act 2021. I can give you that very clear assurance.

Q440 John Whitby: Will you publish an assessment of the five principles?

Matthew Pennycook: The five principles in relation to this Bill?

John Whitby: The NPPF and the Planning and Infrastructure Bill.

Matthew Pennycook: From my perspective, we have complied with the requirements of the Environment Act as they pertain to this piece of legislation.

Q441 John Whitby: I think the OEP would like you to do that. Would you give that consideration?



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Mary Creagh: May I come in? There are the five principles in the policy statement around environmental policy—the EPPS. That is provided to Ministers as part of routine advice. We, as Ministers, have been advised about our duties under the EPPS as this Bill has been developed and has gone through. With respect to the publication of analysis and advice—

Q442 **Chair:** But it isn't routine?

Mary Creagh: It is part of the policymaking process. It is not routinely published, to enable a space for Ministers to receive and consider advice. We are obviously committed to very high standards of transparency, but there is no statutory requirement on us to publish it. It wouldn't be routinely done.

Q443 **Chair:** Could it be done? That is the key question, isn't it? You are alluding to these very high standards of transparency that you are committed to. You have the information, and both of you are certain that it is compliant. Is there any reason why it can't be done in this case, given the particular concerns that there have been about this?

Matthew Pennycook: I would only emphasise what I have already said. The section 19 declaration is there on the front of the Bill. It is not routine for the Government to publish EPPSs. I had this in my own Select Committee the other day. I am always asked to be far more transparent than every previous Government, and just publish all our considerations. There is an important principle here about protecting some decision-making space for Ministers. As I say, it is not routine to do this sort of publication.

Mary Creagh: Also, we do not have a set format to record this information. It generally comes in and says whether our duties are engaged, and if so, how, but it is not in a standard format template, so we cannot just say, "Here is the thing. This is the advice," because obviously—

Q444 **Chair:** With the greatest respect, this sounds so feeble. You have this information, and you know that you are compliant. I hear what Minister Pennycook says about leaving some space for decision making. Given that there are these concerns and you have satisfied yourselves that the proof exists that you have complied, in this specific case, what would be the harm in publishing to demonstrate to anyone who continues to doubt you that this was compliant? What would be the harm?

William Burgon: The Government have addressed this point on two fronts. One is the statement on the front of the Bill that the Government view the positions in it as ultimately environmentally positive. The second is the work with the OEP, which has resulted in a set of amendments that are also informed by discussions with the sector that have resulted in their updated advice. On those two fronts, between a Government statement on their position and advice from the environmental regulator, that sets out a pretty comprehensive position.

Matthew Pennycook: It is for the Government to make the statement that they feel it is compliant.

Q445 **Julia Buckley:** Moving on to embodied carbon, Minister Pennycook. As the built environment is responsible for a quarter of the UK's carbon emissions, why is there no substantial comment or guidance on reducing embodied carbon in the revised NPPF?

Matthew Pennycook: The NPPF contains a number of things in terms of climate policy, climate mitigation and adaptation. The embodied carbon intensity of building materials comes from the whole supply chain. I know the Committee will understand that the action is therefore Government-wide in that respect to decarbonise supply chains and create a more sustainable economy. Minister Creagh may expand on that. I draw the Committee's attention to, for example, the recently published consultation on low-carbon projects from the Department for Energy Security and Net Zero, which considers a framework to deliver the guidance, tools and levers to help buyers identify and compare lower-carbon industrial projects.

We recognise that tackling embodied carbon is essential to achieving net zero. The NPPF already encourages the reuse of existing resources, including buildings. Our recent consultation on the revisions invited views on how climate change could be better reflected in policy, including accurately accounting for carbon in plan and decision making. The response to that NPPF consultation led us to a decision not to take forward mandatory requirements, but we recognise that there is a requirement on the part of local authorities—this was covered fairly extensively in Bill Committee debates with Ms Chowns—to provide further guidance in that respect. That is what we intend to do.

Q446 **Julia Buckley:** It is interesting that you talk about the accuracy. We heard lots of evidence about the lack of consistency between different actors and how they measure the carbon level. There is mounting evidence pushing towards the whole-life carbon assessment. What is your view on a consistent approach and whole-life carbon assessments?

