



Greening the machinery of government: mainstreaming environmental objectives

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EXECUTIVE SUMMARY

This report is about the failure of the machinery of British government

to treat environmental objectives on a par with economic and social aims. Environmental factors and outcomes are routinely ignored or downplayed compared to economic or political priorities.

At base, this is due to three underlying problems. First, the role that natural capital plays in sustaining the economy and human well-being is systematically undervalued in government decision-making. Second, British government decision-making is notoriously prone to short-termism, whereas many environmental impacts, for example those of climate change, only become evident over a long period. And third, since environmental costs and benefits are generally underrated – because natural assets are undervalued and environmental challenges are not seen as urgent – the central government departments that promote environmental policy are generally small and of low political status; yet environmental policy cannot be realised by environment departments by themselves.

For the last 20 years, successive British governments have tried various models in an attempt to ensure that environmental objectives are pursued more consistently across government. Other countries of course face the same challenges, and many are experimenting with innovative solutions. Against this background, it should be possible to devise a better system. This paper proposes the following potential solutions.

The essential precondition: political will

There is no substitute for political will. If a government is elected that does not want to pursue ambitious environmental policies, there is no institutional set-up which can make it do so. Strong and consistent leadership is needed from at least the Prime Minister or the Chancellor or ideally both.

Embedding long-termism in policy- and decision-making

Measures should be taken to rectify the current bias towards short-termism, and the failure to value natural capital, through the following:

- Government must decide and publish a clear and consistent set of policy objectives across government to set the overarching framework to which departments must adhere and to which it can be held to account. Policy objectives also need to be accompanied by measurable indicators.
- The establishment of external frameworks for long-term targets on government policy: adding to that set by the Climate Change Act and the carbon budgets recommended by the Committee on Climate Change by creating a statutory independent Natural Capital Committee, overseeing progress towards long-term aims (set out in legislation) and interim ‘budgets’ or targets for natural capital, including natural resources, biodiversity, habitats, air and water.

- The development of a consistent analysis of the problems and the potential impacts of policy choices, applied across government; this must be transparent and open to challenge from outside government. The government’s Chief Scientific Adviser should also be responsible for publishing regular reports on the state of the natural environment in the UK.
- The UK’s National Security Strategy should be extended to include risks to UK society and economy from environmental factors, and these should be discussed regularly by the National Security Council (chaired by the Prime Minister). All public bodies should be required to report on the extent to which the risks identified by the analysis pose a threat to their ability to fulfil their responsibilities, and to produce a resilience plan to deal with the likely threats.

Voice and leadership

The current weakness of the environmental voice in government needs to be rectified, through the following measures:

- The Treasury should be given a new, top-level priority to ensure that the economy is sustainable, resource-efficient and low-carbon, delivering the greatest overall welfare benefit for society. A cabinet-level Chief Secretary for Sustainability should be created in the Treasury, responsible for coordinating government-wide actions towards this aim.
- The creation of a Minister for International Environment in the Foreign Office, coordinating international action across government and mobilising the resources of environmental diplomacy in support of the lead departments.
- It would be better to avoid the disruption of departmental reorganisation by leaving the current environment departments (DECC and Defra) alone; but if there is a desire to reduce the total number of departments, a merger of Defra and the Department for Communities and Local Government has potential.
- The Prime Minister’s ability to provide consistent leadership on environmental issues should be enhanced by creating a sustainable development risk analysis unit in the Cabinet Office, to deliver these functions, and appointing a Chief Sustainability Adviser to work alongside the Chief Scientific Adviser and National Security Adviser.
- Environmental action across government departments should be coordinated more effectively through a sustainable development cabinet committee, chaired by the Chief Secretary for Sustainability.
- Given the wide range of departments whose actions affect environmental outcomes, joint units and activities should be encouraged; possibilities include an Office for Local Air Quality and an Office for Resource Management, to coordinate government action to improve resource efficiency and to promote ‘circular economy’ models.

Challenge

So many activities of government are relevant to environmental outcomes that procedures need to be devised that require all government departments (and other bodies) to consider environmental costs and benefits when taking decisions and spending money. Possible mechanisms include the following:

- Reforms to: the system for monitoring and challenging departments' business plans; systems for impact and regulatory assessment and investment appraisal; Treasury tools such as the discount rate and the Computable General Equilibrium (CGE) model; and the system of regulatory appraisal, where the current obsession with reducing regulation should be replaced with a new process designed to improve regulation, with the overarching goal of promoting environmental objectives.
- The introduction of effective reporting for public bodies' adherence to agreed policies and objectives, and on the extent to which they have effectively considered environmental impacts in their decisions. The Chief Secretary for Sustainability should present an annual report to Parliament on the state of the UK environment, and the government response.
- The creation of an independent Office of Environmental Responsibility to: work with departments to help them draw up business plans and sustainable development strategies; scrutinise and query departments' key decisions and activities; undertake independent analysis of the government's environmental performance; and assess and advise government on the impact of significant new (and existing) policies.
- The allocation of more resources from the National Audit Office to enhance the ability of the Environmental Audit Committee to scrutinise the actions of government.

Inclusiveness

The achievement of many environmental goals requires long-term behavioural change on the part of individuals and communities as much as of government. This will be impossible to achieve unless the public have the chance to participate in and make their views heard on the development of policy and, where possible, share in its delivery. The Round Table on Sustainable Development should be recreated to provide one route to this; and the Green Economy Council should be reviewed in the light of the other proposals made in this paper.

Government capacity

Government has been making efforts to green its own operations for well over 10 years, with some effect. Further improvements can be made, but on the whole the existing framework is reasonable. The annual Greening Government Commitments report should be included in the report to Parliament of the Chief Secretary for Sustainability.

The ways in which the civil service itself works help to underpin the implementation of environmental policy. A formal government Sustainable Development Service should be created, headed by the Chief Sustainability Adviser to the Prime Minister, to help improve training and professional development and encourage networking and the spread of best practice.

Priorities for action

The paper contains many proposals, and any incoming government is unlikely to be able to implement all of them immediately. The key priorities are the following:

- To demonstrate leadership from the top as quickly and as clearly as possible, through immediate measures: reforms to Treasury priorities and the creation of the Chief Secretary for Sustainability; enhancement of the Prime Minister's capacity, by creating a sustainable development risk analysis unit in the Cabinet Office and by appointing a Chief Sustainability Adviser; and coordinating environmental action across government departments through a sustainable development cabinet committee, chaired by the Chief Secretary for Sustainability.
- To change the context in which decisions are taken, through announcing the intention to implement the following measures as soon as possible: the creation of a statutory independent Natural Capital Committee, overseeing progress towards long-term aims for natural capital; the creation of an independent Office of Environmental Responsibility to enhance and scrutinise government decision-making; and the extension of the National Security Strategy to include risks from environmental factors, and a requirement on all public bodies to report on the extent to which the risks pose a threat to their ability to fulfil their responsibilities.

If just these six steps are taken, the context within which government department and agencies work would begin to change radically. The other measures suggested in this paper are less urgent and can be adopted over a longer period.

1. INTRODUCTION

1.1 Purpose and objectives

This report is about the failure of the machinery of British government to treat environmental objectives on a par with economic and social aims. Environmental factors and outcomes are routinely ignored or downplayed compared to economic or political priorities.

This report therefore explores how the structures and procedures of UK government could be enhanced in order to ensure that they are better able to identify and meet long-term policy objectives for safeguarding and restoring the natural environment, and can be held effectively to account in doing so. Against the background of previous attempts to ‘mainstream’ environmental policy, both in the UK and elsewhere, it puts forward proposals for the reform of the government’s institutional structures and policy-making and policy appraisal procedures to enhance the country’s capacity to follow consistent and ambitious environmental objectives. It is aimed at policy-makers, especially those within government, parliament and political parties who are or may be involved in deciding future government priorities, structures and procedures, and accountability mechanisms.

The report deals with central government institutions and procedures for determining environmental policies, and accountability mechanisms. It does not cover local government or the devolved administrations, or the implementation and enforcement of policy, and does not cover specific policies in any great detail – rather, it focuses on the *structure* and *procedures* of central government which are necessary to achieve environmental goals, whatever they may be. It also assumes that the political will to pursue ambitious environmental goals exists in the first place; if it does not, however good the structure, the policies will not be pursued.

1.2 Rationale

All governments face a significant challenge in protecting the natural environment. Despite the fact that natural assets are crucial to future economic prosperity and well-being, they continue to be over-exploited and degraded, generating increasing risks and long-term costs to society. The reasons for this are multiple and complex, but include the fact that government institutional and decision-making arrangements often perform poorly in identifying, implementing and achieving environmental objectives, and mechanisms for holding government to account for their activities in this respect are often weak or missing.

In particular, the actions and decisions of a very wide range of government ministers and departments are relevant to the achievement of environmental policy goals but are rarely a high priority for most of them. Despite the wide relevance of environmental objectives and policies to government strategy, the lead in pursuing them is almost always taken by environment departments, which usually lack power and status in intra-government discussions – compared, for example, to economics, industry or trade departments.

