



Environmental Audit Committee

Oral evidence: [The Government's approach to sustainable development inquiry](#), HC 388

Wednesday 9 December 2015

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Members present: Huw Irranca-Davies (Chair), Peter Aldous, Caroline Ansell, Jo Churchill, Mary Creagh, Geraint Davies, Margaret Greenwood, Carolyn Harris, Mr Peter Lilley, Caroline Lucas, John McNally, Rebecca Pow

Questions 1-79

Witnesses: **Rt Hon Oliver Letwin MP**, Chancellor of the Duchy of Lancaster, and **Rory Stewart MP**, Parliamentary Under-Secretary of State for Environment and Rural Affairs, gave evidence.

Q1 Chair: Welcome to this afternoon's session. This is our second and final session on the Government's approach to sustainable development. As our witnesses today, we have the Rt Hon Oliver Letwin MP, Chancellor of the Duchy of Lancaster, and Rory Stewart MP, Parliamentary Under-Secretary of State for Environment and Rural Affairs. You are both very welcome. Minister Stewart, you are welcome back to us again and thank you for coming back again in such short order.

We are going to kick straight into this, if you are happy with that, and we have lots of questions to discuss around the Government's approach to sustainable development. If I could just open by saying to you, one of the interesting facets of this Committee's all-encompassing work is that it covers all Government Departments and it is great that we have both of you here with us. The third position, and the third seat that we would have liked to have had here today, would have been a Treasury Minister as well because we see the importance of Treasury to the work of this Committee. The Treasury's response was—and it is a fair response; I understand it was—"Don't worry; these two guys can handle that". Are you content with that? I am paraphrasing.

Mr Oliver Letwin: I am touched.

Chair: You are touched?

Mr Oliver Letwin: Whether we can handle it you will find out, Mr Chairman.

Q2 Chair: We shall soon find out. I know in future we hope to have Treasury Ministers and hopefully the guy at the top of Treasury here in front of us, because it is important, but it is great to have you both here.

Could I simply ask you both at the moment, very quickly, what is your concept of sustainable development within Government and your two roles?

Mr Oliver Letwin: So far as the Government is concerned, this is now simply a mainstream part of our agenda. We do not see sustainable development as a separate bit sitting around; it is how we do business. Of course within that there is a huge amount of debate and discussion about what constitutes sustainable and unsustainable development, what constitutes development and what doesn't and so on, but we can ignore all the complexities of it for the moment. The simple fact is we see this as how we should do business. That is built into everything.

You made a reference to the Treasury. If we go through the Green Book now—and this is something that has gone across administrations—the analyses that are done, which have been refined over time, include analysis of a wide range of impacts that come within the sustainable development category. As you may be aware, and certainly your predecessors in this Committee were very aware, we try to organise the fulfilment of the agenda of Government through our departmental plans. That is now a single departmental plan per Department that brings together its spending plans, its efficiency plans and its delivery of agenda. Obviously the way you build it into DFID's plan is quite different from the way you build it into DEFRA's plan, but we try to build in to each of those a real sense of how that—

Q3 Chair: You are in charge of bringing this together, Mr Letwin?

Mr Oliver Letwin: I am one of the Ministers who is in charge of bringing that together, yes. I work with Matt Hancock in the Cabinet Office but also with Greg Hands and George Osborne in the Treasury, and of course the Prime Minister.

Q4 Chair: Who is in charge of it?

Mr Oliver Letwin: Ultimately the Prime Minister is in charge of it. It is his Government and his plan.

Q5 Chair: Indeed. Is the Prime Minister directly involved in this?

Mr Oliver Letwin: Yes. I have sat with the Prime Minister and gone through what the major elements of all these things are as we have developed them.

Q6 Chair: What is the mechanism within Government that pulls this together?

Mr Oliver Letwin: It is quite elaborate, unfortunately, inevitably because there are a lot of different Departments and a lot of different concerns. The three operating Ministers, Matt, Greg and I, have had a series of bilaterals with Secretaries of State. We have also had a series of discussions with officials. My officials in the Implementation Unit and the Policy Unit have had official-to-official discussions. The Economic and Domestic Secretariat has then worked with the Implementation Unit and Policy Unit to make sure that all of the

plans are coherent with one another and that they follow the Government's agenda and so on. There is a series of things that are done to try to bring this together, and then we—

Q7 Chair: You don't bring it together? You are not the line of accountability that says, "This works"?

Mr Oliver Letwin: I guess that I am most likely to be the person who is sacked by the Prime Minister if it all goes wrong, so in that sense I suppose there is a line of accountability.

Q8 Chair: That is great. Mr Stewart, your role in this?

Rory Stewart: We are one of these Departments that the Chancellor has referred to and, in terms of us, this is very directly involved. Of course balancing environmental, social and economic values, in terms of DEFRA, relates above all to land use and the natural environment. A great deal of what we are doing in our 25-year plan, a great deal of what we do, both in terms of funding that we provide and the legislation we have, is produced exactly in order to do what sustainable development is all about.

Q9 Chair: You have a vitally important role. So do you, Mr Letwin. Do you feel you have the power across Treasury, who said, "You two guys can deal with this", DCLG and everybody else? Do you have the clout to do what you need to do?

Rory Stewart: I think Ministers would always like more power but probably the most useful thing that we have, which is new and which I think the Chancellor will talk about a little bit more, is in relation to natural capital. We have been doing a lot of work on natural capital accounting, which we see as a very powerful way of influencing the way the Treasury thinks and the rest of Government thinks about balancing particularly renewable and non-renewable resources and the asset base for the country, and getting those things right. We will return to that maybe a bit later on.

Chair: That is brilliant. Thank you both. We are going to take a slight departure here because Margaret has to speak in the debate in the Main Chamber in a moment. Margaret, you wanted to come in early on a particular question?

Q10 Margaret Greenwood: Yes. Apologies that I have to leave. Mr Stewart, I would like to ask you this question. I need to declare an interest. In my constituency, there is a licence for underground coal gasification just on the estuary there.

My question is this: given Amber Rudd's announcement just before COP21 that the Government consultation this spring will set out proposals to close coal by 2025 and restrict its use by 2023, where does this leave the Government's position on underground coal gasification?

Rory Stewart: I am afraid that is a DECC question. We have divided our Departments now, so energy and climate change sits with Amber Rudd not with DEFRA. I am afraid—

Q11 Chair: Could Mr Letwin answer that?

Mr Oliver Letwin: Not in the level of detail that DECC could but I think I can certainly help. The plans that were announced by Amber a few days ago relate to what we normally term as “coal-fired power stations”—Ferrybridge, Radcliffe and so on—which are either still operating full tilt or are being brought back as part of the Strategic Balancing Reserve and being held warm. That will go on being the case to one degree or another until the drop-dead date, but after that there will not be any more UK coal-fired power generating stations.

There are other uses for coal gasification. That is entirely a different issue, not covered by her statement. I don’t know the particular case that you are referring to. It depends what the use of the gasified coal in your case would be.

Q12 Margaret Greenwood: Presumably, Amber Rudd’s decision was based on an understanding of the impact of burning coal. Would that be a reasonable thing to say? You are nodding, “yes”.

Mr Oliver Letwin: It was based on an understanding of a whole series of things, including what level of capacity is required and available to keep the lights on, what the economics look like, what the carbon consequences are and so on, yes, but of coal-fired power stations. I don’t know whether this will help or not but perhaps I should add that in the case of Drax, which is a mixture of coal-fired power units and biomass units, this does not affect the biomass units. It does affect the coal-fired power units.

Q13 Margaret Greenwood: With underground coal gasification, they drill down two bore holes, put down oxygen or air into one and set fire to the coal underground, but it is still going to be releasing CO₂. I wonder whether you think that it should also be incorporated in this ambition.

Mr Oliver Letwin: That is a perfectly serious issue but it is not one that was covered by Amber’s statement. Amber’s statement was about the generation of electricity in various different ways and, within that, her statement about coal is exclusively about coal-fired power generating stations.

Chair: I fully understand that. I know you are going to have to rush.

Margaret Greenwood: Thanks very much.

Q14 Chair: Let me just ask the obvious follow-up. How does this tie in to the overall Government’s approach to sustainable development? If you have issues around the use of fossil fuels, and a statement is made in the run-up to COP about phasing out coal-fired electricity generating stations and a valid question is raised about, “What does that mean about other uses of fossil fuel?” are you the guy who co-ordinates this and goes in to the Prime Minister, has a bilateral and says, “Prime Minister, this has implications across the wider use of fossil fuels. I need to pull DECC in and pull DCLG in?” I keep coming back to this thing in my head. The machinery of Government is very important.

Mr Oliver Letwin: Can I come back in a moment to the “machinery of Government” point? The question that you posed makes a presumption that is not correct. It is not the case that this Government has a rooted objection to fossil fuel use. I suspect there are members of the Committee who disagree with that proposition, but that is not the Government’s proposition. The Government’s proposition is that we have a commitment,

a legal as well as a moral commitment, to fulfil the terms of each carbon budget and, hence, to fulfil the terms of the Climate Change Act, which various people in your party and mine, including me, were instrumental in bringing about and we intend to fulfil that.

As part of that, although the specifics of the modalities of that rather bizarrely constructed Act don't technically include a reference to the emissions from the electricity supply industries—a very odd feature of the scene—nevertheless, we all know we cannot get to where the carbon budget demands and the Climate Change Act demands without also constraining carbon emissions from the electricity supply industry. Therefore we had to ask ourselves the question, “How do we achieve what we were trying to achieve—which is a combination of least cost, compatible with keeping the lights on and delivering our carbon reduction targets—in the context of the electricity supply industry?”

