



Environmental Audit Committee

House of Commons, London SW1A 0AA

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Rt Hon George Eustice MP

Secretary of State for Environment, Food and Rural Affairs

Department of Environment, Food and Rural Affairs

Sent by email only

2nd March 2022

Dear Secretary of State

Biodiversity and Ecosystems inquiry: follow-up

Thank you for providing the Government's response to the Committee's two reports on Biodiversity and Ecosystems, *Biodiversity in the UK: bloom or bust?* and *The UK's footprint on global biodiversity*, published on 30th June and 30th September 2021 respectively. Through the course of the inquiry the Committee has closely monitored the Government's domestic policy towards biodiversity and the impact the UK has on biodiversity abroad. In the light of the Government's response to both reports, and following further developments in biodiversity policy, several points arise on which we would appreciate further clarity on the Government's plans.

Assessing the environmental impact of free trade agreements (FTAs)

We welcome the announcement of the FTA with New Zealand with environment chapter reinforcing commitments to the Paris Agreement, whilst noting that the Australian agreement did not go as far in providing satisfactory environmental commitments. We also welcome the Government's commitment to assess the environmental impact of new FTAs and to improve their coverage and approach. This is essential if the Government is to make good on its support for placing environmental sustainability at the heart of global production and trade.

We look forward to seeing how assessments of environmental impact work in practice. We ask that you keep the Committee updated on how the environmental impact of the New Zealand FTA and other FTAs in future will now be assessed, and what specific actions the Government is taking to improve the coverage and approach of these impact assessments. It would be helpful to be shown a comparison of former and present approaches to these assessments.

We also welcome the Government's commitment to assess how to deliver environmental net gain in trade deals so that all trade deals enhance, rather than detract from, biodiversity. I should be grateful if you would update the Committee once your Department has assessed the feasibility of this policy.

Implementation of biodiversity net gain (BNG)

We were pleased to note the Government's acknowledgment that the planning system should support biodiversity net gain, and that the Government was working with local authorities to ensure net gain could be delivered.

Regrettably, the Government does not yet appear to have addressed the significant concerns already raised on aspects of the policy. If not adequately addressed, these aspects could at best render the policy futile to environmental protection, or at worst weaken biodiversity in England.

The Committee heard that early adoption of the policy has on average led to commitments to deliver smaller areas of higher-quality habitats years later in the development project cycle, and that within the construction sector, there is little, if any, appetite to monitor successes of biodiversity mitigation due to a lack of enforcement. This lack of enforcement stems from local authorities lacking the capacity, resources, and expertise to implement biodiversity net gain. We were disappointed to read that the Government does not intend to create any new enforcement mechanisms for BNG nor was the Government committing to increase funding to local authorities to manage this new responsibility, as we recommended.

The Committee notes that Government has commissioned the Association of Local Government Ecologists (ALGE) and the Association of Directors of Environment, Economy, Planning and Transport (ADEPT) to undertake a survey of planning authorities to get a better understanding of existing capacity related to biodiversity net gain. Upon completion of this survey, I should be grateful if you would update the Committee on the results and the next steps if the survey reveals a deficit in local authority skills and capacity to deliver net gain.

More recently, following publication of Defra's consultation paper on biodiversity net gain, stakeholders and experts have expressed concern that many of the deficiencies in the policy which we identified are yet to be addressed. Stakeholders are still unclear who will carry out monitoring and enforcement and how it will be done, for example, whether BNG will be delivered through the planning system or a separate process.

We understand Defra intends to allow landowners and managers to combine payments for biodiversity units with other payments for environmental services from the same parcel of land. Sophus zu Ermgassen of the University of Kent, who submitted written evidence to our inquiry, has told us this could lead to poorer outcomes for nature, as developers can gain double the funding for delivering the same amount of environmental recovery. The policy has also not been refined to allow some areas with irreplaceable biodiversity to be protected from development of hard infrastructure at scale, as we previously recommended.

I should be grateful for an explanation as to how your Department intends to address these issues.

Net zero stress testing fiscal events

We have repeatedly recommended¹ that the Government net zero stress test its fiscal events such as the Budget Statement and Spending Review, so that taxation, spending and resource decisions are aligned with the Government's net zero goals. We were disappointed that acceptance of this recommendation was not forthcoming and note the WWF's recent report, in which it was estimated that the 2021 Budget and Comprehensive Spending Review will increase greenhouse gas emissions by 38.4MtCO₂e over the next four years.

Without sustainability tests for spending decisions, the Government risks moving further away from realising the environmental and climate targets which Ministers have set and which this Committee is appointed to monitor. The response to the Committee's report states that the Government is "exploring options to further strengthen the analytical approach to monitoring, evaluating and quantifying the environmental impacts of tax measures." Under what timescale

¹ Environmental Audit Committee, Third Report of Session 2019–21, [Growing back better: putting nature and net zero at the heart of the economic recovery](#), pg 6; First Report of Session 2021–22, [Biodiversity in the UK: bloom or bust?](#) pg 103; Second Report of Session 2021–22, [The UK's footprint on global biodiversity](#), pg 14

will this work be delivered? The Committee would also appreciate a commitment to report back in due course on the proposed improvements in assessing the environmental impacts of tax measures.

Mandatory reporting on sustainable procurement

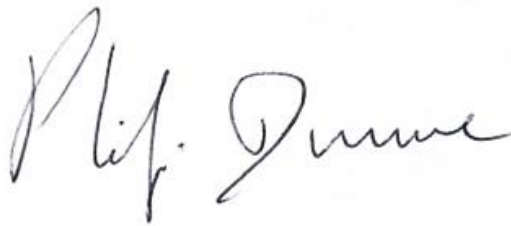
We welcome the Government's commitment to reinstate mandatory reporting on sustainable procurement. We also welcome the recognition of the need for the Government to review its sustainable procurement commitment, so that procurement is aligned with net zero and environmental commitments. We expect reporting on sustainable procurement to include overall performance data as well as process data so that a clear sense of overall performance in improving the sustainability of a department's procurement is evident from reporting. Please can you confirm this will be the case and can you set out the timeline for the review of Government's sustainable procurement commitments and report back on the results in due course?

Finally, I would like to thank you and the other Departments involved in responding to our Biodiversity & Ecosystem inquiry to date. With UNCBD COP15 on the horizon it is crucial the UK shows leadership in restoring its domestic biodiversity and paves the way to understanding and reducing its impact on biodiversity abroad. The Committee intends to follow up separately on issues related to COP15.

I am copying this letter to the Chancellor of the Exchequer, Chancellor of the Duchy of Lancaster, the Secretaries of State for International Trade and for Levelling Up, Housing and Communities, and to the Chairs of their respective select committees.

I would be grateful for a response to this letter by 17 March. The Committee has agreed to publish this letter on its website, and I expect will wish to publish the response, once received.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Philip Dunne', written in a cursive style.

Rt Hon Philip Dunne MP
Chairman of the Environmental Audit Committee