As a result, many governments have found it difficult to ensure that environmental objectives are pursued consistently across all the arms of the administration, and for significant periods of time. Coherent and long-term environmental objectives may be lacking or expressed only in vague generalities; or the institutional structures to ensure that they are pursued consistently across government departments and agencies may not exist or be effective; or both. The economic pillar of sustainable development, and to a lesser extent the social pillar, are almost invariably pursued more consistently and afforded greater priority than the environmental.

1.3 Structure of the report

This report looks primarily at the experience of the UK, and derives recommendations for UK government structures and procedures. *Section 2* outlines the problems, including examples of inconsistencies in attempts to pursue environmental policy, with different ministers and departments displaying conflicting objectives and priorities.

Section 3 draws lessons from attempts to mainstream environmental policy over the last 20 years, both from UK central government and from other administrations around the world. *Annexes 1 and 2* describe this record in more detail.

In the light of this background, *Section 4* sets out proposals for the reform of current structures and procedures, including those of central government, parliament and accompanying bodies, while *Section 5* summarises them and suggests priorities for an incoming government.

2. THE PROBLEM

2.1 The challenge

It is becoming ever more evident that humanity is living beyond the ability of the planet to sustain life. To choose just a few examples:

- Global climate change: almost two-thirds of the total CO₂ emissions permissible if global warming is to be restricted to 2°C above pre-industrial levels (generally regarded as the boundary between dangerous and very dangerous climate change) had already been emitted by 2011.¹ Although the lowest cost route to hit the two degree target would be for emissions to peak by 2020 and then fall to zero later this century, there is almost no realistic prospect of this happening.
- The UK contribution: although the UK has reduced greenhouse gas emissions since 1990, by 2011 the underlying rate of decline was still only about 1% a year, compared to the 3% a year necessary to achieve the fourth carbon budget target for 2023-27, let alone the further reductions needed beyond that.²
- Impact on nature: a comprehensive survey published in 2013 concluded that of 3,148 species of UK wildlife assessed, 60% had declined over the last 50 years and 31% had declined strongly. No less than half of the species assessed had shown strong changes in abundance or distribution, indicating that recent environmental changes were having a dramatic impact on the nature of the UK's land and seas.³
- UK natural capital: the Natural Capital Committee's second report identified a number of stocks of UK natural capital at high or very high risk, including water, wildlife, wild fisheries and air quality. These had real costs for the economy: negative impacts associated with poor urban air quality, for example, amounted to £9bn-£20bn per year. As the Committee concluded: 'Although there have been some notable policy successes, such as improvements in air and water quality, natural assets continue to be degraded in aggregate and their capacity to deliver essential benefits to current and future generations is being reduced. This has an adverse impact on the economy.'⁴

In practice, the three pillars of sustainable development – economy, society and environment – are not being pursued with equal priority. Too often, the economy is seen as completely separate from the environment, and protecting the environment is seen as a cost and a burden. In reality, however, the two are inextricably interlinked (as are both with the social pillar of sustainable development). As WWF's *Living Planet Report* put it in 2014:

'Sustainable development has figured prominently on the international agenda for more than a quarter of a century. People talk earnestly of the environmental, social and economic dimensions of development. Yet we continue to build up the economic component, at considerable cost to the environmental one. We risk undermining social and economic gains by failing to appreciate our fundamental dependency on ecological systems. Social and economic sustainability are only possible with a healthy planet. Ecosystems sustain societies that create economies. It does not work any other way round.'⁵

2.2 Economy and politics over environment

This imbalance between the economic and the environmental pillars of sustainable development is evident in many instances of government decision-making in the UK. Environmental outcomes are frequently ignored or downplayed compared to economic or political priorities. Recent examples include the following:

- Government departments other than the core ministries of the Department of Energy and Climate Change (DECC) and the Department for Environment, Food and Rural Affairs (Defra) tend routinely to give a low priority to environmental objectives. This was the conclusion reached in the National Audit Office's review in 2013 of the way in which the Department for Business, Innovation and Skills (BIS) treated sustainability considerations.⁶ The NAO concluded that although BIS had made good progress in reducing the environmental impact of its own operations, in terms of policy it had not developed a strategic assessment of the potential sustainable development impacts of all of its responsibilities. The NAO commented on 'the absence of any strategic sustainable development and environmental objectives or targets relating, for example, to the transition to a low-carbon economy'.⁷ It highlighted a number of examples, including the Regional Growth Fund, where the process for assessing applications for grants did not seek to establish whether there were environmental or social harms associated with projects put forward (though bidders were encouraged to demonstrate their project's contribution to 'green growth').
- The Infrastructure Bill 2014-15 (still making its way through Parliament at the time of writing) contains a requirement for the Secretary of State for Energy and Climate Change to produce a strategy for 'maximising the economic recovery of UK petroleum' (i.e. oil and gas). Yet the International Energy Agency has estimated that no more than one-third of proven reserves of fossil fuels can be consumed before 2050 if the world is to achieve the 2°C goal.⁸ How the Infrastructure Bill's requirements can be consistent with this aim, or with the 2008 Climate Change Act's goal of reducing UK greenhouse gas emissions to 80% of 1990 levels by 2050, is not explained.
- More broadly, the coalition government's proposals for major infrastructure development seem to be divorced from its climate policy. While the government's first release of its detailed infrastructure pipeline (including private sector investment) in December 2012 suggested that the majority of investment would be in low-carbon sectors, including public transport and renewable energy, subsequent releases have shown a significant switch. The share of total energy and transport spending on fossil fuels, roads and airports has been revised up from 15% to 49% in 2014-15 and from 10% to 34% in 2015-20.⁹ How this development, which helps to lock in high-carbon activities for decades into the future, is consistent with achieving carbon budget targets has also not been explained.
- Turning to one specific aspect of infrastructure, arguments over the construction and expansion of airports have a long history, stretching back (at least) to the debates over the proposed Maplin Sands airport in the 1970s. The current Davies Commission on UK airports has so far taken account of the likely impact on UK carbon emissions only briefly. It referred to an estimate by

the Committee on Climate Change that passenger growth of 60% by 2050 (from 2005) was compatible with the Climate Change Act's target of an 80% reduction in greenhouse gas emissions, given likely improvements in technology. However, this was a technical estimate of feasibility, not a projection of actual growth, and the policy mechanisms needed to restrain growth to 60% do not exist.¹⁰ It remains to be seen how the Committee's final report, due in 2015, will reconcile the expansion of airports in south-east England with carbon budget targets, let alone their impact on the local environment and communities.

- In early 2013 senior economists from DECC, BIS and the Foreign Office proposed a government-wide review of the impact of resource depletion and climate change on 'the UK's potential for sustainable growth, its terms of trade, exposure to commodity prices shocks and the security of resource supply'. The plans were blocked by Treasury officials, with the Treasury's Chief Economist demanding that any such research be 'decoupled from UK growth issues [...] The link between the long-term, global analysis and UK policy and strategy is too speculative for an independent review to get into.'¹¹
- Although the current government's coalition programme contained a commitment to 'increase the proportion of tax revenue accounted for by environmental taxes',¹² fuel duty has been frozen since 2010, and is due to fall by 8% in real terms over the Parliament. In 2012 the Treasury accordingly adopted a revised definition of environmental taxes, removing all transport taxes – which accounted for over 90% of the previous definition (used internationally and by the Office for National Statistics) – thus enabling the government to claim that it had met its commitment.

In other cases, disagreements within government over the balance between environmental and economic priorities help to undermine the policy itself. Examples include:

- A well-publicised clash over the level of the fourth carbon budget (setting allowed UK greenhouse gas emissions for the period 2023-27) took place in 2011, when DECC, supported by the Foreign Office and Defra, argued for accepting the Committee on Climate Change's recommendations, representing a reduction of 50% from baseline. They were opposed by the Treasury and BIS; the final outcome was agreement on the recommendation but with a review of the level set for 2014 (though this was subsequently dropped). At base, the disagreement arose from different models of, and beliefs about, economic growth and development (see further in Section 2.3).
- The Treasury and DECC have also had a long-running series of arguments over future UK electricity generation, with DECC emphasising low-carbon sources (renewables and nuclear) while the Treasury has chosen to emphasise the – yet unproven – potential for unconventional gas.
- Extending a review of the implementation of renewable energy planning policy by the Department for Communities and Local Government (CLG) which started in autumn 2013, the department's Secretary of State has continued to call in onshore wind proposals for consideration. By December 2014 he had refused permission for 88% of projects put forward in that year, up from 48% in 2013¹³ – even though onshore wind is one of the cheapest forms of renewable energy, and is encouraged by DECC, and although opinion polls regularly show that large majorities of people are supportive of the technology. Answering a question about the extent to which DECC's and CLG's policies appeared to be in conflict, the Prime Minister claimed

that 'I think there is a very joined-up approach. It is joined up in No 10 Downing Street, I am happy to say.'¹⁴ He went on to declare that he thought no more than 10% of UK electricity supply should derive from onshore wind – not a policy that the government had ever agreed or announced.