Amber, George, the Prime Minister and I had a whole series of meetings to develop the strategy, which has now been revealed. We certainly did make sure, in the course of those conversations, that they were coherent with things we had been discussing with Rory and with those in DEFRA, and things we had been discussing with Patrick McLoughlin and other colleagues in the Department for Transport. I chair an inter-ministerial group on clean growth that is designed precisely to bring the relevant ministries together, including the Treasury and including the Business Department, to discuss the coherence of these things. I guess that if you are itching for a piece of the machinery of Government that is designed to make sure these things are coherent, that is about as near as we get to it.

Chair: Brilliant. Thank you.

Q15 Mary Creagh: The previous Government set out in 2011 its vision for sustainable development. Are you planning to do a similar one? Obviously the Prime Minister is famous for his comments about “cutting the green crap” and that has manifested itself in a variety of, one would say, less than green policies: reduction in the feed-in tariffs for solar, an early end to the Renewables Obligation certification for onshore wind, and a series of things that have damaged the emerging low-carbon economy in this country, which was worth £44 billion to the economy this year. What will the vision look like? How do policies feed in to that?

Mr Oliver Letwin: Let me begin by saying I absolutely do not accept your analysis, and I suspect this is a matter of pretty profound difference between political parties. As I mentioned, our guiding principle in relation to the electricity supply industry is to achieve the combination of the lights being on and the least cost compatible with reduction of carbon emissions as our carbon budgets demand. I don't accept at all that the measures that have been taken are in any way deleterious to that. On the contrary, they are wholly consistent with it. We will achieve our carbon budgets and we will do so in a way that is the least cost compatible with keeping the lights on.

Renewables in this country, which have risen from 6.8% of the generating part to 19.1% of it, are just one of the reasons why the Climate Change Index has ranked us as second only to Denmark—an index that is sponsored by a whole group of international green organisations—and it remains our intention to fulfil that. If you are asking specifically in relation to the electricity supply industry, I think our programme is entirely consistent with our vision.

What the Prime Minister was trying to get at was precisely the kind of thing that I think you are mis-describing. Where you are over-subsidising a group of people who are making a very large amount of money at the taxpayers' expense for doing something that it is economic to do without subsidy, that is—I will not use deleterious language—not a sensible use of public funds. It does not advance the green agenda. What it advances is the profitability of certain capitalists and we have no interest in doing that.

Over the course of this Parliament we will find opportunities to set out our view of how things should move in the future, but we have already been very, very clear about the broad strategy, which was contained in our manifesto and is contained in our single departmental plans, and we are going to continue it: namely, to achieve the carbon emission reductions and to do so in a way that is consistent with economic growth. That spans a huge range of topics.

For example, we are taking an enormous amount of effort at the moment to enlarge the production and use of electric vehicles in this country. One of the main emitters in this country is the internal combustion engine. We believe we have a huge future as a country in being one of the leading-edge countries in the world for producing electric cars. We are hard at work on that. Similarly, we are taking steps—Rory is the world expert and can describe them—to clean up our air. These converge.

If you are asking what the vision looks like, it looks like a country that has huge growth but at the same time persistent, solid growth that at the same time is gradually decarbonising in line with the Climate Change Act.

Q16 Mary Creagh: Will there be a vision set out and if so, when? You said it may emerge over the course of the Parliament.

Mr Oliver Letwin: What I am saying is we set out that vision in our manifesto. We are sticking with it. That is our vision, just as I have described. I am sure that, as the Parliament moves forward, we will set out a vision for further years ahead into the next and succeeding Parliaments.

Chair: I might come back to you in a moment, Mary, if you don't mind, but I know Carolyn and Caroline both want to ask questions related to this. My apologies. By the way, we are not going to entirely focus on the issue of energy—we have a lot of other things as well—but there are some of these pertinent ones that we want to come to.

Mr Oliver Letwin: Sure.

Q17 Carolyn Harris: I apologise, I need to go as well but I just want to ask you this question. I am intrigued by these lovely chats you appear to have with, in your words, George, Amber, the Prime Minister and yourself. I wonder if you had one of these conversations around Tidal Lagoon Swansea Bay, which was not in the autumn statement. It would be the perfect project for promoting sustainability but the fact it was not in the autumn statement, together with the fact that there is a huge problem around the strike price, I wonder if you could share some light as to whether we are going to see the project emerge in the near future.

Mr Oliver Letwin: The question there relates to the question of price. Cost.

Q18 Chair: If it is of help, this goes to the theme of how decisions are made within Government on sustainable development. Who talks about this? Who makes the decisions? Who pulls it together?

Mr Oliver Letwin: DECC of course is responsible for making decisions about the various ways in which Contracts for Difference are awarded within the different technology classes and for deciding on how they are balanced. Broadly, the cost of an electricity supply industry buying combined cycle gas turbines is expected to be in the order of 5.5 or 6 pence a kilowatt hour. Give or take, we have been buying nuclear CFD from Hinkley C—we hope to see the prices go down for succeeding cases—at around 9 pence a kilowatt hour, £90 a megawatt hour. We have solar energy that broadly is now able to compete with the gas without subsidy, which is why we are moving into an unsubsidised regime over the next couple of years.

We set out in Amber's statement the price schedule that we will be offering for offshore wind to bring it down towards 9 pence a kilowatt hour, similar to the nuclear, over the course of four or five years. We think there is an argument for a schedule down on the basis that it is still a maturing technology. If other technologies come along and offer themselves at comparable prices with comparable effects—

Q19 Chair: Sorry to interrupt you, Mr Letwin, but what we are trying to get is: how does Government make an individual decision like that? You could look at other ones within the energy field but also in the natural environment. It ties in to this issue of how you deliver sustainable development. The Prime Minister has said very boldly—and we welcome that—he is going to leave this country and the natural environment in a better state. Sustainable development is going to make immeasurable progress. You are saying this is a DECC decision. In other areas, it is a CLG decision. In other areas, it is an International Development decision. Who pulls it together? Do you step in? Does the Prime Minister step in and say, "We need to be leading?"

Mr Oliver Letwin: If I may say so, I think you are asking the wrong question in the sense that if you have an overall plan for Britain—leave aside the DFID issue—which is to achieve a country that has more natural capital, cleaner air, an ecosystem that works and is also thriving and growing, and if within that plan nestles a plan for the electricity supply industry, which is to achieve the least-cost solution that gives you the lights on and the carbon budgets observed—that is the structure—then you ask the specific ministry responsible for the electricity supply industry, namely DECC, to implement that plan by making a series of rational decisions, which involve understanding the cost curve that relates to different kinds of projects, and you don't buy from somebody that offers you the same carbon reduction you can get from some other source at a price much higher than that.

Q20 Chair: It is just DECC on its own?

Mr Oliver Letwin: So far as the electricity supply industry is concerned, yes, of course.

Rory Stewart: Chair, if I can just come in on that, it may be useful to bring DECC in on this but, essentially, the central idea behind the creation of DECC was exactly to balance

issues of energy and climate change and that is the balance that they are supposed to make day in, day out.

Mr Oliver Letwin: That is right.

Q21 Caroline Lucas: Some of us, listening to this, feel that we are in a bit of a parallel reality because you are painting a picture of a wonderfully coherent sustainable development vision and yet the reality is, for example in my constituency, that companies are going out of business and jobs are being lost in the solar industry because of the incredibly perverse and unexpected cuts to solar tariffs.

We have seen the UK drop out of the top 10 international league table on renewable energy for the first time since it was created 12 years ago. We see people like not just the Greens but people like Ernst & Young looking at what is happening now in terms of investment and saying, “The UK has historically been a safe harbour for investment because of political stability and all sorts of other good reasons. We’ve now entered a really weird phase where we’ve almost got a Government energy policy being set in a vacuum”. Whatever you say about DECC taking a lead—and I accept that—why is it happening in a policy vacuum and why isn’t something being added up here, in terms of the impact through BIS in terms of the lost jobs and the lost investment? I don’t understand how DECC is just on this little island taking all of these decisions that are undermining so much of the other leadership that you say you are trying to show.

Mr Oliver Letwin: We have some pretty profound disagreements about the state of affairs. It does not surprise me and it probably does not surprise you.

Q22 Caroline Lucas: First of all, you cannot disagree that we have dropped out of the international league table for renewable energy. That is a fact.

Mr Oliver Letwin: It is also a fact that we have increased our renewable energy from 6.8% of the production to 19.1%—

Caroline Lucas: It was from a very low base. It is not difficult.

Mr Oliver Letwin: —which is a very large increase in renewable production. I do not accept—I never have accepted; I never will accept—that an intermediate target such as renewability or otherwise is of any relevance whatsoever. The issue is: are you meeting the carbon emissions reduction target and are you doing so in a way that minimises cost for the economy and, at the same time, keeps the lights on? Those are the only things we recognise as desirable.

Q23 Caroline Lucas: In that case, why are we going down the road of nuclear? If that really were the litmus test I would be delighted, but look at the litmus test of nuclear locking us into a 35-year contract at double the price of wholesale electricity. How is that good value for consumers?

Mr Oliver Letwin: It is good value because it creates diversity of supply and security of supply in a way—

Q24 Caroline Lucas: Security of supply? You have Chinese finance, French producers and uranium from goodness knows where. How is that security of supply? Security of supply is renewables home grown here in the UK.

Mr Oliver Letwin: I did not expect that we would agree about this matter.

Caroline Lucas: I would not want to disappoint you.

Mr Oliver Letwin: Renewables are an intermittent—

Caroline Lucas: Storage; storage and interconnectors.

Mr Oliver Letwin: —form of energy.

Caroline Lucas: They are not. Storage now means that that is no longer an argument.

