

Dr Tony Juniper CBE
Chair

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Phillip Dunne MP
Chair of the Environmental Audit Select Committee
House of Commons
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Dear Phillip,

It was a pleasure to provide evidence to the Environmental Audit Select Committee at the session on 22nd October 2020 to discuss biodiversity and ecosystems. You subsequently requested some further detail in relation to our funding and please find that outlined below.

Overview

As you pointed out during our session, Natural England has seen cuts to its funding following previous Spending Reviews. These have had a significant effect on our baseline Grant in Aid, which funds all our core statutory services and supports our proactive Nature recovery work. That has reduced by 45% since 2014. Natural England's current funding is below the level required to deliver all of our statutory duties to a good standard. That in itself presents several key risks including increased legal challenge, lost opportunities for environmental enhancement and the wider effect that presents on wellbeing.

As I noted, we were pleased to receive a modest increase (some £11.3m) in our baseline funding this year however a long-term commitment is essential to enable us to plan and build the partnerships necessary for meeting the scale of national ambition for Nature recovery.

The enforcement of environmental protection and other related roles which Natural England have had to curtail in recent years

You asked for details of work that we have curtailed and reduced investing in as a result of our current funding constraints. These include the following:

Land Use Planning

- We have had to reduce efforts in strategic land use planning advice - an area where we might otherwise realise further opportunities for net gain.
- As a statutory consultee we are not able to meet the 28-day turn-around time for responses causing delays and financial impacts to developers.
- We do not respond to a large number of medium and lower risk cases. This increases the risk to the environment and means we do not realise opportunities for positive environmental improvement.

Species Recovery

- Our ability to take the identified and necessary actions for species at risk of extinction in England (a key ambition of the 25YEP) has been curtailed. This has implications for other species at risk and we have estimated that plans to support the most at risk would require c£38m additional funding.

Wildlife Licencing

- There have been implications in meeting the turn-around times for wildlife licences causing delays and financial impacts to developers e.g. we have not been able to invest in providing the right level of service or the IT platforms required to bring in charging for licencing resulting in a loss of income.

National Nature Reserves

- We have ceased all management duties beyond those legally required or for H&S needs.
- We recognise the extremely important role that well-managed NNR estate plays and appreciate that we are not currently fully utilising the important and valuable contributions the NNR series could make, for example in contributing to the national Nature Recovery Network.

SSSI

- As the panel discussed, SSSI's are 'the crown jewels' of environmental sites in the UK, protected for the benefits of current and future generations. Our ability to invest directly in monitoring sites has been impacted heavily by budget cuts since 2010. Whilst we have sought to adapt to less funds it remains the case that:
 - England has progressed a much-reduced programme of SSSI and landscape designations.
 - We have reduced investment in the monitoring of our SSSI network meaning we do not have a current robust evidence base around the state of our SSSIs, their management needs etc.
 - We now have a reformed consenting regime – well designed consenting with partners reduces the risk of subsequent challenge and future regulatory action.

Landscape

- Our National Parks and Areas of Outstanding Natural Beauty represent the most treasured landscape assets in England, reflecting both our cultural heritage and geological diversity. Natural England's statutory purpose is to conserve and enhance landscapes includes a duty to designate these landscapes and to provide statutory advice on landscape matters.
- Due to our recent financial position, Natural England has:
 - Progressed only two of our landscape's designation pipeline, one National Park extension and one Area of Outstanding Natural Beauty extension, in the last 5 years. There is demand to extend many others but we do not have the resources to meet that demand.
 - Significantly scaled back our support to Protected Landscape authorities to support their landscape and biodiversity activities.
 - Limited our bespoke landscape advice to planning authorities to the highest risk cases.

Agri-Environment

- The Agri-environment budget is significant in securing the necessary land management activities for our wildlife and habitats. Cuts have inevitably meant that we have had to adopt a 'lighter touch' on monitoring and managing the outcomes of agreements.
- This has had implications for expected outcomes and evidence shows that key indicators such as 'farmland bird' populations are still in decline.
- We have had to cease our investment in building resilience and capacity within the farmer community (which would have been both an invest-to-save measure and an important part of the long-term behavioural change required to ensure outcomes remain beyond the life of an agreement).
- We recognise the excellent opportunity ELMS represents for future environmental benefits. Delivering public goods for public money is a welcome new approach and we have been

supporting Defra on the design of the new schemes - a major tool in the overall framework of measures we have to deliver outcomes for the 25 YEP.