Even if the policies ultimately remain on track, such high-profile dissension tends to undermine confidence in government's willingness to pursue its stated objectives, and in particular in the stability of the policy regime necessary to support environmental investments. The long-term policy framework is particularly important where large-scale investments in infrastructure are required, as investors need to be sure that they will receive a sufficient return on their investments over several decades. As has been seen in recent years, some low-carbon investments have been cancelled or rendered more expensive (because of the higher risk premium applying to borrowing) as a result of public disagreements between ministers over the policy – thus rendering it more difficult to achieve all government objectives; economic growth as well as environmental protection.

2.3 Underlying problems

Few governments take power with the intention of degrading the environment. The outcomes described above – and many others – are, rather, the results of a set of interlocking problems which make it inherently difficult to achieve environmental objectives.

2.3.1 Natural capital is undervalued

First, the role that natural capital plays in sustaining the economy and human well-being is systematically undervalued in government decision-making. As the Natural Capital Committee observed in March 2014: 'Integrating the environment into the economy is hampered by the almost complete absence of proper accounting for natural assets. What is not measured is usually ignored.'¹⁵ Accordingly, some assets were being used unsustainably, placing the benefits derived from them at risk, with significant economic implications. These included the declining quality and availability of clean water and clean air (as noted, above, the Committee had estimated that local air pollution causes an estimated £9bn-£20bn of costs per year), negative impacts on health and recreation from a lack of green spaces and access to the countryside, falling stocks of marine fisheries, and land use and drainage patterns contributing to flooding. Although there are clearly problems associated with attempting to assign a monetary value to every environmental outcome, a failure to do so is probably worse.¹⁶

Even where attempts are made at valuing natural assets and environmental impacts, they are often only partial. For example, the Treasury uses the HMRC Computable General Equilibrium (CGE) model not only as a tool for analysing the effects of fiscal policy but also to look at the costs of the carbon budgets required under the Climate Change Act.¹⁷ While this model includes the financial costs of environmental policies, it omits benefits such as improvements to health from better air quality, lower congestion, accelerated innovation or reduced risk to future UK growth from anthropogenic climate change. The shortcomings of this modelling approach were shown by a recent analysis which purported to show the growth benefits of reducing fuel duties, but similarly missed many important impacts.¹⁸

2.3.2 Decision-making is short-termist

Second, British government decision-making is notoriously prone to short-termism, whereas many environmental impacts, for example those of climate change, only become evident over a long period. The electoral cycle tends to focus ministers' minds on maximising the delivery of short-term outcomes: since 1945, general elections have taken place on average every 3.8 years. Other factors, including civil service job rotation and financial market pressures on government finances, reinforce this tendency.

A key factor is the discount rate chosen by the Treasury to compare future benefits with current costs – currently 3.5% a year for the first 30 years and 3% up to 75 years. This heavily discounts future costs; £100 in people's pockets today is assumed to be of more value than £1,000 of costs in damage to the natural environment to their grandchildren. While this approach can be useful when it comes to, for example, making choices between roughly similar projects, it is highly suspect when applied to unavoidable costs, where it becomes in effect a means of transferring the problem to future generations. In some cases there may be an argument for doing just this, but this is a political and ethical judgement, and should not be disguised as simply a technical tool.

In fact supplementary guidance from the Treasury allows for sensitivity analysis using slightly lower discount rates in cases which involve very long-term, substantial and irreversible wealth transfers between generations. But much of the justification for the level of the discount rate is the assumption that economic growth will be maintained at around 2%, so future generations will be rich enough to pay for the costs of climate change. Given that global warming carries significant risks to future UK growth, there must be a reasonable chance that this rate of growth will not be maintained, thereby undermining the case for the significant discount rate. In Germany, the standard discount rate is 1.7%, but considerable variation is permitted between projects; for climate-related costs and adaptation measures, the Environment Agency recommends 3% for periods of up to 20 years and 1.5% thereafter. If intergenerational issues are at stake, a sensitivity analysis with a discount rate of zero is recommended.¹⁹

Significant steps have been taken in some areas, most notably climate change, where the passing of the Climate Change Act in 2008, and the creation of the independent Committee on Climate Change and the framework of five-yearly carbon budgets setting caps for total emissions from the UK economy, has attempted to impose a long-term framework of (some) environmental costs and benefits on government decision-making. So far this framework appears to have worked well, with the Treasury eventually dropping its threatened review of the fourth carbon budget. But it has not yet led to a rate of decarbonisation of the economy fast enough to meet the eventual targets. Government still seems to be taking decisions, for example over transport taxation or infrastructure, that appear to be inconsistent with the realisation of the targets (see above).

2.3.3 Environmental policy has a weak voice

The third problem is that because environmental costs and benefits are generally underrated – because natural assets are undervalued and environmental challenges not seen as urgent – the central government departments which promote environmental policy are smaller, in terms of staff and funding, and of lower perceived political status than – for example – economic, finance, industry or trade departments. This is true in almost all countries, not just the UK. And yet environmental policy cannot be realised by environment departments by themselves.

In the current UK central government structure, for example, eight departments (at least) are of importance to environmental policy-making. Alongside the lead departments, DECC and Defra, the Department for Transport (DfT), BIS, CLG and the Department for International Development (DFID), the Treasury and the Foreign Office are all relevant – as well as, of course, the central coordinating bodies of the Cabinet Office, Prime Minister's and Deputy Prime Minister's offices. For many of these organisations, environmental objectives are not a high priority – or not a priority at all – and when put against economic and social objectives they often lose out in inter-departmental arguments.

2.3.4 Conclusion: a new approach is needed

This is never an inevitable outcome, and significant environmental gains have been made in the UK, as in other countries, over the last few decades; some are mentioned above. The degree of government interest in the issue varies not only with its political complexion but also with the state of public opinion, high-profile scientific developments (such as the discovery of the Antarctic ozone hole or successive reports from the Intergovernmental Panel on Climate Change), external events such as energy price rises, and the condition of the economy and government finances. In addition, external frameworks, most notably EU regulations and directives, impose commitments and constraints on government action in this area.

Nevertheless, the way in which UK government machinery is structured at present is inherently biased against the realisation of ambitious environmental goals, rendering it more difficult to achieve them. The Aldersgate Group, in its report *An Economy That Works*, defined a successful economy as one which is low-carbon, zero-waste, nature-enhancing and resilient. In turn the policy framework was more likely to deliver these objectives when its approach was long-term, inclusive and innovative.²⁰ In practice the UK government's current policy framework is often none of these things.

3. THE RECORD: LESSONS TO LEARN

3.1 UK central government

For the last 20 years, successive British governments have tried various models in an attempt to ensure that environmental objectives are pursued more consistently across government. A series of overarching strategies for environmental protection, or sustainable development, have been published, starting with *This Common Inheritance* in 1990 and leading to the current government's *Mainstreaming Sustainable Development* of 2011. Key sectoral strategies have covered climate change, the natural environment and the green economy.

Institutional experiments include a small internal committee and secretariat (the Government Panel on Sustainable Development, 1994-2000), a much larger but essentially external advisory outfit (the Sustainable Development Commission, 2000-11), a system of 'green ministers' (later 'sustainable development ministers') in each department (1992-2008) and various cabinet committees and sub-committees, a Parliamentary scrutiny body (the House of Commons Environmental Audit Committee, from 1997) and now Defra and a Cabinet Office minister chasing objectives through the departmental business plan framework, with the Environment Secretary sitting on key cabinet committees to exercise a degree of oversight. The independent Committee on Climate Change (established in law) and Natural Capital Committee (currently a temporary committee) offer the beginnings of an external framework for long-term policy-making.

Government procedures are just as important as strategies and structures; these include departmental objectives and business plans, sustainable development indicators, policy evaluation and impact assessment procedures and statutory duties on government and its agencies. The efforts government makes to green its own operations – reducing its energy, transport and resource use, using sustainable procurement policy, and so on – are also important, as is developing the capacity of the civil service to pursue sustainability objectives.

Despite more than 20 years of strategies, structures and procedures, the examples in Section 2 suggest that much more still needs to be done. The Environmental Audit Committee's conclusion of January 2011, that, 'sustainable development has not been fully embedded into Government',²¹ was reaffirmed in September 2014, when it declared that 'there is more still to do to embed sustainable development across Government'.²²

Annex One reviews the experience in the UK since 1990. Conclusions that can be drawn from the record include:

- The overriding importance of strong, consistent and continuous political leadership from the Prime Minister or the Chancellor or (preferably) both. This is an essential precondition.
- Correspondingly, the value of any central coordinating body or external advisory body having access to the Prime Minister, not merely to environment ministers.
- Environment departments (such as Defra or DECC) by themselves cannot guarantee cross-government action.
- The importance of an overall strategy for sustainable development (or environment), not only as a guide for government departments and a set of targets, but also as a signal to the outside world. (The coalition's replacement of the 188 pages of *Securing the Future* (2005) with the eight pages of *Mainstreaming Sustainable Development* (2011), for example, did not provide an encouraging signal.)
- The need for government departments to own their section of the sustainable development strategy, not simply to have it imposed upon them. The practice of the Government Panel for Sustainable Development to ask departments for their own evaluation of the problem, for example, was helpful.
- The need for regular reporting of performance against objectives.
- The need for consistent monitoring and oversight of departmental duties and behaviour – for example in building sustainability objectives into business plans, conducting appraisals or meeting operational targets.
- The limits to what legislation can achieve in the absence of political will (for example, the disappointing outcome of the various statutory duties placed on public bodies).
- Nevertheless, the benefits of statutory backing for external bodies, such as the Committee on Climate Change (in contrast to, for example, the Sustainable Development Commission), giving them a status and level of independence.
- Similarly, the value of a direct relationship between external bodies and Parliament; again as with the Committee on Climate Change, which must report annually to Parliament.