Mr Oliver Letwin: You need to have a very significant slug of reliable baseload energy. A very considerable part of that can come from another thing that I suspect you disapprove of, which is combined cycle gas turbines. That is subject both to the possibility of price volatility—although through LNG we can more or less ensure security of imports—and also, of course, to the possibility at any given time that the situation in the Middle East and Russia may mean prices rise very, very sharply. Nuclear energy is not.

Q25 Caroline Lucas: As you say, we will not agree on that but can I put to you a very quick question, a “Yes or No” type question? Does it not worry you that, as a result of some changes that the Government has made—for example, in the solar FITs—that we are now seeing literally thousands of jobs being lost?

Mr Oliver Letwin: No, we are not.

Caroline Lucas: We certainly are. I can bring the people to your constituency and show you.

Mr Oliver Letwin: I have been through this on about four or five occasions. On every occasion people have come to explain why disaster would be just around the corner, and on every occasion the solar industry has increased.

Caroline Lucas: Jobs are going.

Mr Oliver Letwin: It will increase further.

Caroline Lucas: Jobs are being lost now.

Mr Oliver Letwin: This is your view. I am telling you my view is—

Caroline Lucas: No, it is not my view. It is fact.

Mr Oliver Letwin: All the times small companies go into existence and come out of existence, but in my view the solar industry will be employing more people and producing more power three or four years from now than it is today—

Carolyn Lucas: Well, I hope so.

Mr Oliver Letwin: —because, as a matter of fact, it is economic. I don't think it is a responsible form of green policy to be advocating the cause of people who are simply trying to get public subsidies for things that can be economically produced without them.

Q26 Rebecca Pow: Thank you, gentlemen, for coming along to this fascinating debate. I will throw in—and, Minister, you might like to answer—that in fact, on the converse, 25,000 jobs are going to be created through the development of Hinkley Point C. Yes or no? Answer that in a second. But just to widen it—we seem to be a bit hooked on energy—and it is just an example about how you would deal with this. I believe we heard in this Committee that in Cardigan Bay there is an application in for scallop dredging in this beautiful protected bay on the grounds of business. Every Welsh person should be able to eat a scallop, apparently. This is how it is being sold.

Chair: But only occasionally.

Rebecca Pow: Only occasionally. It would in fact, as far as I understand it, allegedly completely destroy the seabed and all the wonderful diversity that the protection is there for. Who would make that ultimate decision? Would that come via you, Oliver Letwin, or would that just be a single choice for the Planning Department, Greg Clark's Department? How would you weigh all that up, the cost of it for the environment?

Mr Oliver Letwin: I am going to hand over to Rory on the general question of scallop-dredging. I should just say that Hinkley C is of course a major job creation, as is any large-scale industrial development of that kind.

I should just say on scallop-dredging, my own experience in my own constituency, where in Lyme Bay a previous Labour Government I think made the right decision and stopped scallop-dredging, we have seen a major recrudescence of the sea floor and very little economic damage. But anyway, Rory?

Rory Stewart: I believe Cardigan Bay is a marine protected area. This is Minister Eustice's portfolio rather than mine, but I can help explain from a DEFRA point of view. It is controlled under the Marine Strategy Framework Directive so, in order to look at this, we have a series of indicators—11 indicators—we look at to try to make sure that we have a good environmental status in that bay. Those will include issues around dredging, so that is the seabed, issues around eutrophication, which is the chemistry of the water, issues around litter, issues around noise, and issues around the biodiversity. We have just set out this framework. It is quite a clear framework of indicators and targets that we have to meet.

In terms of the planning, that will be done through the MMO. That again works with another European directive on marine spatial planning, where we try to weigh up not just the biodiversity and health of the water but also the other uses. For example, is there a cable going through the bay? What other kinds of economic activities are happening? Is there fishing taking place? Those are the two ways in which we weigh it up. That would be done initially through DEFRA—that is the marine departments of DEFRA—and the MMO, which is a DEFRA arm's-length body, would be responsible for it.

Q27 Rebecca Pow: Planning will not override you, DEFRA?

Rory Stewart: Correct.

Rebecca Pow: Because one is led to believe that it often does.

Rory Stewart: There are very clear European protections in place for those areas, yes.

Rebecca Pow: Thank you.

Chair: I am going to bring Mary back in on Sustainable Development Goals in a moment—I want to get on to some other areas—but Jo, you had a question?

Q28 Jo Churchill: Yes. It was only an observation. I do concur with most of the thought that things should be sustainable and I don't believe the Government subsidising industry is what we should be doing. However, we seem to sometimes apply a very single-minded approach to certain reductions, that is, we have just brought the tariff down rather than bringing the term down. It would strike me that, particularly within solar, had we looked at reduction in that lever of the term, because you need a capital investment up front, you could have left a slightly better tariff in place but done it over a shorter term, which would give you the end goal that the Treasury wants but actually give you the goal of investment within a renewable source. I suppose it is the same question. How much interconnectivity is there between those Departments where you point-score people's effort into the green economy?

Mr Oliver Letwin: The particular issue you raise is a very interesting one that was very much discussed. The consultation raised questions about that and the responses suggested that the investors were keen to see a longish term. There were also conversations between DECC and BIS about this.

There is also a different reason for maintaining a longish term rather than advancing the amounts at an early stage and that is the way the incentives work, because they are paying per kilowatt hour, if you keep a long term you continue to have a high incentive for the machinery to be maintained and available and so on.

If you take the extreme example of just paying an upfront subsidy, present value the same, you might ask, "Why not just do that?" The answer is: you would not have any incentive then for the machinery necessarily to be used. The way that the feed-in tariffs were originally designed, which was a matter of political consensus, was precisely in order to maintain a consistent incentive to produce. That, incidentally, is what we have also done with the Contracts for Difference. You only get paid per kilowatt hour and you get paid it across the term. That is exactly how Hinkley C is arranged, for example, and for the same reasons. We did not want to be in a position where we are paying a large upfront subsidy and then discovering that power was not available later.

If you are asking about the machinery of Government question again: how are those things brought together? Precisely in that way. The lead Department, DECC, made the decisions, the Secretary of State made the decisions, but she consulted very carefully, not just the producers and general public in the consultation, which was a serious, genuine consultation about the structures—although she was determined to achieve reductions and

made that clear—but she also then internally had the discussions with BIS about what would best suit the investors. I think that is the right way to go about those things.

Chair: Mary, you want to introduce the subject of Sustainable Development Goals?

Q29 Mary Creagh: Yes. Obviously I just asked you about the vision for sustainable development and you said it is the Conservative manifesto, which is reassuring. But some bits of that and some bits of the Labour manifesto are out of date already, because the Climate Conference is now looking like it is not going to look at 2 degrees but perhaps go down even further to a goal of 1.5 degrees. That is certainly what we in the EU and the ACP countries seem to be looking towards. Who knows what will come out by the end of the week but I would suggest that perhaps it is out of date.

The SDGs are a massive global programme that have laudable aims, such as ending poverty, universal health coverage, ending inequality, gender empowerment and decent work for all, as well as what we would recognise as more traditionally green goals. I don't remember reading about all those things in the Conservative manifesto. Perhaps I missed out some pages. I just wonder what is going to change in your Department in terms of bringing things together, not least the role of the National Health Service because it would be about the 37th largest economy in the world, were it a country. We spend £110 billion a year. It seems to me the opportunities for the NHS to reduce its carbon footprint are another very distinctive way in which the UK could be providing global thought leadership on how the world gets to these very challenging targets.

Mr Oliver Letwin: These are two related questions. On the Sustainable Development Goals, which I am sure you are aware the Prime Minister championed—it is largely due to his leadership that we have ended up with this group of Sustainable Development Goals—clearly, as you rightly say, they encompass a huge range of things, way beyond questions of ecology and environment and into questions of growth, distribution and so on; the sort of things that Mr Lilley wrote a magnificent paper about back in 2008 to 2010. It is indeed our intention to play a leading role in helping to ensure that these goals are met around the world.

Mary Creagh: And in this country. They apply to this country as well.

Mr Oliver Letwin: Of course they apply to all countries. We all report on them and I have already had a series of meetings with colleagues about how we are going to report on our performance. As a matter of fact, we don't have very much difficulty in meeting the goals. The problem is that large parts of the world do have very considerable difficulty meeting the goals. That is one of the reasons why we have maintained—against considerable opposition from many quarters—a 0.7% GNI commitment and a whole series of other steps.

Certainly they are a very wide-ranging vision of sustainable development globally but we have to do much more in this country than just achieve those goals. As I said that is relatively easy for us. We are trying to do more than that. We are trying to make a contribution as a rich country, for example, to carbon reduction or indeed to marine ecology around the world through our overseas territories, which go way beyond these goals. Those were the sorts of things, the specific measures to do much more than this,

which were indeed in the Conservative manifesto, and are in our plan of action and which we are carrying out.

That is a completely different kind of question from the question about the NHS and its carbon footprint, which is a perfectly serious question all of its own. The coalition Government in the last Parliament adopted a set of Greening Government Commitments. You may want to discuss those. We did not quite but we almost achieved each of the targets. We are in the process now of developing a new set of Greening Government Commitments for this Parliament. We attach very considerable importance to achieving those. Norman Baker and I had a series of quite interesting conversations with Permanent Secretaries in various Departments about how they were or were not performing.

One of the most interesting questions is how to get the NHS into that. NHS England is of course an independent body. It is not directly the responsibility of Government but I think the NHS does have to play its part in this, just as the prison estate has to—which is under the control of NOMS, which is crypto-independent—and indeed other agencies. I am looking to see this time around for the development of cross-agency and cross-public sector goals, rather than just Government goals to achieve greening.

I agree with what you say about the scale of the NHS. As you say, we are spending £110 billion a year. We are going to be spending more than £120 billion a year on the NHS by the end of the Parliament. It has a million people or so employed in it. We cannot possibly be uninterested in its carbon footprint. We have to be interested in it. We will have to have discussions with the Department to formulate a proper set of goals, just as we are beginning to do now with public sector land sales across the public sector. We have now completed that and we can begin on negotiating these.