Evidence

- We have been unable to invest in horizon scanning and causes and effect and best methods of restoring habitats etc.
- There has been limited investment in novel techniques which could revolutionise how we gain environmental information, such through the use of new DNA methods and remote sensing.
- We have not been able to invest in maintaining and updating our data platforms which are now beyond their design date.

Programme Budget

- Natural England's ability to fund partners via grants to partners has been severely impacted. For example, grants for community-based initiatives with Parish Councils to properly manage small high priority sites which didn't qualify for Agri-environment funding.
- Partnership funding – not able to buy seat at the table to support others to deliver for the environment.

Natural England's bid for the current Spending Review

Natural England's budget settlement on 1 April 2020 was £118.5m resource of which only £81.1m is our established baseline. In addition, we had £0.31m Capital. The remaining £37.4m of our 2020/21 budget settlement is comprised of annual transfers from Defra and other Government Departments for specific pieces of work (often not a single year programme of activity), funding from Europe through the Rural Development Programme for England, and income and external funding. By the end of Q2 we had received an additional settlement of £13.9m resource and £2.89m capital. We are still in negotiations over a further £3.42m in year transfer of resource funding.

Natural England has advised Defra on their SR bids, as requested, rather than submit separate bids. This includes estimates which we felt represented the investment required by Natural England to deliver its statutory functions effectively and meet milestones of 25 Year Environment Plan Targets. This is reflected in the table below:

	2021/22	2022/23	2023/24
	£m	£m	£m
Resource	223	256	254
Capital	99	133	152
TOTAL	322	389	406
Relative to 1 April 2020 settlement for 2020/21 budget	+203	+270	+287

Our operational work can be represented by three main categories, namely 1) building resilience in existing statutory functions and embedding reforms; 2) increased activity on existing non-statutory activities and, 3) effectively implementing new duties from 25Year Environment Plan and the Environment Bill. Based on those categories, the proportions of the annual budget requirements we estimate for each over the next three years is detailed in the table below:

	2021/22	2022/23	2023/24
	% budget split	% budget split	% budget split
Existing statutory functions	52	52	51
Existing non-statutory activities	24	19	17
New duties	25	30	32

Natural England has also sought to generate income where possible (around £3m in 20/21) and is developing options to expand the scope of our existing charges for wildlife licences and to enable cost recovery for our work as statutory adviser on planning casework. If approved for implementation, these would enable us to charge for more aspects of our statutory advice role, in line with the polluter pays principle.

Conclusion

We remain hopeful that there will be increased investment available to the Natural England to drive forward the most urgent actions allowing us to invest in, for example, some new species recovery projects, the Nature Recovery Network, improving condition on England's best Nature sites and securing climate and biodiversity benefits from peat restoration and tree planting.

Sir John Lawton made the case to the Prime Minister for CSR20 to allocate £1bn capital on the 10th anniversary of his Making Space for Nature report – something echoed by others, such as the Natural Capital Committee, in similar recent reports.

Covid-19 has brought about unprecedented economic challenges but also shone a spotlight on the benefits for us that a healthy and diverse natural environment provides for our wellbeing. A Green Recovery will ensure we build back Britain stronger and more resilient economically, socially and environmentally and as we have discussed, represents a very sound investment for our future.

This is a vital moment for the natural environment. There are some very encouraging signs to look towards for the future - things we know work and we know how to approach them. The ability to make a difference is within our grasp. The public's growing reconnection with Nature for health and wellbeing, our recognition of the urgency of the climate crisis and the government's commitment to a green recovery all create a unique opportunity. These galvanising forces are strengthened by the government's spending decisions, new legislation and the 25 Year Environment Plan.

Natural England is uniquely well placed to bring together organisations, industries and people who have the collective power to restore Nature. Our staff have the technical expertise, the legal authority, the relationships with partners and – crucially – the passion required. We have the opportunity and imperative - our progress is reliant on significant new investment.

I hope that these points provide the additional background that the Committee were looking for and should you have any queries or require any further information please don't hesitate to contact me.

I look forward to seeing you again soon

With all best wishes,

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tony Juniper', with a stylized flourish at the end.

Tony Juniper
Chair, Natural England