3.2 Other governments

Other countries of course face the same challenges, and many are experimenting with innovative solutions. Annex Two describes a range of examples.

The Welsh government is one of the few governments anywhere in the world to have a constitutional duty to promote sustainable development. But it is still struggling to establish a satisfactory framework for this, most recently through the Well-Being of Future Generations Bill. This bill includes establishing a new legal duty on the Welsh public sector, requiring the embedding of sustainable development within strategic decision-making processes and creating a new sustainable development body to support and monitor public bodies in achieving this aim.

Many countries have adopted overarching sustainable development strategies and coordinating mechanisms to ensure they are mainstreamed through government. Examples include Germany, where the State Secretary Committee for Sustainable Development, on which all ministries are represented, has responsibility for implementing the national sustainability strategy; it is chaired by the Head of the Federal Chancellery. In the US, the White House Council on Environmental Quality coordinates federal environmental efforts and works closely with agencies and other offices in the development of environmental policies and initiatives.

Some countries have appointed organisations or individuals to safeguard citizens' rights to a healthy environment, coordinate stakeholder input and provide advice to government. Examples include Canada's Commissioner of the Environment and Sustainable Development, Hungary's Parliamentary Commissioner for Future Generations, New Zealand's Parliamentary Commissioner for the Environment and the Welsh Commissioner for Sustainable Futures.

Countries possess a range of advisory bodies to government, parliament or both. The Finnish Parliament's Committee for the Future is effectively a parliamentary think-tank for futures-related matters which have a bearing on development factors and development models of the future. The Dutch Social and Economic Council aims to contribute to public prosperity by helping to generate social consensus on national and international socioeconomic issues. It seeks to combine a high level of expertise with broad agreement and public support. Comprising businesses, employees and independent experts, it is wholly independent of government.

4. POTENTIAL SOLUTIONS

It should be clear from the analysis in Sections 2 and 3 that the current system of government structures and procedures in the UK fails to deliver environmental objectives consistently and effectively. Given the background of experience in the UK and other countries, explored in Annexes 1 and 2 and summarised in Section 3, it should be possible to devise a better system.

Of course there will always be significant constraints on the ability of government and parliament to achieve environmental objectives, including the economic and financial situation, the EU policy framework, and the strength or weakness of international environmental institutions and agreements (though of course there are also costs of inaction or inadequate action to meet environmental challenges). But within these constraints, there is scope for improvements in existing structures and procedures in the UK.

The elements described below are important at central government and parliamentary level if environmental policy is to be effectively mainstreamed across government. Some of them are already in place to a certain extent, but as the analysis above has suggested, they need to be improved and strengthened. The proposals are grouped under the following six headings:

- 1. The essential precondition:** strong and consistent political leadership and commitment.
- 2. Embedding long-termism in policy- and decision-making:** rectifying the current bias towards short-termism (see Section 2.3.2), and the failure to value natural capital (see Section 2.3.1), through deciding overall strategies and indicators of progress, establishing external frameworks for policy (including a statutory Natural Capital Committee), ensuring adequate sources of analysis and advice (including a regular 'state of the UK environment' report), and conducting a national strategic risk assessment.
- 3. Voice and leadership:** rectifying the current weakness of environmental voices in government (see Section 2.3.3), through establishing a cabinet-level Chief Secretary for Sustainability in the Treasury, a Minister for International Environment in the Foreign Office and stronger environment departments (DECC and Defra), ensuring a consistent lead on environment can be given from the centre (the Prime Minister and Cabinet Office), and coordinating action across government, through a sustainable development cabinet committee, and more joint units and activities.
- 4. Challenge:** ensuring that all decisions are subject to challenge with respect to their impacts on environmental objectives, including in decision-making, assessment and appraisal procedures, establishing proper reporting against objectives, scrutinising actions from inside government through an Office of Environmental Responsibility, and scrutinising actions from outside government by enhancing the Environmental Audit Committee.

5. Inclusiveness: opening up decision-making to public input and scrutiny, including re-establishing the Round Table on Sustainable Development.

6. Government capacity: greening the government's operation, and improving civil service capabilities, including creating a Government Sustainable Development Service.

4.1 The essential precondition: political leadership and commitment

It cannot be emphasised too strongly that there is no substitute for political will. If a government is elected which does not want to pursue ambitious environmental policies, there is no institutional set-up which can make it do so.

As a comprehensive survey of environmental policy integration initiatives expressed it:

'Of the instruments following an institutional logic, network-building tends to be a popular mode of acting. The assumption seems to be that actors sitting around a table (in administrative coordination committees, for example), developing common integration strategies (sustainable development strategies, for example) or reporting to one another (via systems of assessment and appraisal) will eventually develop mutual ideas that favour environmental protection, and then alter their institutional procedures and practices accordingly. Empirical evidence suggests, however, that unless there is a high-level political commitment to deliver greater environmental policy integration or a strong inducement, for example in the form of career enhancements, integration simply does not happen.'²³

Even if a government is elected which does want to pursue an ambitious environmental agenda, many of the conditions necessary for its realisation – a commitment to long-termism, an understanding of the value of natural capital, a belief in inclusiveness and openness – involve challenging the conventional wisdom, as currently practised in UK central government. It will not be good enough, accordingly, just to make occasional speeches or set up new institutions and procedures without following them through over a period of years. Annex 1 lists several examples of ambitious initiatives which have failed at least partly because of a lack of consistent political support.

This political will and leadership must be displayed by at least the Prime Minister or the Chancellor – given the crucial importance of the Treasury and the economic agenda – or ideally both of them. Although recent Prime Ministers have shown support for the green agenda (though not consistently), the UK has yet to experience a green-minded Chancellor.

4.2 Embedding long-termism in policy- and decision-making

As discussed in Section 2, a long-term framework for policy is essential, both to ensure effective policy and long-term behavioural change and to give investors in new technologies and infrastructure the confidence to make investments that may only pay off over the long term. There are several ways in which government can achieve this.

4.2.1 Setting overall policy objectives and indicators

Government must decide and publish a clear and consistent set of policy objectives across government to set the overarching framework to which departments must adhere and to which it can be held to account. This could be set out in one document, or in several: policy papers on sustainable development, climate change and natural environment have all played this role in the past (see Section A1.1). Objectives can also be set in legislation, such as the 2008 Climate Change Act, or the Nature and Wellbeing Bill currently being promoted by many campaigning organisations to set statutory targets for biodiversity, clean air and clean water. Policies should be set with regard both to the short term – e.g. the life of a Parliament – and to their contribution to long-term aims.

More challenging is ensuring that policy documents which are not on overtly environmental issues do not set objectives which may conflict with those included in the 'green' documents. Ensuring this consistency is one of the functions of the elements set out below in Section 4.4. Much environmental policy also needs to be looked at, where appropriate, as investment rather than cost – for example investment in natural capital, which generates returns, even though they may not always be monetised. Government needs a natural capital strategy equivalent in many ways to its infrastructure strategy, and both need to be set for the long term – as in the Natural Capital Committee's call for a strategy and corresponding 25-year plan, setting out 'building blocks' (measurement, accounting and valuation), investment and financing²⁴.

Policy objectives need to be clear: as the debates over the Welsh Well-Being of Future Generations Bill are showing (see Section A2.1.1), it is too easy to be vague, particularly when talking about very broad concepts such as 'sustainable development'. Equally, concepts such as 'growth' or 'jobs' are too narrow. Objectives should instead be formulated in terms of the interplay between long term and short term, growth versus resilience, or consumption versus quality of life.

Policy objectives also need to be accompanied by measurable indicators. The sustainable development indicators currently maintained by government are a good start in terms of ultimate outcomes, but, as the Environmental Audit Committee's environmental scorecard report showed (see Section A1.3.2), they omit several important factors. In any case, they will need to be made coherent with the UN's sustainable development goals (which will apply to all countries) scheduled to be agreed by September 2015. It should be borne in mind, however, that not all environmental goals can be expressed as numeric targets, and many targets will need to be reviewed over time as circumstances change.