Q30 John McNally: Thank you for this. It seems to me that we probably need a one-stop shop Minister here, because we seem to be moving around quite a bit and we are building, overarching and underpinning a robust Minister that can answer all of these questions. However, can I take you back to the Prime Minister? It was quite intriguing what was going on here between the various Departments. I think you did say, primarily, that the Prime Minister has been intimately involved in the development of the new sustainable goals. How will the UK's implementation of these Sustainable Development Goals reflect the Prime Minister's involvement? Could you illustrate that a wee bit more in depth for me, please?

Mr Oliver Letwin: Sure. As I say, our compliance with these goals is the easy bit. The difficult bit is to get the rest of the world to be in a position to comply. What is happening at the moment is that the goals—which are in themselves quite a significant bundle of words, these 17 items—are being translated through a series of international discussions between statisticians into highly specific targets and sub-targets for each of the goals. The British National Statistician, John Pullinger, is at the centre of that development because of the Prime Minister's lead in this. A series of international negotiations are heading towards completion. Once we have those in place—and I cannot remember offhand but there are more than 100 specific targets that will come out of those 17 goals, which will have attached to them measurement criteria, how you measure whether somebody is meeting target X, Y or Z—the statisticians, within the framework of the UN and under the aegis of the UK statisticians who are leading this work, will then be able to monitor and measure the performance of each country.

Each country then has the duty to report on progress against those targets and the Prime Minister has required us across Whitehall to involve ourselves in getting ready to report. We hope to report very early, to be one of the very first countries to report, partly in order to encourage other countries to come forward. To that end, a group of officials across Whitehall has been gathered together and we have had a series of discussions about how we can do that. We obviously cannot prepare the report until the targets are available but, as soon as the targets are available, then we will begin that work.

Chair: Did you want to follow up on that or is that okay?

John McNally: Yes, it is a bit clearer now. There do seem to be an awful lot of different Departments and, to echo what you said earlier, it would be helpful if one person was co-ordinating. I realise it is quite a wide, far-reaching remit.

Rebecca Pow: Can we have a Sustainable Minister? He could endure the inquiry.

Mr Oliver Letwin: I have to say, I have the impression that we do quite a lot of work trying to bring these things together but Government is a complicated thing.

Q31 Mr Peter Lilley: Could you explain what the status of the Sustainable Development Goals is? To what extent do they fetter or attempt to fetter the ability of the British people, through the British Parliament, to decide to what extent they meet or don't meet the 169 targets agreed upon under the 17 goals and why did we sign up to them? There was a perfectly logical reason for us to sign up to the Millennium Development Goals. Because the donor countries agreed among themselves how best to focus their money on the targets, which in turn the developing countries agreed would produce the most effective bang for the buck in terms of their development. However, I can see no reason why the rest of the world should decide whether Britain takes any interest in these 169 targets, or why we should be at all interested in whether Japan meets these 169 targets, or Angola or anybody else; certainly any country to which we do not give aid and from which we do not receive aid. It is my understanding that the Prime Minister was opposed to this whole concept of having so many targets and, indeed, of countries that are not in receipt of aid signing up to anything. Why did he bottle out?

Mr Oliver Letwin: No. He was not opposed at all. On the contrary, he was a champion of the idea of Sustainable Development Goals.

Mr Peter Lilley: Applying to us?

Mr Oliver Letwin: Applying to the world.

Mr Peter Lilley: Good Lord.

Mr Oliver Letwin: The short answer to your question, which may reassure you, is that this is not in any sense a top-down thing. It does not command—

Mr Peter Lilley: Of course it is.

Mr Oliver Letwin: No, it has absolutely—

Q32 Mr Peter Lilley: At what stage has the British Parliament had any say in it?

Mr Oliver Letwin: It has absolutely no binding effect on any country.

Mr Peter Lilley: That is all right. Good.

Mr Oliver Letwin: It is a set of goals, not a set of binding obligations. It is not like the Paris talks, which seek to achieve binding commitments. It is a set of goals, literally that, and a set of measures. It is a transparency device to be able to measure around the world how every country is performing in relation to these goals. As I say, because of the way the goals are constructed—which probably you and I would agree is the sensible thing—I think Britain will turn out to be meeting them. Other countries that are much less fortunate than our own in some respects will not be meeting them.

We obviously need to not just ensure that we continue to meet them, because we would want to continue to meet them, not as a matter of mandation but as a matter of desire, but in addition—and this is the main point—to find means through aid and many other things besides, including trade stabilisation, conflict resolution and so on, to enable other parts of the world much less favoured by fortune than ourselves to come to the point where they can meet them. That is what it is all about.

The idea was to make sure that one could look at the whole world and say, “Okay, these people are already meeting them, these people not quite and these are a long way behind. Now let’s see what we can do to make sure that everyone advances into the ‘meeting’ category”. It is not an imposition on us. There are not going to be people coming and telling the British Parliament how to act. It is a transparency device where we report against the goals.

Q33 Mr Peter Lilley: Will the Departments in Whitehall be aware that they have no obligation to meet these goals?

Mr Oliver Letwin: Yes, of course.

Mr Peter Lilley: I bet.

Mr Oliver Letwin: No, absolutely. All I can tell you is that the officials I have been talking to so far are perfectly aware of the structure of it. Indeed, that is because many Departments in Whitehall have been involved in negotiating them.

Chair: Peter, will you bear with me for just a moment? Geraint is bursting to come in on a related issue.

Q34 Geraint Davies: What you have just said is very strange because my understanding is the National Audit Office measures all the Sustainable Development Goals across all Departments and that there are obligations on Departments to deliver them. What I was going to ask was, if the goalposts shift more radically with the Paris COP21 agreements, how will that be reflected in our further goals? I have a second, separate question about how the move toward TTIP, the Transatlantic Trade and Investment Partnership, a US free trade agreement that has no environmental imperatives at all, is going to bear down on our goals, whether it is going to help at all or in fact militate against it. First of all, can you say whether the outcomes of the Paris agreements will in fact put greater pressure on our goal

achievement and confirm that we are trying to achieve these goals, contrary to what you have just said, in fact?

Mr Oliver Letwin: Sorry, I did not say we are not trying to achieve them. I said on the contrary that we are trying and wish to achieve them. I was answering the very specific point: are these legally binding goals that mandate specific action? Answer: no.

Q35 Geraint Davies: But they are required and expected by Government and policed by the NAO, are they not, so we are clear? We are driving to get these goals, are we not?

Mr Oliver Letwin: The NAO is not a police force. It measures the effectiveness of Government spending. The National Statistician measures whether we are meeting our own sustainable targets that are built into British programmes and, in particular, measures against a series of domestic measures. The National Statistician will also measure our performance against these targets and measures that are encoded in the international framework. None of those are policemen.

Geraint Davies: Not literally, no.

Mr Oliver Letwin: The Paris talks are quite different. As Dr Creagh says, we don't yet know what they are going to result in but we do know that if they succeed, they will result in a set of binding international agreements. That is a different kind of thing. As a matter of fact, I am very, very confident—obviously we will see when we see what comes out of it—that the requirements we have set ourselves as a country, via cross-party agreement in our Climate Change Act and in our carbon budgets, will exceed what is required by Paris. I think you will find that there is absolutely no question that we will live up to our obligations under whatever the Paris agreement is. We fully intend to do so, obviously. Amber Rudd is in fact one of the people fashioning the outcome in Paris and is currently in discussion with other Governments that are in the lead there. That is because we are very confident that our programme, mandated by our law, is consistent—

Q36 Geraint Davies: That is fine. It will have no bearing on it at all, then. What about TTIP? Is there a clash there?

Mr Oliver Letwin: I would say that, although obviously we do not have an actual treaty draft yet, once we see that draft we will see that it has absolutely no impact whatsoever.

Q37 Geraint Davies: I don't know how much you know about TTIP but you will find that there are no obligations environmentally in TTIP at all, in terms of requirements.

Mr Oliver Letwin: Precisely. I do not think it will have any impact on this. Our domestic law requires that we achieve certain things. Our domestic policy is to achieve certain things. That will go on being the case. It is not affected one way or the other by a free trade agreement.

Q38 Geraint Davies: By way of example, if a fracking company comes along and has various consents and then, downstream, we decide to limit the amount of that activity because of our carbon requirements, and then they decide to sue us through an arbitration

court—as has happened with Canada and Lone Pine—that will not have any bearing on our sustainability goals? Is that what you are saying?

Mr Oliver Letwin: I think you are under an illusion about what will be the shape of that agreement. I don't think it will give anyone—

Q39 Geraint Davies: I don't think you understand what is in the report, respectfully.

Mr Oliver Letwin: I think I do understand it. Neither of us is in a position to know yet because we do not have a draft treaty, but I think you will find when the draft treaty is available that it will not contain any items that make it any more difficult for us to regulate any of these matters domestically.

Q40 Geraint Davies: The draft treaty for CETA, which is the Canadian free trade agreement, is available and there is no protection.

Mr Oliver Letwin: Protection is an entirely different matter. The point I am making is that I don't think it affects either way the question of the domestic regulations that we impose and that we enforce ecologically or in terms of carbon.

Q41 Geraint Davies: You are aware that the arbitration panels trump national law?

Mr Oliver Letwin: That is incorrect. That is a misunderstanding that has been sedulously advanced by the Labour Party and is completely false.

Q42 Chair: What would be really helpful, rather than have this back and forth, Mr Letwin, is if you or another Minister may be able to write to the Committee and set out their thoughts on the implications of TTIP and whether there are implications.