Matthew Pennycook: As I have said, we recognise that embodied carbon can account for a significant proportion of a building's whole-life carbon emissions, and that managing not only carbon emissions but carbon storage is vital to mitigating the speed and impact of climate change. On the planning side of things, we went out to consultation on the national planning policy framework with a series of questions. Based on the feedback that we received, we judged that it would not be appropriate to make carbon assessments a mandatory requirement using a standardised methodology at this stage. However, as I have said, we think that local authorities and developers could benefit from clearer guidance, and we have committed very clearly to updating planning policy guidance in this area to support that.

Mary Creagh: May I come in on this? I have things to offer the Committee that I hope are helpful. First, I am also the forestry Minister,



and we have given deep thought to how we can use more timber in construction, subject to safety. We recently relaunched our timber in construction road map, which looks at timber's potential for reducing embodied carbon in buildings and advancing our net zero objectives. It can help us transition to a zero-waste and low-carbon economy. As well as the timber, you have the co-products and the offcuts, which can be used in structural and non-structural parts of homes, including flooring, framing, furniture, kitchen cabinets, doors, windows, stairs and so on.

This is not in my brief, but I had a very interesting visit to a modular timber construction site in Coventry where they are doing off-site construction of modular extensions, and they are finding it incredibly useful in school buildings, particularly SEN school buildings. The evidence is that it is incredibly disruptive to children to have builders in day by day. For neurodiverse children, to see something changing every day is hugely disruptive. But if you go in through the six-week summer holidays and put up the outside of the building after building it off-site, bringing it in on a big lorry and putting it all together, you can build it from the outside in.

There is also some really interesting evidence on the absorption qualities of timber in buildings—it has some benefits in reducing the blood pressure of children in those buildings. So nature-positive building, obviously subject to fire standards, can have a really positive advantage in building homes and Government buildings fast.

Q447 Julia Buckley: Both of those examples are really encouraging. We have heard about the road map and the additional guidance, but would either of you be in favour of seeing that brought forward, for example, in the future homes standard, or through some of those other building regs?

Mary Creagh: I think the Mayor of London has some elements around embodied carbon in his London plan. I am afraid that I don't know the details, and it is not my area, but the evidence I am hearing on the circular economy is that, instead of just knocking down buildings, we are now seeing developers deconstructing them, reusing the concrete and, again, keeping the shell and building inside. That is creating a circular economy market, where old architectural tiles—

Julia Buckley: That is great for London, but are you going to roll it out and get it into—

Mary Creagh: It is also happening in Birmingham and other places as well.

Matthew Pennycook: On future standards, we will obviously consult on those later this year. In terms of embodied carbon, very specifically, as I said, we think the appropriate way forward is to update the relevant PPG. That is not only to assist local authorities in considering carbon emissions within the plan-making process, but to support house builders in using carbon accounting to reduce emissions as part of their development proposals. We encourage that whenever possible, but the PPG will give

further definition and further clarification about the expectations of Government in this area.

Julia Buckley: Thank you. That is very helpful.

Q448 **Martin Rhodes:** Throughout this inquiry, we have received a lot of evidence regarding skills shortages in ecology, construction and planning. To what extent do those shortages present a risk to the Government meeting both its housing and nature targets?

Matthew Pennycook: We will split this up, Chair, if that is amenable to you, perhaps with Minister Creagh taking ecology; I will specifically speak to construction and planning. As I have said from the moment I was appointed, there are a series of very significant constraints, or challenges, that we need to overcome in significantly boosting housing supply, including the delivery of significant numbers of social and affordable homes. One of those is construction and the other is capacity and capability in local planning authorities.

On the construction side, we have a new construction skills mission board, which will oversee an industry-led plan to recruit an additional 100,000 construction workers a year by the end of this Parliament. You will know that, at the spring statement, the Chancellor committed £625 million for construction skills to recruit an additional 60,000 construction workers by 2029. There are other industry interventions in this space; for example, there was a £140 million industry investment last year to set up 32 pioneering home-building skills hubs. There is lots of work, and that is a real cross-Government effort, incorporating DWP and DfE—all the Departments with some responsibility for skills. You will also know that, overall, the spending review provided an additional £1.2 billion a year for the skills system by 2029.