It is important to stress that this role of deciding overall strategy for sustainable development, or for specific environmental objectives, is one for government. Some NGOs have called for the Natural Capital Committee (see Section 4.2.2), or the proposed Office of Environmental Responsibility (see Section 4.4.3) to set an overall environmental strategy, but it is wrong to delegate this function to appointed bodies. The Natural Capital Committee, and the Committee on Climate Change, can help to set frameworks for strategy and policy, but the people who decide overall strategy and policy must be part of government, accountable to the country's citizens through their elected representatives in Parliament.

4.2.2 Establishing external frameworks for policy – a statutory Natural Capital Committee

The long-term framework set by the 2008 Climate Change Act, with five-year carbon budgets recommended by the independent Committee on Climate Change and agreed by Parliament, is an important development (see Section A1.2.5). In effect, it imposes an external framework for long-term and legally-binding targets on government policy. Clearly it could be dismantled or modified by a hostile government, but reversing legislation is a more drastic, complicated and time-consuming process than simply closing down a quango. Its effectiveness in driving real change remains to be tested (and will probably not be known until the mid-2020s, with the fourth carbon budget target), but it is a valuable addition to the institutional and policy landscape.

As discussed in Section A1.2.6, this structure should be emulated for natural capital, building on the work of the existing temporary Natural Capital Committee to pass legislation setting out long-term aims, and requiring the creation of interim ‘budgets’ or targets, for natural capital – including natural resources, biodiversity, habitats, air and water – and a permanent and independent committee to oversee it. As with the Committee on Climate Change, statutory backing, regular reports to Parliament and an obligation on the government to provide an explanation if it does not accept the Committee’s recommendations would help to give it real impact.

Both structures are a way of superimposing the concept of long-term environmental limits over government policy and decision-making. In addition, EU regulations and directives, and international agreements, often set external legally-binding frameworks for policy; though, as seen in the recent debates over the 2030 climate and energy package, there is now a tendency for EU member states to resist setting hard targets. This reinforces the need for an adequate domestic framework.

4.2.3 Providing adequate sources of analysis and advice

Many debates over environmental policies within government rest on what different ministers accept as their analysis of the problem and of the impacts of the proposed policy; the argument often becomes one over whose analysis ministers choose to believe. For example, as discussed in Section 2.3, the Treasury’s CGE model and choice of discount rate affect the analysis of the impacts of the UK’s carbon budgets, and long-term investments, in ways which systematically underplay environmental outcomes. Similarly, the Natural Capital Committee has pointed to the systematic lack of accounting for natural capital in government decision-making.

Attempts should be made to develop a ‘single source of truth’ – an analysis of problems and potential impacts of policy – so that ministers can argue over the *choice* of outcomes and impacts, not over what they are. This analysis of the impacts of policy choices on environmental outcomes could be one function of the proposed Office of Environmental Responsibility (see below, Section 4.4.3). Wherever it is, however, its procedures for the analysis of impacts must be completely transparent and open to challenge from outside government.

Government should also be more open to the input of ideas and proposals from the outside, including from public agencies as well as business and civil society more broadly. The current government’s actions in closing down the Sustainable Development Commission and the Royal Commission on Environmental Pollution (an

important source of independent and rigorous analysis), together with instructions to others, such as the Environment Agency, to cease policy-making and lobbying activities, were not encouraging; though the establishment of the Natural Capital Committee was a positive step. The Green Economy Council, jointly sponsored by BIS, DECC and Defra, could also play a useful role.

It is particularly important for government – and the public – to keep abreast of developing scientific knowledge of the state of the UK environment. The Committee on Climate Change and the Natural Capital Committee have important roles here, but it would be valuable for government to commission and publish regular reports on the state of the natural environment in the UK. These could perhaps be modelled on the European Environment Agency’s *The European Environment: State and Outlook* series, published every four to five years. This could be a responsibility of the government’s Chief Scientific Adviser.

4.2.4 Carrying out a national strategic risk assessment

Many, perhaps all, environmental challenges can be seen in terms of risks to the economy and society from a failure to act: from the effects of climate change, air and water pollution, the depletion of natural resources, and so on. Some of these factors were mentioned (rather cursorily) in the government’s National Security Strategy drawn up by the National Security Council (a new cabinet committee set up by the coalition government and chaired by the Prime Minister) and published in 2010.²⁵ They have been picked up in a little more detail in subsequent annual reports to Parliament on the implementation of the strategy – though the focus of the work is essentially on environmental threats from outside the UK (e.g. threats to supply chains, or the possibility of climate change driving conflict).²⁶

The analysis should be extended to include risks to UK society and economy from environmental factors wherever they originate, building on the many risk assessments already conducted by public bodies such as Network Rail or National Grid and drawing on the regular state of the UK environment reports proposed above in Section 4.2.3. These analyses should be discussed on a regular basis by the National Security Council.

Furthermore, all public bodies should be required to report on the extent to which the risks identified by the analysis pose a threat to their ability to fulfil their responsibilities, and to produce a resilience plan to deal with the likely threats. This is similar to US President Obama’s Federal Leadership in Environmental, Energy, and Economic Performance Executive Order requiring each federal agency to develop, implement, and annually update an integrated Strategic Sustainability Performance Plan, including the threat to their operations and mission from climate change.²⁷ These risk assessment and resilience plans should be publicly available and be examined regularly by Parliament.

Ensuring the transparency of the risks of a failure to act – for example to respond to the threats posed by flooding or storms to housing and infrastructure, or of local air pollution to standards of health and mortality – should go some way to increasing public pressure on government to act, and to helping planners and investors understand the risks to their own activities.

4.3 Voice and leadership

This section deals with the structure of government departments. The key questions are: where are the key decisions and trade-offs made? And who has a voice in them? Section 4.2 began to address this, through suggesting some additional ‘voices’ (a permanent and statutory Natural Capital Committee and an Office of Environmental Responsibility) and one potential decision-making forum (the National Security Council).

4.3.1 A Chief Secretary for Sustainability in the Treasury

The Treasury plays a hugely influential role in the British government structure, through its simultaneous responsibility for economic policy and control over government spending. These powers have been reinforced by the preference of most recent holders of the post (particularly Gordon Brown and George Osborne) to exercise influence over wide areas of government policy. Thus the Treasury is able, in effect, to bully most other government departments into following its favoured approach – or at least to exercise enormous influence over their decision-making.

A recent critique of the Treasury published by Nesta (the UK innovation foundation) accused it of being simultaneously short-termist, obsessed with controlling spending but unable or unwilling to do anything to increase revenues (‘government by accountant’), fixated on ‘policy wheezes, short-term fixes and initiatives’, and over-centralised:

‘The decades since the war have seen an astonishing shift in both the functions of the Treasury and the guiding philosophy with which they are used. The latter is now a paradoxical combination of radical scepticism towards a government’s ability to guide the economy in an active way, alongside a persistent belief that tight control of everything within Whitehall is essential to prevent everything somehow getting out of hand. Control is a constant theme: but the focus of the control has shifted from a hopelessly optimistic urge to steer the entire economy through discretionary decisions, to an equally pessimistic belief that only tight interference over the rest of government can prevent some new economic disaster.’²⁸

This approach clearly militates against a long-term investment-focused environmental policy – as several of the examples in Section 2 illustrate.

There are two approaches to tackling this problem. One would be to reduce the power of the Treasury by breaking it up. The Nesta paper suggested creating a new Office of Management and Budget, merging microeconomic and financial policy with BIS to create a new Department of Growth, and keeping tax policy, international financial policy, and relationships with organisations like the Debt Management Office in a slimmed down finance ministry (and ending the current process of annual budgets and autumn statements).²⁹ Most developed democracies possess separate finance and economics ministries along this model. (Harold Wilson’s failed attempt to do this in the 1960s, with the creation of a Department of Economic Affairs, is often cited as a reason for not pursuing this option, but his main aim was to neutralise his political opponents, not to improve the structure of government.)

The alternative approach is to retain the Treasury’s structure and influence, but to reform its mindset in an attempt to make it a champion of environmental policy and sustainable development. It can be persuasively argued that it is not inevitable that the Treasury will be short-termist and obsessed with managing the deficit. Rather, its civil servants take their lead from the Chancellor, and under Gordon Brown were just as obsessed with growth, possibly to the detriment of spending control.³⁰ So if the Chancellor were green-minded, so too would be the Treasury.

This had led some organisations, including GLOBE, Friends of the Earth and WWF-UK, to propose that the Treasury should be given a new, top-level priority to ensure that the economy is sustainable, resource-efficient and low-carbon, delivering the greatest overall welfare benefit for society. To help make this a reality, a new cabinet-level ministerial post of Chief Secretary for Sustainability could be created in the Treasury.³¹

Although the radical proposals advanced by Nesta are attractive in many ways, such a wholesale reorganisation would also be enormously disruptive, undermining the new departments’ ability to deliver for months, if not years. Given this, and assuming that the Prime Minister and Chancellor possess the political will in the first place (see Section 4.1), it seems worth the attempt to make the Treasury the ally of sustainability instead of its enemy through the second option: the creation of the new Chief Secretary for Sustainability and the reform of Treasury priorities.