Mr Oliver Letwin: I am very happy, obviously, to organise for that to happen. I don't think it should be me. It should be one of my colleagues from BIS, perhaps.

Chair: Indeed. We can pursue that.

Q43 Rebecca Pow: Chair, I must chip in at this point because on TTIP, it has been raised with me—this is not to do with carbon, it is to do with agriculture—and I do believe that TTIP will remove some of our very strict requirements we have in this country for things like using hormones in meat, for example, which they use in America. That is all about sustainability too, the sustainability of our future livestock industry. I wonder if that has been taken into account and if, on the sustainability issue, we are thinking of the wider issues as well. It is not just about carbon and things.

Mr Oliver Letwin: You are absolutely right, it is not just about carbon but I don't think that is the case with TTIP either.

Rory Stewart: Our understanding in DEFRA is that will not be the consequence but again, if I can take the Chair's invitation, we will write in detail also on the issue of farming in relation to TTIP.

Rebecca Pow: That would be helpful.

Q44 Chair: Thank you. I think the message you have given us clearly—and given to Mr Davies—is that the protections that we have within different departmental and non-departmental areas, the regulations and the other codes of good practice, they stand come what may with TTIP.

Mr Oliver Letwin: Correct.

Q45 Chair: However, with the number of concerns that are out there on a wide variety of issues in relation to TTIP, perhaps something we might want to do as a Committee is to invite Departments to give us their views and a clear legal understanding.

Rory Stewart: Sure. This is not only UK-related. As you can imagine, Europe has a big say in all those issues, particularly in relation to our Department, the environment and agriculture. European countries have very firm views and, given that most of our agriculture and environmental policy is deeply embedded in the European system, Europe will be representing very strongly on all these issues.

Chair: Yes, indeed.

Q46 Peter Aldous: I might be a little like a broken record. Going back to something we have talked about in the past, I am still confused as to who is actually in charge. Who leads on sustainable development? Mr Letwin, I heard you say that DECC was created specifically for this purpose so that makes me feel that the Secretary of State, Amber Rudd, is. On the other hand, when a Committee was set up in the light of the VW emissions saga, I heard you described as “the Prime Minister’s trouble-shooter”. There is a little bit of confusion.

This Committee had a conference on Sustainable Development Goals on 10 November and Sir Amyas Morse of the NAO did say—and I will just quote from him—“You have to have ownership of responsibility for action” and, “You have to be able to hold people consistently and doggedly to account for not performing”. “There is a lot of broad ownership. I think it is too diverse over the Government to be pulled together effectively”. Was he right in making that observation?

Mr Oliver Letwin: No, I don’t think he was. Let me just read you one or two of the Sustainable Development Goals. “End poverty. End hunger. Ensure healthy lives. Promote wellbeing for all ages. Ensure inclusive and equitable quality education”. I have just done five. The point I am making is—as Dr Creagh rightly pointed out—these are enormously wide-ranging goals. They cover the entire span of any Government. It is quite inconceivable that there should be any single individual other than the Prime Minister or President of the country in question who could possibly take responsibility for all of these things to the electorate. It is not doable.

We have Departments of State precisely because somebody has to look after education because that is a very big thing to look after, and somebody else has to look after health because that is a very big thing to look after. The Sustainable Development Goals cannot be brought together by one poor little Minister like me. They have to be handled in a serious-minded way by great big Departments of State with Secretaries of State. You obviously then need to co-ordinate the reporting, which was being talked about earlier, and to make sure that there is monitoring of the performance of the country and so on in all these respects. That is what we are trying to do through the single departmental plans,

through the Implementation Unit and the monitoring it does of the performance against those plans and so forth. We all have to accept that education is the primary responsibility of the Secretary of State for Education. When we get to carbon, it is the primary responsibility of the Secretary of State for Energy and Climate Change.

Q47 Peter Aldous: I accept that point. I fully understand that. Is there a mechanism within Government that does monitor how specific Departments are doing on their specific development goals? Is there a procedure within Government whereby they can report back saying, “These are our Sustainable Development Goals and this is how we are doing”?

Mr Oliver Letwin: Sorry. Probably I did not explain myself well enough at the beginning in response to the questions from the Chair. The point of the single departmental plans is that we have mainstreamed the whole of sustainable development. They do not treat sustainable development as an add-on. We believe that the totality of the single departmental plans will constitute the delivery of our vision for sustainable development in Britain over the course of this Parliament.

There is a process for monitoring performance against them, namely, the Implementation Unit that reports to the Prime Minister. There is a group of Ministers—myself included—who are there to hold a series of continuous half-yearly bilaterals with the Secretaries of State to hold them to account for whether they are fulfilling their single departmental plans. That is a process that is highly articulated in this Government and, as far as I know, was a departure that we began in the last Parliament and had not previously happened.

Peter Aldous: That answered my question.

Q48 Chair: Related to that, on the issue of high-priority cross-cutting issues you have an implementation taskforce. It is a good innovation. I get that. I am sorry for my boring fascination with the machinery of Government—

Mr Oliver Letwin: We share it.

Chair: —but I know from my time in Government it is what makes things happen. People don’t see it but it moves mountains. You have those in a range of areas. You don’t have them on sustainable development. You don’t have them on the environment. Why not?

Rory Stewart: Can I give a perspective from a junior Minister maybe to help illustrate this?

Chair: You are a junior but very important Minister.

Rory Stewart: Thank you very much, Mr Chairman. Just to give the view from the foothills, as your colleague said, in our experience the single departmental plan process, which the Chancellor has just spoken about, is very important. But it is also true—and I think the Chancellor is being quite modest here—that in effect he does act as the Prime Minister or conscience check through the Cabinet Office, right the way across Parliament, particularly, in my experience, on issues like greening. I probably see him more than he wishes to see me, but perhaps four or five times a week we will be sitting around a table, in which we will be talking about greening Government or we will be talking about an inter-ministerial group on clean growth, so it is a prime ministerial responsibility. But if

you are looking for somebody who is actively ensuring that we are joined up, certainly in practice, from the perspective of a junior Minister, I think the Chancellor is being quite modest here. He plays a very large role in doing that.

Q49 Chair: That is very reassuring, but can I just flick it back to the point that I asked: why no implementation taskforce on these important areas of sustainable development and the environment? They are key. We are coming out of COP21: international development, Overseas Territories, biodiversity, the natural environment, all we need to do, the impacts of climate change and adaptation, let alone mitigation. Why don't you have that high-profile implementation taskforce in those areas?

Mr Oliver Letwin: I can exactly explain that. When we came, slightly unexpectedly, to the realisation that we had won the general election and had a majority and that we did not need to negotiate with a coalition partner, the next thing that happened is that we thought to ourselves, "Do we really need to operate the system that we have been operating?" in which we had very long discussions in Cabinet committees, which I think were an inevitable feature of coalition Government. We had to tease things out and so forth, which we did, but it was necessary to have that process. We came to the conclusion that, broadly, most of the time we did not need to have those kinds of discussions, because we were all signed up to the same manifesto and we were all on the same programme. Of course there are inter-departmental issues and negotiations, as those present who have been Ministers in various regimes will perfectly well know.

But broadly, we did not need to have a negotiating forum. We asked ourselves the question, "If you want to get very specific, rather clunky changes made and you want to make sure that they have the effect you thought they would have, what is a good way to do that?" We came to the conclusion that a good way to do that would be to set up much more informal groups, which included officials, experts, agency heads and so on, as well as Ministers, where the agenda was not to negotiate a piece of paper but to ask ourselves the question, "Is the computer programme, which we are going to use to ensure that people get their apprenticeship levy vouchers, the right way and that the whole apprenticeship is going to deliver 3 million extra apprentices, because we have worked out exactly which firms do what and how?" Clunky mechanical issues, which can often, as you will be aware—as I am certainly aware—cause problems for Government and very often do not get sufficient ministerial engagement and time and, where Ministers don't know enough to do it on their own, they need the officials present.

It is for those things that we decided to have the taskforces, so they deal with things like the implementation of our free childcare plans for 30 hours and how that connects with the tax-free childcare and the Universal Credit—which is again a complicated, clunky issue—apprenticeships and a range of issues like that, where the policy was completely settled, the ambition is completely clear, no need to discuss any of that, but massive implementation issues arise.

As it happens at the moment, we don't have those issues, for example—at least yet—for the 25-year Natural Capital Plan, which I regard as one of the most important artefacts to come from this Government. But at the moment, as the plan is not there, you cannot ask about clunky issues about implementation.

It may well be that once that plan is in place—and I think I can announce to the Committee that the Secretary of State will, in the very near future, be reappointing Dieter Helm as the chair of that committee, which I think is very welcome, a very brilliant economist and very dedicated to this—once that plan has been developed, then we have a major set of implementation issues, which while Rory will be in the lead on making sure those move forward, are going to involve every Department of state that has any domestic agenda. I am pretty sure that we will need a mechanism for making sure that that is happening. I would not be in the least surprised if the Prime Minister decided to have a taskforce to do that. That would be perfectly appropriate.

Chair: Very good. I think Rebecca is going to lead us into that territory in a moment, but, Jo, you are raising your eyebrow at the moment.

Q50 Jo Churchill: Yes. It was good to hear that last bit, that maybe we will get a taskforce, because one of the pleasures of sitting on this Committee is that we listened to Professor Oberhausen from Europe, Paris, just before say that one of the good things was that Britain was an exemplar in the green arena and it would be nice to think that we would still be an exemplar in five years' time. Now, taking that on—and probably to Mr Stewart—we also heard from the Overseas Territories about their blue zones, and they said that they very definitely were not being consulted with and so on. For me, there is a little bit of dissonance here, because if we are that good then we don't need the clunky machinery, but without the clunky machinery we are not having the checks and balances and getting what we need. Could you just put me straight?