On planning—again, we return to the Planning and Infrastructure Bill—in the Budget last year, the Chancellor announced a £46 million package of investment into the local planning system. Our manifesto, as you know, committed us to appointing at least 300 new planning officers to LPAs. We are on track to meet that commitment through two routes: there is a graduate recruitment route, through the Pathways to Planning scheme run by the LGA, and then mid-career recruitment through Public Practice. We have also taken steps to increase householder and other fees, and the Planning and Infrastructure Bill, as I mentioned, includes provision—this is really important from our point of view—to allow a local planning authority to set its own fees or charges at a level that reflects the individual cost to that LPA to carry out its functions.

There is a whole suite of measures to boost capacity and capability, both at the local planning level and through construction skills, where we absolutely need to expand and upskill the workforce.

Mary Creagh: If I can come in on that, Chair—

Chair: Sorry to stop you, Minister Creagh, but I believe Minister Pennycook has a commitment that means he needs to leave in a couple of

minutes, so we will finish a couple of questions with him, and then we will come back to you once he has gone, if that is okay.

Q449 **Martin Rhodes:** On the point about planning, and given the increasing importance of integrating nature recovery into planning, how will you ensure that the planners will have the required ecological understanding?

Matthew Pennycook: There is a specific DEFRA funding commitment, which I will let Minister Creagh speak to, and it is incredibly welcome from our point of view. The measures that I would highlight most in allowing local authorities to fill those skills gaps are the measures in the Planning and Infrastructure Bill that allow local authorities to set localised fees. They can then ensure that they are setting fees charges at a rate that will cover their costs, including the costs of hiring and retaining ecology and conservation specialists where they are need, and they are absolutely needed.

Q450 **Chair:** Great. We will come on to you, Minister Creagh, but I have one final question for you before we do that, Minister Pennycook. You have just been through some of the themes that need resolving to get to this ambitious target, but some would say that the demands on developers seem to be missing here. We have lots of developers sat on either land or planning applications and not bringing them forward. Do you think that the Government are doing enough to make sure that developers also address the ways in which they keep these housing numbers below what they could be?

Matthew Pennycook: I think you are referring to the challenge—and it is a challenge—of the absorption rate that we are partly constrained by. I have never been shy about saying that we are over-reliant on a speculative development model that constrains housing supply and drives sub-optimal outcomes—I am very clear on that point. We want to change the model and diversify the house building system.

In terms of very specific measures, the Government have acted. For example, I draw your attention to the recent planning reform working paper that we published on build-out measures and how we can accelerate the build-out of sites that have consent, including proposals for a delayed homes penalty, where sites have consent and are not being built out. We are taking action in this regard.

To ensure that we are getting the appropriate level of public gain through development, we are committed to strengthening the existing developer contribution system—section 106 and CIL—to ensure that councils can more readily negotiate in a proper way to ensure that public gain is secured, and that developers are held to their commitments when we do. We are taking action in that regard and many others, and we are only a year in.

Chair: Thank you, Minister Pennycook—I will allow you get to your next commitment. As you leave, I will pass back to Martin Rhodes to pursue the issue of skills with you, Minister Creagh. Thank you very much indeed.

Q451 Martin Rhodes: I want to follow up on the issues of ecology and skills shortages.

Mary Creagh: In May this year, we announced £10 million of funding for local planning authorities to implement biodiversity net gain, which is on top of the £35 million that has been provided since the financial year 2021-22. This funding is being used for a wide range of uses, including employing ecologists or purchasing tech solutions to aid biodiversity net gain delivery. The Government are also continuing to fund the planning advisory service to deliver training and support for local planning authorities, which we know many are finding invaluable.

We are also working in DEFRA with our arm's length bodies to improve their capacity and capability in the planning system. We have improved our oversight by introducing new planning metrics, and we are collaborating to manage capacity, resource and skills. We received additional funding at the spending review as a Department over the next four years to support delivery of an improved and accelerated planning system, including support for staffing, improving training and skills, and delivering new digital systems to make sure that our arm's length bodies are fit for purpose.