4.3.2 A Minister for International Environment in the Foreign Office

Foreign affairs are a crucial arena for environmental policy. The array of multilateral environmental agreements and international environmental institutions provides a crucial – and only partially successful – framework for resolving environmental issues. In the past the British government has had a reputation for international environmental leadership, particularly on climate change, biodiversity and the illegal trade in wildlife, but more recently this has changed. Foreign Office ministers’ responsibilities, for example, do not currently include environment (though climate change and the illegal wildlife trade are covered), and the UK has lost its leadership role on many topics.

Furthermore, several government departments take lead responsibility for international negotiations on topics which affect environmental outcomes, including not only DECC and Defra but also DFID (on international development policy, including the negotiations of the UN Sustainable Development Goals) and BIS (on trade and investment policy and international agreements). It is right that these departments should retain lead responsibility for these particular areas. But the Foreign Office has an important role to play in coordinating action across departments, in line with agreed government strategy on international issues. The Foreign Office also plays an important role in mobilising the resources of environmental diplomacy – British diplomats and embassies – behind the strategy in support of the lead departments. So one of the Minister of State posts in the Foreign Office (the upper rank of junior minister; there are currently four) should be appointed Minister for International Environment to lead these functions. This would not only help coordinate UK action but send a clear statement on the global stage: that the UK recognises its responsibility for addressing its domestic environmental footprint and will show leadership and consistency on international environmental issues.

4.3.3 Stronger environment departments

As noted above, environment departments tend to be smaller, weaker and of lower status within government than economic, finance, trade and other ministries. Defra's difficulties in the early 2000s in developing an effective climate change policy are a good example (see Section A1.2.5). The creation of DECC in 2008, although in many ways a sensible move, had the effect of weakening Defra further by taking away a significant proportion of its environmental policy work and staff. And DECC, with the lead responsibility for climate policy across government, has in reality very little to 'trade away' to other departments which it is attempting to persuade to take more ambitious action.

In contrast, DECC and Defra's predecessors, the Department of Environment, Transport and the Regions (DETR, 1997-2001) and the Department of the Environment (before 1997), were considerably bigger, in terms of staff and budget. In addition, DETR was headed by the Deputy Prime Minister, John Prescott (see Section A.1.2.3). All this gave them a higher ranking in the departmental pecking order, though it can also be argued that on some occasions they were too big and unwieldy to be managed effectively.

Whatever the institutional set-up, and whatever mechanisms are devised to ensure that all departments follow environmental policy, one or more departments possessing the responsibility for strong policy leads within government would be valuable as champions for the policy agenda at stake. What exactly those departments should be, however, is more difficult to resolve. Shuffling around of departments and parts of departments can be an enjoyable exercise in theory, but painful in reality. As discussed in Section A.1.2.3, the repeated reorganisations of the environmental department during the Labour government were not helpful to effective policy delivery.

There are basically two views. One, expressed by the Environmental Audit Committee in 2011, is that the Cabinet Office should take the lead across government, with a dedicated Minister for Sustainable Development created to lead the activity.³² This has the advantage that the Cabinet Office already has an overarching remit and deals with a number of other cross-cutting issues; it has the disadvantage that it is a very small department in Whitehall terms. However, it avoids the need for any disruptive departmental reorganisation.

The other view supports the creation of a stronger line-up of environment departments. Partly thanks to the higher profile occupied by climate change as a policy priority, and partly thanks to intra-coalition dynamics, in general DECC has performed better than Defra since its creation. It has been subject to smaller cuts and has more policy outcomes to its credit. While Defra is not devoid of achievements (notably the Natural Environment White Paper of 2011), it has suffered more from cuts and a lack of strong ministerial leadership, at least after 2012.

While DECC should therefore be preserved, there is a case for merging the Department for Communities and Local Government (CLG) and Defra, creating a Department of Natural Resources (similar to the old Department of Environment pre-1997) with responsibility for environment, land use, housing and planning – all issues which are strongly inter-related.

A yet more radical option would include the Department for Transport and DFID to create a new Department for Sustainable Development, addressing both national and international responsibilities – though in this case there is a danger of creating

too large and unwieldy an organisation. And there are of course many other possibilities. Elements of BIS and the Foreign Office are also relevant to the green agenda, but there is a strong argument that it is better to see environmental responsibilities present in all (or most) departments rather than trying to group them all in one.

The danger of wasting time and resources reorganising departmental structures, however, is a real one and it would be better not pursued; the existing set-up of DECC and Defra should be retained. With greater resources and strong leadership from the centre, their status and ability to win arguments should in any case be enhanced. The creation of the new Chief Secretary for Sustainability as a cabinet-level post in the most powerful government department (see Section 4.3.1) will reinforce their efforts and obviate the need for a separate Minister for Sustainable Development in the Cabinet Office; the Treasury is better placed to enforce the pursuit of objectives across government. However, if a new government is determined to reduce the total number of departments – and given the continuing fall in civil service numbers, there is likely to be continuing pressure in the next Parliament for the rationalisation of departmental structures – a merger of Defra and CLG should be examined.

4.3.4 A lead on environment from the centre

The central elements of government – the Cabinet Office, the Prime Minister's office and specialised units (such as the Policy Unit or the Prime Minister's Delivery Unit, which existed from 2001 to 2010) and, in the coalition, the Deputy Prime Minister's office – have a traditional role to play in coordinating actions across government. This varies significantly with the character of the Prime Minister and senior ministers, from relatively centralised and directive under Labour to more hands-off (arguably, too much so) under the coalition. It also cuts across the role of the Treasury which, as it controls departmental purse-strings, exercises a considerable degree of influence over other departments itself (see Section 4.3.1).

Given Prime Ministerial (or Deputy Prime Ministerial) will, however, the centre of government can do much to coordinate departments and push them in the right direction. As seen in Annex 2, this is the main approach taken by the German and US governments. It is also important that the Prime Minister is kept fully aware of and is fully involved in the key arguments over the delivery of environmental policy.

However, there is no point in duplicating functions, and if the post of Sustainability Secretary is created in the Treasury, the Treasury is well placed to take the lead in coordinating departments. The Prime Minister should nevertheless retain an oversight role, which fits well with their responsibility for chairing the National Security Committee (see Section 4.2.4). A sustainable development risk analysis unit should be created, logically based in the Cabinet Office, to deliver these functions. The Prime Minister should also appoint a Chief Sustainability Adviser, working alongside the Chief Scientific Adviser and National Security Adviser to ensure the Prime Minister has the knowledge and resources to deliver a strong and consistent lead on environmental commitments (see Section 4.1). The Chief Sustainability Adviser could also act as the head of the government sustainable development service proposed below in Section 4.6.2.

4.3.5 Coordinating action: a sustainable development cabinet committee

As noted elsewhere, one of the characteristics of environmental policy is that it cuts across so many ‘traditional’ policy areas. Whatever departmental and ministerial structure is settled on, there will still be many departments – Treasury, BIS, CLG, etc. – whose decisions affect environmental outcomes and which therefore need to embed environmental objectives as a core element of their own departmental strategies and policies. All governments use cabinet committees and sub-committees for these purposes; some are mentioned in Annex 1. The current set-up sees environmental issues dealt with mainly by the Economic Affairs and Home Affairs committees, but there is a strong argument for the creation of a separate sustainable development cabinet committee. The Environmental Audit Committee argued for this solution in 2011, calling for a committee including ministers from all departments, their proposed minister for sustainable development (given the proposals above, this should be the Chief Secretary for Sustainability) and the Prime Minister.³³

4.3.6 Coordinating action: joint units and activities

In some areas of policy, there is a good case for joint decision-making procedures, institutions and budgets to be established between departments to ensure strong and consistent input and to minimise the likelihood of departmental turf wars. Examples include the current Office for Low-Emission Vehicles, established jointly by BIS, DECC and DfT, the Office of Climate Change, which developed the Climate Change Act in 2006-08 (see Section A1.2.5) and the International Climate Fund, managed jointly by DECC, Defra and DFID. These can encourage the development of joint decision-making between departments on key areas of environmental policy and should be encouraged.

Two particular units that could be established along this model are:

- An Office for Local Air Quality, to coordinate the urgent action needed to reduce levels of local air pollution which persist in many British cities, caused mainly by emissions from road transport but also from industry and power stations. Responsibilities therefore cut across DfT, BIS and DECC, while Defra has the policy lead.
- An Office for Resource Management, to coordinate government action to improve resource efficiency and to promote ‘circular economy’ models, partly in response to the new resource budgets produced by the proposed statutory Natural Capital Committee (see Section 4.2.2). Responsibility is currently split between Defra and BIS, though neither department devotes much attention to the topic. (The Engineering Employers Federation, the Institute for Civil Engineers and several NGOs have called for such an office.)