Rory Stewart: Let me put in my perspective and then hand over to the Chancellor. The answer is this is always a balance. For those of you who have been in Government, I guess one of the things you will be familiar with is we have to get the balance right on how much of this stuff we do and how much we don't. One of the ways that we do this, which maybe we have not made clear enough to you, is that there are already a number of taskforces that I sit on as the DEFRA Minister in order to represent the environment perspective. I am, for example, already a member of the housing implementation taskforce, where my job is to make sure that the interests of our precious habitats and our birds and our bats are taken into account, while also following the Government's objective, which is to make sure we deliver 1 million new homes. I also sit with my rural affairs hat on on the Broadband Taskforce; I sit on digital implementation because we feel it is absolutely central to the environment that we make much more use of data and modelling.

The reason I am raising that is to make it clear to you that we have to be realistic about a Minister's time. I am already spending an enormous amount of the week representing environmental and rural issues and different types of taskforces around Government, and of course I am coming to committees like yours, so that is one perspective. I absolutely agree of course that there are many, many ways we need to co-ordinate more—and this is personal, this is not me speaking as a Government Minister—but frequently the way to resolve it best is in effect through the Cabinet Office. It is through write-around process, where we go to other Ministers, we explain our policies. We are doing that all the time. I don't know, I am maybe doing a write-around at least four or five times a week, formally consulting other Government Ministers, and anybody who has a problem comes straight back to me, and if I have a problem with them, they come straight back to me. Michael

Gove could come back or Matthew Hancock could come back or the Foreign Secretary could come back, and then when we hit a problem, then in steps the Chancellor, who resolves that on a case by case basis. I am now going to hand over to him on the subject of Overseas Territories.

Q51 Jo Churchill: May I just say I do not think the Overseas Territories wanted you as a Minister; lovely as you are, I am sure. They just wanted somebody from DEFRA and they made quite a lot of the point that they felt that there was a paucity of interplay between DEFRA, DECC and themselves at that particular meeting. That is all I want to say.

Rory Stewart: I think we are addressing that now, but I am going to hand over to the Chancellor.

Mr Oliver Letwin: Yes. I cannot speak in general about the Overseas Territories, which you would need to speak to the Foreign Office about, which is the Department that has the relationship with them, though there certainly are significant issues that we need to address vis-à-vis the Overseas Territories.

Q52 Jo Churchill: Minister, I am going to interrupt and be very rude. They said it was not the Foreign Office at all; it was specifically to do with the marine blue belt and conservation.

Mr Oliver Letwin: I am coming to that.

Jo Churchill: Oh, good.

Mr Oliver Letwin: The general issues of Overseas Territory administration, social development in the Overseas Territories and governance arrangements are the things the Foreign Office deals with. Now, on the very specific question of the blue belt, which was a manifesto commitment that I was personally responsible for bringing about, after a great deal of discussion with Zac Goldsmith, who is a member of this Committee, and Nick Hurd, who was very much involved in this, and now is a Minister again, and a group of other people from a range of political parties and NGOs. After those discussions, I became convinced that we needed to find a way of using the fact of the Overseas Territories to create a very large and increasing marine protected area, if you like, probably the world's leading collection of marine protected areas, as a significant UK contribution to the global ecology. I persist in believing that that is a very important thing. It is an aim that luckily is shared by the Foreign Secretary and the Chancellor of the Exchequer and the Prime Minister. Therefore, it entered our manifesto as a commitment.

I have spent a very large amount of time negotiating with the Foreign Office and, via them, with Pitcairn and Ascension and obviously there is already a very large establishment in the British Indian Ocean territories of a marine protected area. There are very considerable issues that arise and there are quite considerable differences of opinion, because the truth is that one of the things that make sustainable goals so complicated in an area is that there are tensions. If you are somebody who is living in Ascension, you are quite likely to be more concerned with your standard of living in Ascension than you are with whether some Government Minister in Britain wants to establish a marine protected area around you. This is not unfamiliar in a domestic setting, where the marine conservation zones that Rory is in charge of, and which I celebrate, nevertheless we are

resisted and have been resisted in some parts of the country by some people whose livelihoods are affected. This is an understandable conflict.

Nevertheless, as a Government we are determined to continue the creation of the blue belt. I hope very, very shortly to be in a position to carry forward the measures in Ascension. We are already engaged in the detailed satellite and other monitoring of the area around Pitcairn with a view to designating that area next year and I am working with Foreign Office colleagues on that. You will hear—and others will hear—from time to time objections from Overseas Territories to these things. It is not a lack of co-ordination, it is a difference of interest and that is bound to occur.

Q53 Jo Churchill: If I may, Mr Letwin, in fairness, I did not hear once in their evidence them saying they were not on board with your overall objectives. What they were saying was they felt there was a lack of dialogue from the Government to them.

Rory Stewart: I also think, for what it is worth, Government of course is a great deal of structures, as the Chair has said, but it also about people. I think you will find potentially the appointment of Nick Hurd as the DFID Minister responsible for this will make a big difference. This is partly his brain child; he worked very closely with the Chancellor on this.

Mr Oliver Letwin: He is passionate about it.

Rory Stewart: I think you will find big progress, yes.

Q54 John McNally: Can I follow up on Jo's point, because I think you were being a wee bit euphemistic there? I think when you said "the lack of dialogue", there was a non-governmental organisation that went all the way out to Bermuda, I think it was, and never bothered to speak to the Government over there, the representatives over there. It appeared to me that they were extremely angry at the Overseas Territories meeting and we were left in no doubt whatsoever that they felt they had been extremely discourteous in the fact that they had been totally ignored. I would say that we that were on that Committee were under the impression that they did not know their brief, the people that had been sent out there.

Mr Oliver Letwin: I cannot speak for what non-governmental organisations are or are not doing. I have had personally a series of discussions with both the Governor and other representatives from Ascension and I am very conscious that Blue, which is a non-governmental organisation that has been leading this in Ascension, has had very, very long conversations. Charles Clover, for example, has done so in Ascension, with people in Ascension. There is a difference of view between the council in Ascension and us about this. If you tell me that they are angry, I am not surprised. When people have differences of view, sometimes they get angry. It is the policy of this Government.

Q55 John McNally: The term "licences" was another one that was raised.
Mr Oliver Letwin: Yes, that is right.

John McNally: You are aware of that?

Mr Oliver Letwin: They wanted to issue fishing licences for the entire area around Ascension. We want to create a large marine protected area and we are going to do so. That is a difference of opinion. I hope that this Committee will back the Government in its efforts, because ecologically it is fantastically, unbelievably important that we should have a large and connected group around the world of marine protected areas. President Obama has done great work on this; we are doing world-leading work on this. I cannot think of anything more important in global ecological terms than that.

Q56 Chair: Listening to that, I think I will bring Peter in and then Rebecca, but I think it is a laudable effort to drive forward in blue zones, marine protected zones, both domestically but internationally as well. But I think you would agree with us as well that it needs to be done in full consultation and engagement, whether this is a marine protected zone off the west of Cornwall or if it is off Ascension Island, because also part of sustainable development is livelihoods as well, and I know you realise that.

Mr Oliver Letwin: I wholly agree with that, but I just don't want to mislead the Committee. Yes, there is and will be full engagement and dialogue, not always agreement.

Chair: Okay. I want to bring Rebecca in, she is desperate to come in, but Peter, you wanted to—

Q57 Peter Aldous: Just very, very quickly. I think we have probably gone quite a long way on the Overseas Territories, but just to say that around the table from those Overseas Territories, some were in broad agreement with what the Government was doing, others were not. But I think the one thing that they were all united on was that there was a need for a tripartite approach to this and often they felt it had been the Government and the NGOs forcing something on them without their full consultation.

Mr Oliver Letwin: I will turn to Rory in a second. As I say, the only areas that we have so far focused on are the British Indian Ocean territory, which I don't think has been a problem; Pitcairn, which I don't think has been a significant problem; Ascension has involved significant problems. It is not because of lack of dialogue. There has been dialogue, very considerable dialogue, but there has been disagreement. Now, in the other cases I think there is some fear. We have not moved on to sorting anything out there. I promise the Committee that we will have very full dialogue. I don't promise the Committee that we will in every case agree.

Q58 Rebecca Pow: I think we will move on a little bit now. The new Government announced a number of policies with sustainable principles. This is particularly for the Farm Minister: could you just outline, in brief, what those are and how those tools are going to help us with sustainability, particularly the Nature Capital Committee, the 25-year plan for biodiversity in farming and a little bit about the marine environment?

Rory Stewart: Essentially, we are in discussion about these issues and you have probably picked out the three main things, marine, 25-year plan and the Natural Capital Committee, so let me just romp through those three. I am very happy to talk about marine in a bit more detail. Although that is Minister Eustice's responsibility, I can give you some general steer

on that. I am responsible though for the Natural Capital 25-year plan. Marine protected areas, you are aware we are expanding the number of these things. We are currently consulting. We have implemented about 26. We are consulting to take it up potentially to 50 and then we will be looking at more in order to create a connected blue belt, which is something that the Chancellor is very interested in and can speak about more.

On the 25-year plan next, the 25-year plan is very much a belief that I assume the Committee shares, which is that the environment does not really work in five-year electoral cycles, it works in much, much longer times. In fact, as you can imagine, I am already being mocked by the forestry industry and the Woodland Trust, who think 25 years is far too short: from the point of view of a tree, 25 years is nothing, and we should be having 50 or 100-year plans. However, the reason why we have a 25-year plan is of course that we have realised how much the decisions often made in the 1970s by the Nature Conservancy Council or English Nature, which is the predecessor of Natural England, have created the SSSI framework, which underpins all our protection, so we need to think now about where we want to be in the future.