When I came here last time, I was asked about the natural history GCSE. I am delighted to say that, in a PQ on 21 March this year, the Department for Education announced that it is moving ahead with a new GCSE in natural history. As part of the independent curriculum and assessment review, covering ages five to 18, there will be an evaluation of the national curriculum and the statutory assessment in England. The Department is planning to finalise and consult on subject content for the new GCSE after that review has concluded.

Q452 Martin Rhodes: Just to follow up on what you have said about employing more people and introducing more training and tech solutions that, is the capacity there to do that quickly enough? If we are talking about moving very quickly in this whole area, because we want to build all these houses, will we have the necessary training in place, so that more people are employed and the tech solutions can be up and running in time, to deal quickly with that growing demand?

Mary Creagh: We have a large-scale package of digital improvements across DEFRA group digital systems. That will also drive productivity gains across the different planning systems. We have new casework management systems, additional functionality and integration across government. That should improve the service user's experience, and we will also be using more automated responses, as not everything has to have a person behind it. We think that will reduce casework volumes in arm's length bodies, enabling them to receive and speed up their processing times, for those who do require bespoke advice.

Q453 Martin Rhodes: Do we need a system wherein planners in general know more about ecology, and ecologists know more about planning than they do currently?



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Mary Creagh: I do not think it is any secret that over the last 15 years, local government planning has been very much a Cinderella service. We are at a stage now, through the introduction of these new BNG and local nature recovery strategies, where we are in a learning process—local planning authorities certainly are. There is also an issue about keeping trained and skilled staff. The private sector, be it house builders or energy providers, will always be able to pay a higher salary than local government, in terms of attracting and retaining staff. We need to give some more thought to that.

Q454 **Martin Rhodes:** We do not necessarily want to be training and putting all this extra money, just for that talent to leave.

Mary Creagh: Yes, how do we keep them? Some of that is about CPD, in my view. Some of it is about putting people on three-year or two-year courses and showing clear career progression.

Q455 **Olivia Blake:** I have a couple more questions on biodiversity net gain. One may have been for Minister Pennycook, so I wonder if he could write to us with an answer, if possible. We have heard evidence that small sites have a really good benefit on BNG. There is concern from some that excluding small sites will have quite a damaging impact. How will you ensure adequate safeguarding to prevent larger sites from being parcelled up into smaller sites in order to avoid BNG?

William Burgon: I am happy to take that, in the first instance. There are two things to say. First, the consultation on potential changes and easements to the way in which BNG works for, in particular, smaller developers, is currently live and closes on Thursday of this week. We look forward to looking at the responses, which we think are going to number in the thousands. It is always a good thing to be able to crack through those, a bit like with the NPPF consultation last year. We look forward to looking at those and the detail they give us on the range of options that we set out in the consultation. I am sure the Committee is aware that there were a number of different suggestions in that consultation, ranging from partial or full exemptions for smaller developers on minor applications from BNG requirements to a whole range of suggestions about changes to what is called the small sites metric. I will not cover those in detail unless you want me to; none the less, there is a set of options in there that we are going to look at the responses to. No decision has been made yet on exactly what set of options might be taken forward. That will depend on our view on the responses to the consultation.

In terms of, if there are changes, making sure that the right application is eligible for the right kind of provision, that happens now, in the sense that the small sites metric is a current metric available to those taking forward minor development. That currently applies a different set of rules than for an applicant for a major development. It is for the local authority to make sure, in judging that, that it is receiving the right type of application and therefore the right metric has been applied. If there are issues, that follows the standard enforcement approach, where a planning enforcement officer might be able to take action, and all the standard steps that an



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authority might take, from seeking to pause work, stop it or ultimately apply fines, could follow from that process. On your specific question, I recognise the concern, but I think the same process would apply now as it would in the future, depending on the changes we make.

Q456 Olivia Blake: You are thinking about it and making sure that it is embedded. That is fine.