More broadly, the Treasury should also encourage collaboration across government departments, to identify where natural capital investments could deliver against multiple objectives, and promote cost-sharing. For example, it has long been recognised that access to green spaces play an important role in improving mental and physical ill-health; though while funding is primarily a local authority responsibility, much of the benefit is realised by other parts of government, particularly the NHS. Improved cooperation and joint funding of natural capital projects across departments, as part of overall UK health care policy, could cut overall costs and improve value for money. This could be encouraged via greater use of ‘fund pooling’ approaches, which have been used effectively in the past to improve value for money and outcome delivery.

4.4 Challenge

There is only so much that can be achieved through appropriate departmental structures. So many activities of government are relevant to environmental outcomes that procedures need to be devised that require all government departments (and other bodies) to consider environmental costs and benefits when taking decisions and spending money. This section suggests a range of possible mechanisms.

4.4.1 Incorporating environmental objectives in decision-making, assessment and appraisal

Government departments take hundreds of decisions every year, over primary legislation, secondary regulations, consultations on new developments, spending, taxation, infrastructure investment, procurement priorities and much more. Effective procedures which require all departments and public bodies to take environmental impacts and policies fully into account when reaching decisions are clearly essential. They are particularly important in, among others, key economic assessment, forecasting and decision-making procedures.

Section A1.3 discusses elements of the existing framework. It is clear that reforms are needed in the following:

- The system for monitoring and challenging departments’ business plans (and for greater transparency around this process). (See further in Section 4.4.3.)
- The systems for impact and regulatory assessment and investment appraisal, including the guidance accompanying the Treasury’s *Green Book*. As discussed in Section A1.3.3, environmental appraisal is not yet applied rigorously and consistently across government.
- Treasury tools such as the discount rate, which underplays long-term investments and the CGE model, which ignores some environmental costs and benefits.
- The system of regulatory appraisal, where the current government’s obsession with reducing the volume of regulation (the one-in-two-out rule; see Section A1.3.3) should be replaced with a new process designed to improve regulation, with the overarching goal of promoting environmental objectives, removing rules which hinder green action and improving regulations which drive low-carbon and resource-efficient innovation. This would require, among other things, the inclusion of environmental experts on the Regulatory Policy Committee or its replacement.

In addition, as proposed in Section 4.2.4, the duty on all government agencies to publish their analyses of the risks to their activities from environmental threats should help to modify behaviour.

(A comprehensive set of proposals for reforms to economic decision-making to account properly for natural capital is included in WWF-UK’s *A Greener Budget: Sustaining Our Prosperity in a Changing World* (February 2015).)

4.4.2 Reporting against objectives

Effective reporting processes for public bodies' adherence to agreed policies and objectives (see Section 4.2.1), and on the extent to which they have effectively considered environmental impacts in their decisions (Section 4.4.1), are important – if departments know their decisions will be scrutinised by others, they are more likely to take the decision-making process seriously.

This kind of reporting has proved a constant challenge within government, not least because of an understandable desire to avoid excessively bureaucratic and time-consuming procedures. The annual reports under the Greening Government Commitments process, however, are beginning to prove of value. These deal only with the environmental impacts of government's own operations rather than with policy- and decision-making. Furthermore, it is not clear to what extent departments, or Defra, take action to identify the reasons for non-compliance with Greening Government Commitments targets and work to overcome them (see further in Section 4.6.1).

Section 4.4.3 contains a proposal for an institutional solution to help address the issue – the Office of Environmental Responsibility – but transparency is of course important, and departments' reports on all the issues listed above should in general be made publicly available (as, indeed, most of them are at present).

In addition, the new Chief Secretary for Sustainability should present an annual report to Parliament on the state of the UK environment, and the government response.

4.4.3 Scrutinising actions from the inside: an Office of Environmental Responsibility

Given the right procedures and adequate reporting, there clearly needs to be an effective mechanism for internal government accountability, based round an institutional set-up to (a) monitor all departments' adherence to agreed policies and procedures; and (b) question any department's decisions which impact negatively on agreed policies and objectives. To a certain extent, the Government Panel on Sustainable Development fulfilled this role in 1994-98. The Sustainable Development Commission was supposed to do the same, but gradually came to be seen more as an external body – rather like a campaigning NGO – criticising from the outside and therefore having less influence inside.

The Office for Budget Responsibility (OBR) provides a possible model. An advisory non-departmental public body, the OBR was created in 2010 (and given statutory backing in the Budget Responsibility and National Audit Act 2011) to provide independent economic forecasts and independent analysis of the public finances as background to the preparation of the UK Budget. It judges the government's performance against its fiscal targets, scrutinises the Treasury's costing of tax and spending measures and assesses the long-term sustainability of the public finances.

There is a strong case for an independent Office of Environmental Responsibility, established in statute, to scrutinise government decisions and performance on the environment, including:

- Developing methodologies and publishing analyses on environmental costs and benefits to be used throughout government decision-making (see Section 4.2.3).

- Working with departments to help them draw up business plans and sustainable development strategies, including input into decision-making before decisions are final.
- Scrutinising departments' key decisions and activities, as reported through their business plans, including critiquing what is not included in business plans as well as what is included.
- Undertaking independent analysis of the government's environmental performance, measured against both internal targets (e.g. in business plans) and external indicators (e.g. sustainable development indicators).
- Assessing and advising government on the impact and compliance of significant new (and existing) policies.

To a significant extent these functions restore some of what the Sustainable Development Commission used to do. Many of the tools the Commission used to work together with departments, such as Sustainable Development Actions Plans, were proving effective and were too hastily abandoned when the Commission was closed down.

The Office of Environmental Responsibility should report to the Chief Secretary for Sustainability proposed in Section 4.3.1, but all its work should be fully transparent, both to Parliament and the general public, as is the work of the Office for Budget Responsibility.

This proposal for an Office of Environmental Responsibility is similar to that made by the Environmental Audit Committee in September 2014: it called for an Office to review the overall environment strategy they also called for; advise government on appropriate targets, policies (both existing and potential) and the adequacy of the resources made available for delivering the strategy; and monitor performance against such targets and publish the results.³⁴ The proposal here is slightly different, seeing the Office of Environmental Responsibility as more of a hands-off advisory and monitoring organisation, with overall strategy decided by government, within the frameworks set by the Committee on Climate Change and the Natural Capital Committee.

4.4.4 Scrutinising actions from the outside: the Environmental Audit Committee

In addition to accountability and scrutiny mechanisms within government, there is a need for a wholly independent external system (the Office of Environmental Responsibility should be established in law as an independent body, but its staff and board would still be appointed by government). One part of the solution should be to continue the current parliamentary Environmental Audit Committee, which is widely regarded as having done a good job with limited resources.

Its profile and effectiveness could be raised by affording it greater support from the National Audit Office to conduct more and more thorough investigations. In addition, if all or even some of the other elements in this paper are adopted – including in particular the Chief Secretary for Sustainability, whose work the Committee would scrutinise – the profile of government environmental policy and performance should rise, and the status of the Committee would rise with it.

4.5 Inclusiveness

The achievement of many environmental goals requires long-term behavioural change on the part of individuals and communities as much as of government. This will be impossible to achieve unless the public have the chance to participate in and make their views heard on the development of policy and, where possible, share in its delivery. A full discussion of this topic goes well beyond the remit of this paper, and would cover issues such as community energy, local planning, housing policy and much else – all themselves affected by technological developments, such as the replacement of centralised by dispersed power generation.

The process of decentralisation of powers to local authorities, which is currently under way, also has an impact. The city deals introduced in major English cities over the last two years have allowed a new level of freedom to experiment and innovate. This has led to low-carbon developments such as Birmingham's local-authority-led Green Deal, Manchester's joint venture company with the Green Investment Bank and Newcastle's drive to secure private investment in marine and offshore renewables. Similarly, the relationship between the private sector and local authorities, city deals and Local Enterprise Partnerships is crucial, as are the new arrangement of powers which the devolved administrations in Scotland, Wales and Northern Ireland may come to deploy over the next few years. Again, these issues go beyond the remit of this paper, but raises many questions, not least over how national targets and strategies – for example carbon budgets – can be achieved through cooperation between central government, the devolved administrations and local authorities.

One specific proposal, however, is directly relevant to central government which, as argued above in Section 4.2.3, should be more open to the input of ideas and proposals from the outside, including from public agencies as well as business and civil society more broadly. As noted in Section A1.2.1, the UK Round Table on Sustainable Development was established in 1995. It was designed to encourage discussion on major sustainable development issues and to build consensus between people with different perspectives and different backgrounds. It was replaced by the Sustainable Development Commission, but with that body's abolition there is no obvious successor. There is a good case for recreating a similar body to the Round Table to encourage wide stakeholder input, debate around options and scrutiny of government decisions – particularly if it had decentralised counterparts throughout the country. Many other countries, including Germany (see Section A2.2.2) possess such institutions. The Dutch Social and Economic Council (see Section A2.4.2) is a more corporate body, and probably not easily replicable in the British context, but it plays a valuable role in helping to build public understanding of support for policy initiatives.