One of the ways in which we are going to do things, one dimension of the 25-year plan—it is not the whole 25-year plan—is the third thing that you have raised, which is the Natural Capital Committee. I am very happy to hand back to the Chancellor to elaborate on this a little bit more, but as he has just said, he has just announced to your Committee—it has not been announced publicly before—that Dieter Helm has now agreed to take over again for another five years, which is going to be an extraordinary commitment, a long-term commitment, and the objective for that is first to make sure that natural capital is properly valued and make sure that instead of just thinking about our economy in terms of growth, we think about the assets, renewable and non-renewable assets that we are chewing up in order to generate that growth and we have assets on the national balance sheet.

Q59 Rebecca Pow: When will that happen? When is the first time that is going to be used then?

Rory Stewart: That has already begun. The Natural Capital Committee has been in operation now for three years. It has already produced some very good stuff for anyone who is interested in the state of natural capital, which I am sure Caroline has read, but I would encourage anyone else who is interested to read. One of the big things that comes out of this is first to make sure that we have standard measurements, so if you are a company, if you are Tesco's or you are Nestlé and you want to produce natural capital accounts, you have a single set of figures so that the Tesco's and the Nestlé account add up and we can measure from one to the other. The other thing that this does is it looks very hard at cost-benefit calculations. Now, the point is of course nature, in a sense, is something that is beyond value, something that is so precious we feel reluctant to put a value to it. Nevertheless, we have to spend money on nature and that is the bit—

Q60 Rebecca Pow: We do value our listed buildings, for example, so why aren't they the same?

Rory Stewart: We do value our listed buildings and we have an exact equivalent of our listed buildings, which is called our national parks, it is a very, very close equivalent, or

our SSSIs are another equivalent to a listed building. These are things that operate within the planning system, which are very similar to a listed building, in fact, in the way in which it should be looked at. There are ways of saying there are aspects of our ecological or environmental heritage that are deserving of protection and deserving of protection not like a listed building, not simply because of the environmental benefit instrumentally that they produce, but because they are inherently valuable, that if they were lost, we would miss them terribly and that is what that exists for. A lot of our landscape is protected; nearly 25% now of the United Kingdom is covered by national parks, so it is a staggering figure that is protected in order to do your listed building thing.

I want to finish quickly on natural capital: the final bit on natural capital is around cost-benefit analysis, making sure that our money is spent as efficiently as possible. For example, if you look at investments in flood defences, you put in about £1, we would expect to get about £8 of benefit; if you look at investment in water quality, you put in £1 of investment, you would probably at the moment expect about £1.70 worth of benefit; if you put investment into protecting your fisheries, you put in £1, you get about £3 worth of benefit; if you invest in trees, the value of a tree, commercial timber, is probably about a 20th of the true value of the tree, if you take into account its contribution on biodiversity, its contribution on carbon capture. So one of the things that we are trying to do here is provide a tool for policy-makers, so whether you are a Government Department or you are Tesco's, you can have a real sense of how you get the most bang for the buck. That is relevant in our first stuff on companies.

This is what I am going to conclude on: simply because often the corporate social responsibility spending on the environment from a company has in the past sometimes felt—I don't want to be rude—like a marginal luxury issue, maybe something the board does on a Friday afternoon, signs off on the project without having thought it fully through. We hope we have now provided the tools to make sure that all that enormous money that is spent on the environment is going to go much further.

Q61 Rebecca Pow: Thank you, Minister. I am heartened to hear that. If that goes into many Departments and is costed, I am sure, Chairman, it is the kind of thing that we are heartened to hear. There is just one thing I would like to ask in particular. I know that you have a 25-year farming plan and you have a 25-year environment plan, but I believe, Minister, they are not linked and I wonder why that is not the case.

Rory Stewart: It is a very good challenge. A lot of people have made that challenge in our consultation on the plan. We are a single Department, so that is an advantage. We are the Department for the Environment, Food and Rural Affairs and so we deal with each other all the time. It is partly an accident of time. Minister Eustice began the work on this 25-year farming plan before the election. I have now come in, new Government, not a coalition Government, taken over from somebody from another party and started the 25-year environment plan. But you are absolutely right, we have to make sure these things are incredibly closely connected, make sure that as we produce that plan, we expose it to hard examination from the people who do agriculture. That is relevant for two main reasons. It is relevant first because more than 70% of the UK land mass is farmed. In the end, the environment is about land use, so if the farmers are not on board, if the farmers don't support what you are doing, you don't have an environment plan.

The second reason for that is that the Countryside Stewardship scheme is nearly £3 billion worth of money, with other European money, if it is tied up with the other European money that goes to this Department, spent through farmers for environment benefit and it is one of our major cash injections into the environment in the country. You are absolutely right; those two things have to be as close as tongue and teeth.

Q62 Peter Aldous: Just one point on that—and I should hasten to add I am a partner in a family farm—when the food and farm 25-year plan was produced, was it proofread against the need for it to fit in with the natural capital one, because the two don't necessarily go together?

Rory Stewart: It was, but it is also, I think, important to understand what the Food and Farming Plan is. A great deal of the emphasis on the Food and Farming Plan is at this moment not so much on land use, but on food and particularly food export. It is particularly looking at how we brand great British food, how we open up markets. Many of these issues that you have asked about and which Rebecca has asked about are issues of land use and those will be dealt with primarily through the 25-year environment plan.

Q63 Chair: Can we just go on to the issue of how we measure sustainable development within Departments and the issue of how we ensure that appropriate environmental and sustainability metrics are incorporated in this new approach with planning and performance frameworks in each Department? How is that done and how do we ensure as well that the metrics go beyond greening the Government state to cover Departments with wider influence over parts of the economy and society?

Mr Oliver Letwin: I think there are three phases here. As you say, there are the Greening Government Commitments, which are fairly straightforward or were fairly straightforward in the last Parliament; I anticipate that the ones we produce for this Parliament will also be fairly straightforward. We will obviously measure performance against those, as we did in the last Parliament. Then there is the question of the current suite of sustainable development indicators, the national strategies, and we will continue to monitor progress against those and we will continue to build an interrogation of performance against those into our interrogations of Departments' performance on single departmental plans.

I think the third bit is the interesting bit, which is what Rory was talking about. We have the National Ecosystem Assessment, which is a major national achievement that was commissioned by the last Labour Government and came to fruition in the coalition Government. What that indicates is that some things were getting better, some things were getting worse and we needed to get things that were getting worse to get better, but it also indicated very clearly that there is not a tension, if you get this right, between long-term economic planning and growth and preserving your ecosystem. Rory was mentioning the case of the trees. I think we have all discovered that you can get more effect in the long run with less public sector and taxpayer support by planting trees upstream or taking other measures of that kind than you do by just building protections against things downstream, when you don't have enough slowing of the water cycle higher up. That is just one of many, many examples.

I think we as a country, and certainly as a Government, are now sort of liberated from the idea that there is over here growth and over here sensible ecological investment. On the

contrary, the whole point of the natural capital movement and plans is to indicate where those come together and how they come together. As that plan gets articulated, we are going to have to work out how to hold Departments to account to make sure that they are building natural capital in what they do in order to save the taxpayer money and produce economic benefit as well as environment benefit.

Q64 Chair: Yes. You rightly identify there are two key things. One is what those metrics are going to be, which you are going to judge these Departments by; second, what do you do if things are going wrong? Let us say, for example, if you are talking about wider society, how are we doing on sustainable urban drainage? How are we doing on water catchment management, when it relies not only on Government agencies, but landowners, individual landowners, big farmers and so on? What is going to be in this is a set of metrics and a set of powers that we can enforce this. I say this as the Minister who took the 2009 Water Management Act through, which had powers in it, which as far as I can see are not being fully utilised yet.

Rory Stewart: Let us take your question about water catchments. We are in the process of consulting now on our draft river base management plans, which is the way that we are going to implement our framework, which basically comes out of the Water Framework Directive. We are going to make sure that we spend approximately £3 billion over the next six years on our rivers. This is where I think the Natural Capital Committee is beginning to bite. If you look at our expenditure between now, so 2015 to 2027, which is the target for the Water Framework Directive, we believe, through a good natural capital accounting analysis, we will be able to save about 25% of the total amount that we need to spend. We believe we can do that because we have found, through consultation both with water companies and also with our catchment partnerships, so these are the river trusts, more cost-beneficial ways of delivering the results. For example—

Q65 Chair: Can I stop you just for a moment, because this is good, this is great. However, who holds you to account if you don't deliver what you need to do in a timely manner?

Rory Stewart: Okay, so there are three things that hold us to account. One is the European Commission under the Water Framework Directive and they are pretty tough about that and they have pretty clear targets and they chase us around. The second thing that holds us to account, which we have just been through, is judicial review, so WWF have just taken us to court about what we are doing on the Water Framework Directive, so that is the second way we are held to account, and I guess the third way we are held to account is by you.

Q66 Chair: Does the Prime Minister or Mr Letwin hold you to account against any set of metrics—this is what I am trying to get to—or does he say, “Get on with doing it” and you have the thing?

Rory Stewart: We agree. We agree the process through the single departmental plans, so our obligation is to come up with a plan and we go through a process of negotiation with the Treasury, so we get our spending review settlement. We go through a negotiation on our strategic plan, which I work with the Secretary of State on and which the Chancellor then looks at and signs off on. We then set our targets, we do our write-arounds, so the

other form of clearance and accountability that we have is that if I set a level of phosphates or nitrates, we clearly explain the costs and benefits of that and the Cabinet gets a chance to look at that. Once we have then agreed that, yes, ultimately if I have put something in a write-around and said I am going to do something and they have signed off on it, the Cabinet Office will then hold us to account for making sure we do that. I am not then allowed to do something that I have not been given permission to do by the write-around.

Chair: Okay. Jo, you had a follow-up on that.