This question is probably for you, Minister Creagh. How will you ensure that DEFRA is confident that the nature restoration fund does not start to undermine BNG, or how you can prevent it from undermining BNG?

Mary Creagh: That is a great question and one that I asked at the start of this process, because these policies are all new, so it is a question of how they interoperate.

It is important to say that BNG is a separate and distinct policy to the nature restoration fund. It is globally pioneering, and it applies to most Town and Country Planning Act development, subject to some exemptions. It is about incentivising the protection and creation of habitats on and around new development sites. So, it is about avoiding harm and then mitigating harm, and doing it in the area.

By contrast, the NRF is intended to allow for a much more strategic centralised approach to discharging obligation for specific impacts on protected sites and species in very particular locations. The nature restoration fund is not expected to impact on either the incentives that the BNG policy creates to avoid habitat loss, or to create new habitats on the site of new development. Nor do we think that it will impact the developing market for off-site biodiversity units; we think they are two separate and distinct markets for off-site biodiversity units. We think they are two separate and distinct markets. One is through—*[Interruption.]* Oh my God. That is a bit of species recovery right there in the room. *[Laughter.]*

Chair: For those not watching on television, I will just let them know that a mouse has run across the room and rather startled the Minister. As far as I am aware, the mouse is not invited and will shortly be excluded. Minister, try and regain your composure and return to biodiversity net gain.

Mary Creagh: I am not sure how clear I was. I am just lifting up my feet.

NRF is about a strategic centralised approach; biodiversity net gain is basically about a much more localised approach. I hope that satisfies the Committee.

Q457 Olivia Blake: I think that we have all been very distracted by that mouse, haven't we? But thank you for that answer.

We have heard the word "strategic" a lot. Who is going to have oversight of that "strategic" level. Is it going to be DEFRA, or is it going to be—



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Mary Creagh: When it comes to the nature restoration fund, and colleagues should please step in if I am wrong, it is about Natural England making those nature restoration funds on the basis of evidence. Dr Chowns has gone, but I think there will be ecological assessments; I do not see how you could do it scientifically without them. Then, it will be for the Secretary of State for Environment to decide whether the nature restoration fund is fulfilling the duties that are set out. So, there is a separation of responsibilities.

Q458 **Chair:** Many people will have been very encouraged by what you said about biodiversity net gain earlier in this session. You are absolutely right that it is a groundbreaking approach. It is early in its approach. How did it make you feel when, back in February, we had a spokesman for No. 10 Downing Street audibly questioning BNG and raising questions about its future? That must be deeply concerning for a Minister like yourself with responsibility for it and such a commitment to it.

Mary Creagh: I am 100% committed to the protection and restoration of nature in this country. The Government are committed to protecting and restoring nature, while building the homes that we need. I cannot comment on what Government spokespeople do or do not say, but I would say that they do not reflect the view of the Ministers who I have been working with in this Government on this particular issue.

Q459 **Chair:** So the views of No. 10 spokespeople do not reflect the views of the Ministers of the Government? That seems to be a slight disconnect, doesn't it?

Mary Creagh: I think what we are trying to do is get beyond the divisive rhetoric of saying that it is either nature protection or house building, and achieve a win-win for nature and for the homes that we so desperately need. Frustration at the current system, which we heard eloquently expressed by Minister Pennycook today, can sometimes bubble over, with tens of millions of pounds being spent on offsetting projects that add costs to projects, delays to developers, and costs to people's bills. They push up the price of everything. Are they really achieving what we want? We think they are not. That is why there is this new strategic approach. I would say that it was probably an expression of frustration at the status quo that we inherited.

Q460 **Chair:** Right, so you would say that BNG is a crucial tool going forward, while recognising those frustrations. You do not believe that BNG in itself is preventing us from achieving the 1.5 million houses that the Government want to see built.

Mary Creagh: I do not. I think it needs refinement, which is why there is a consultation, but I believe that it is a really important tool. It is about creating better quality homes—better for people, better for communities, and better for species like swifts, bats and hedgehogs.

Chair: Minister Creagh and—in his absence—Minister Pennycook and the officials who were with him, thank you very much indeed for attending.