Q67 Jo Churchill: Yes, I did. You have the metrics and therefore what is the vision for the Department's sustainability reports and are you going to use those existing metrics that the previous Government used to report on sustainable development, which I think in part you have answered, and if the answer I am presuming is yes, how are you going to use these reports going forward? Because SUDS would be something that I would bring up here, because everybody seemed to be in agreement that sustainable urban drainage was a good idea, apart from a precept collection. We have just put out that we can collect other things via a precept, but we have not managed that within an environmental sphere, because evidently the collection is a bit tricky. How do we get to that end game so that we—

Rory Stewart: I think there are two separate things here to raise on that. One is specifically on SUDS. We are very, very supportive of SUDS, but you are right, the question of precepting is a Treasury question, it is a question about the extent to which they believe that it is correct in this case to have particular hypothecated taxes for a particular objective, so that is a question for the Treasury. But from the point of view of our Department, we absolutely see the point of SUDS. We are working very closely with house builders on sites and we work closely through the planning system to ensure that we have provision for SUDS; we are thinking about this particularly with the Mayor of London at the moment and how to make sure that we have more SUDS in London.

Now, the second thing that you asked is in terms of reporting against greening Government goals, and that is something that is led by the Cabinet Office. On that, I am going to defer that to the Chancellor.

Mr Oliver Letwin: What happened in the last Parliament—and what has happened this Parliament—is that, once the targets by Department are established, there is a group of officials in DEFRA who will work to me and who will perform the analysis of how each Department is performing on a quarterly basis. Where we see a particular Department deviating, we will ask the Permanent Secretary in for a chat and try by these means to nudge the Permanent Secretary in the right direction. My friend and colleague, the Cabinet Secretary, may also have conversations if ultimately we cannot get a Department lined up in a reasonable way; I guess the Prime Minister would have a conversation with the Secretary of State. So if we set a cross-governmental goal like that, we take steps to make sure that each Department is marching in the right direction.

Rory Stewart: Just to explain, there are clear targets here. What has been set here are targets on how many air flights we take and so on.

Mr Oliver Letwin: Waste, water.

Q68 Mary Creagh: It is not very transparent though, is it, Minister? I am just thinking about if there was a football league of who was performing and who was not, who is top of the league and who is bottom? How do you get them competing among themselves to be top of the league or is it just a tick?

Mr Oliver Letwin: No, on the contrary, it is extremely transparent. We are happy to do that again in this Parliament. In the last Parliament, I was regularly called to the Committee to produce charts of how Departments were performing against each of the—

Q69 Mary Creagh: Could we see those then for the first six months of this year? Are they annual charts or quarterly?

Mr Oliver Letwin: The measures up to 2014/15 were established in the last Parliament and you can see all of those. I think Committee already has copies of all of those. We are now going to be setting these goals for this Parliament and once we have done that, we will produce for the Committee regular updates on how—

Q70 Mary Creagh: When do you think those goals will be established?

Mr Oliver Letwin: I would expect that they will be established before the Budget, so I would anticipate that they would run from 5 April through to the end of the Parliament.

Q71 Mary Creagh: Will there be goals for this year?

Mr Oliver Letwin: No. This year what we decided to do was simply extend the existing—

Mary Creagh: The previous ones.

Mr Oliver Letwin: Yes.

Q72 Chair: Okay, thank you. We are coming to the close of the session. You have been very generous with us on time. We just want to return to one or two things, but could I first ask, it is helpful sometimes to use these practical illustrations. When you and Minister Stewart said that at some point you might call them in and have a chat and so on, on the issue of water catchment management or biodiversity—I could do others, another 12 examples, but on these ones then—or sustainable drainage, which was there back in 2008, 2009 as a legislative commitment or water catchment management, was there a time when you pulled in any of the previous Secretaries of State in DEFRA to say, “Can we have a chat about this, because they are crucial to climate change adaptation as well as a number of other things, helping prevent flooding. Shall we have a chat?” I just wonder if I can ask Mr Letwin first.

Mr Oliver Letwin: What we had was a series of discussions—I don’t swear by the dates, but by memory, about a year, 18 months before the last election—with my colleagues, the then Secretary for Communities and Local Government and the Treasury and the then Secretary for the Environment about how we were going to implement sustainable drainage. That led to the plans that are now underway.

Q73 Chair: How do we ensure—let us strip it out from sustainable drainage for the moment—on a range of issues that don’t fall in necessarily the obvious greening measures, but are to do with sustainable development, that things don’t get missed? Because this was

the point that was picked up by the head of the National Audit Office with us. Departments are getting on and doing their things, but it is very easy to slip away, something slips away, it falls off the agenda. Who picks that up, because the informal chats and the persuasive powers are great, but when something is not happening, who spots it?

Mr Oliver Letwin: The point of the single departmental plans is to list the things that Government most cares about in every domain, including this, and those then get measured. Departments have to bring forward the measurement against the targets that they have set and that goes through the process of the Implementation Unit verifying it and then the discussions ensue if they are not meeting those plans. It is a very orderly process.

Chair: Caroline, did you want to take us back? One final; the last few minutes.

Q74 Caroline Lucas: Yes, only back because that question happened to be earlier, not taking you back in any other concept. I wanted to talk about business and investors, who are clearly important for the delivery of green infrastructure. Many of them have written to us as part of this consultation prior to this inquiry saying how much they need policy certainty from the Government and how much they feel right now that that is a problem. I wonder if you feel, from your perspective, that the Government is giving policy certainty to investors for the long term.

Mr Oliver Letwin: That was exactly the point of Amber Rudd's speech. You are talking about the energy sector?

Caroline Lucas: Not exclusively. People are citing things like the Green Investment Bank being potentially privatised and loss of zero carbon homes. It is energy, but it is not exclusively energy.

Mr Oliver Letwin: We can take it each one by one, but let me just take the electricity supply industry as a starter and then I am happy to obviously deal with any other particular area you want. That was exactly the point of Amber Rudd's speech, and we were very conscious that because we were, as an incoming Government, thinking through what our strategy for the electricity supply industry should be, investors did not know, and that does create inevitably a degree of uncertainty. That is why she made a speech setting out what is now our strategy. Now every investor in the world can read that and see. They will know that it is not worth investing in coal stations in the UK, that it is worth investing in nuclear, which I approve of, or renewables, which we both approve of, if they are offshore wind that can meet the costs which are set out and so on.

Q75 Caroline Lucas: But I think some of them would say, though, the very fact that you have both nuclear there and renewables, that there are opportunity costs. For example, we had people like Mike Barry very recently from Marks & Spencer, who talked to us at a sustainable development conference just a week or so ago, saying that the changes were having a negative impact on businesses and investor confidence, because there was not a clear enough direction of travel. To say that we are going to have a bit of everything except coal does not give investors very much confidence, whereas if they were to say, "We are serious about renewables" then you would have people being able to see the direction of travel much more clearly.

Mr Oliver Letwin: I don't agree with you in the least. I think what you—

Caroline Lucas: It is not me. We should stop saying “me”. I am quoting to you. I have a letter here from the top British firms to *The Financial Times* then saying, “Lack of consistent long-term policies” and we have Mike Barry from Marks & Spencer just a week or so ago, so what I am putting to you is what investors are telling us.

Mr Oliver Letwin: Yes, I accept that there are people in industry—I don’t see any reason why any of us should be surprised about this—who would prefer larger rather than smaller Government subsidies, but that is a different issue.

Q76 Caroline Lucas: That is not what they are saying. They are talking about policy certainty.

Mr Oliver Letwin: I am saying—and it is true—that Amber Rudd set out a set of very clear policies. That is policy certainty. Now, some people don’t agree with it, some people don’t like it, some people commercially don’t find it meets their interests. I accept that, but it is clear. It is not the case that if you have a policy to have a set of nuclear power stations and you also have a policy to have a set of offshore wind turbines, if they can meet prices that we have set, that that is unclear. It is perfectly true that it is a mixed policy, it is not a univocal policy, but it is a very clear framework and policy. Now, which I accept was not the case before Amber had made her speech, it is very clear what policy settings this Government has set for the next five years and beyond and investors can invest on that basis.

The very good thing about this is that in Britain—and this has been true across many Governments of different persuasions—once a policy setting is set and investors invest against it, what they know is that we don’t falsify those expectations, so whatever differences there may be about policy going forward at any given time, we don’t go back and undo contracts that have been done in the past, so people know in Britain—

Q77 Caroline Lucas: But you have done exactly that.

Mr Oliver Letwin: No.

Carolyn Lucas: The previous solar FIT did exactly that.

Mr Oliver Letwin: No, on the contrary.

Caroline Lucas: It was a retrospective policy. It really was.

Mr Oliver Letwin: No, people know perfectly well that if they sign a contract with the UK Government, that contract will be honoured and that is a great advantage in this country.

Caroline Lucas: They don’t know that, with the greatest respect. We have had so much evidence to the Committee saying precisely the opposite, that the chopping and changing, particularly around Solar FITs, but not exclusively, has precisely denied them that sense of confidence, not least because there is this retrospective aspect to it.

Q78 Chair: I am going to have to leap in. I am going to use the Chair’s prerogative, simply because we are running out of time. I think it is absolutely true to reflect that the

breadth of the evidence that we have had indeed reflected a consistent concern over uncertainty. While you disagree with that it came from—

Mr Oliver Letwin: No, I was not disagreeing. I think there was a basis for that, and now with Amber Rudd's speech, the policy is clear.

Q79 Chair: We can hear the Division bell going. Can I thank you for the generosity of your time? We may pursue a few other questions with you, if that is okay. Similarly, if you want to send anything to us on clarification or extension, please do, but do it in a speedy way.

Mr Oliver Letwin: We will certainly arrange to send you the materials that you were asking for.

Chair: Thank you very much.