The relationship between government and business is also important, though it is not given detailed consideration in this paper. The Advisory Committee on Business and the Environment (ACBE), which was set up in 1991 by the Secretary of State for the Environment and the Secretary of State for Trade and Industry, comprised a number of leading business people, and was charged with giving ministers advice on specific aspects of the interaction between business and the environment, from a business point of view. It proved helpful in arguing for action on a series of environmental issues where business thinking was ahead of government (particularly Treasury) positions. A variety of government-appointed business task forces and committees

followed the Advisory Committee. The current incarnation (since 2011) is the Green Economy Council, set up by BIS, DECC and Defra 'to support the government on the transition to a green, low carbon economy [and] to minimise costs for business and maximise opportunities'.³⁵ It is not clear what the Green Economy Council has achieved, and its role and remit should be reviewed in the light of the other proposals made in this paper.

4.6 Government capacity

4.6.1 Greening the government's operations

Probably one of the less challenging areas in this paper is the topic of greening the government's own operations – reducing its energy, transport and resource use, using a sustainable procurement policy (which in turn can have a major impact on the market), and so on. As discussed in Section A1.4.1, government has been making efforts in this direction for well over 10 years, and is belatedly putting a reasonable reporting framework in place to assess progress, through the Greening Government Commitments reports. Undoubtedly further improvements can be made (particularly in procurement, where government purchasers and the Government Procurement Service tend to be excessively cautious), but on the whole the existing framework is reasonable.

It would help if more transparency was afforded to the actions taken by the Home Affairs (Greening Government Commitments) Sub-Committee in addressing issues of compliance with the targets. And the profile of the Greening Government Commitments programme could be raised by including its annual report in the report to Parliament of the Chief Secretary for Sustainability.

4.6.2 Improving civil service capabilities: a Sustainable Development Service

The ways in which the civil service itself works help to underpin the implementation of environmental policy. As noted in Section A1.4.2, many departments have implemented internal organisational reforms, including their own sustainability teams and 'champions' and the allocation of particular responsibilities to senior civil servants. Mostly, however, as the National Audit Office's review of sustainability in BIS concluded, these changes affect departments' own internal operations more than they do their approach to policy-making.³⁶ The other proposals in this paper should go some way to raising the significance of sustainable development policy-making to civil servants – as, with other proposals, civil servants take their lead from their ministers – but one specific reform that would help is making the sustainable development training modules delivered by Civil Service Learning mandatory rather than, as at present, voluntary.

The civil service already possesses several internal professional services, including the Government Economic Service and the Government Legal Service; some are informal networks, like the Policy Profession (for policy-makers). There is a case for creating a formal government Sustainable Development Service, to help improve training and professional development and encourage networking and the spread of best practice. It could be headed by the Chief Sustainability Adviser to the Prime Minister proposed in Section 4.3.4.

5. PRIORITIES FOR ACTION

The potential solutions described in Section 4 fall under 18 different headings, and some sub-sections contain several proposals. Any incoming government will have limited time and resources to devote to this topic, and is unlikely to be able to implement all of them immediately.

The absolute key priority is to demonstrate leadership from the top as quickly and as clearly as possible, emphasising a determination to treat environmental objectives seriously and consistently across the administration. The following measures would demonstrate this as soon as the new government takes office:

- The Treasury to be given a new, top-level priority to ensure that the economy is sustainable, resource-efficient and low-carbon, delivering the greatest overall welfare benefit for society. A Cabinet-level Chief Secretary for Sustainability to be created in the Treasury, responsible for coordinating government-wide actions towards this aim. (Section 4.3.1.)
- The Prime Minister's ability to provide consistent leadership on environmental issues to be enhanced by creating a sustainable development risk analysis unit in the Cabinet Office, to deliver these functions, and appointing a Chief Sustainability Adviser to work alongside the Chief Scientific Adviser and National Security Adviser. (Section 4.3.4.)
- Environmental action across government departments to be coordinated more effectively through a sustainable development cabinet committee, chaired by the Chief Secretary for Sustainability. (Section 4.3.5.)

Of equal importance is changing the context in which decisions are taken – correcting government failures to ensure that it fully values natural capital, takes decisions for the long term and thinks of environmental outcomes in terms of risk; and to ensure that all government decisions are scrutinised in terms of their impact on environmental outcomes. Government should immediately announce its intention to implement the following measures, though each will take some time to complete (the first two because they require legislation):

- The creation of a statutory independent Natural Capital Committee, overseeing progress towards long-term aims (set out in legislation) and interim 'budgets' or targets for natural capital, including natural resources, biodiversity, habitats, air and water. (Section 4.2.2.)
- The creation of an independent Office of Environmental Responsibility to: work with departments to help them draw up business plans and sustainable development strategies; scrutinise and query departments' key decisions and activities; undertake independent analysis of the government's environmental performance; and assess and advise government on the impact of significant new (and existing) policies. (Section 4.4.3.)
- The UK's National Security Strategy to be extended to include risks to UK society and economy from environmental factors, and these to be discussed regularly by the National Security Council (chaired by the Prime Minister). All public bodies to be required to report on the extent to which the risks identified by the analysis pose a threat to their ability to fulfil their responsibilities, and to produce a resilience plan to deal with the likely threats. (Section 4.2.4.)

If just these six steps are taken, the context within which government departments and agencies work would begin to change radically. The following measures can be adopted over a longer period – in any case, time will be needed for their design and public consultation, and the new positions and institutions listed above would play a role in their implementation:

- Government to decide and publish a clear and consistent set of policy objectives to set the overarching framework to which departments must adhere and to which government can be held to account. Policy objectives to be accompanied by measurable indicators. (Section 4.2.1.)
- The development of a consistent analysis of the problems and the potential impacts of policy choices, applied across government; this must be transparent and open to challenge from outside government. The government's Chief Scientific Adviser to be responsible for publishing regular reports on the state of the natural environment in the UK. (Section 4.2.3.)
- Encouragement for joint units and activities; possibilities include an Office for Local Air Quality and an Office for Resource Management, to coordinate government action to improve resource efficiency and to promote 'circular economy' models. (Section 4.3.6.)
- Reforms to: the system for monitoring and challenging departments' business plans; systems for impact and regulatory assessment and investment appraisal; Treasury tools such as the discount rate and the CGE model; and the system of regulatory appraisal. (Section 4.4.1.)
- The introduction of effective reporting of public bodies' adherence to agreed policies and objectives, and on the extent to which they have effectively considered environmental impacts in their decisions. The Chief Secretary for Sustainability to present an annual report to Parliament on the state of the UK environment, and the government response. (Section 4.4.2.)
- The recreation of the Round Table on Sustainable Development to encourage public participation in the development of policy. A review of the Green Economy Council in the light of the other proposals made in this paper. (Section 4.5.)

Finally, the following measures are helpful but not major reforms, and could be implemented very quickly with minimal additional resources:

- The creation of a Minister for International Environment in the Foreign Office, coordinating international action across government and mobilising the resources of environmental diplomacy in support of the lead departments. (Section 4.3.2.)
- The allocation of more resources from the National Audit Office to enhance the ability of the Environmental Audit Committee to scrutinise the actions of government. (Section 4.4.4.)
- Improvements to government's efforts to green its own operations. The annual Greening Government Commitments report to be included in the report to Parliament of the Chief Secretary for Sustainability. (Section 4.6.1.)
- The creation of a formal government Sustainable Development Service, headed by the Chief Sustainability Adviser to the Prime Minister, to help improve training and professional development and encourage networking and the spread of best practice. (Section 4.6.2.)

ANNEX 1

THE RECORD: UK CENTRAL GOVERNMENT

For the last 20 years, successive British governments have tried various institutional and procedural models in an attempt to mainstream environmental objectives across all departments and agencies. In terms of international comparisons, in fact the UK scores relatively well – as Duncan Russel of Exeter University put it in his evidence to the Environmental Audit Committee in 2010:

‘The UK is among the front-runners in terms of embedding sustainable development [...] The UK, along with Sweden and Norway, have been the most innovative in terms of designing mechanisms and approaches for integrating environment and sustainable development concerns across policy sectors.’³⁷

Despite this, in Russel’s view:

‘This in itself has not been enough to actually embed sustainable development because they haven’t been backed up by sufficient incentives for sector policymakers to actually engage with sustainable development – for example, providing funding, providing career progression paths to help policymakers engage. There also hasn’t been enough central steering to sanction departments or sectors when they’re actually not engaging with sustainable development.’³⁸

The successive models adopted by government are summarised below under four headings: overall strategies; institutional structures; procedures; and efforts to reduce the environmental impact of the government’s own operations.

1 Strategies

1.1 Sustainable development strategies

Starting shortly before the 1992 UN Conference on Environment and Development in Rio (the ‘Earth Summit’), successive governments have published a series of policy statements setting out their overarching approach to sustainable development.

This Common Inheritance: Britain’s environmental strategy, the UK’s first comprehensive survey of all aspects of environmental concern, was published in 1990. Its sections included the government approach, the greenhouse effect, town and country (land use, wildlife, cities, heritage), pollution control, awareness of environmental issues and organisations, and the environment in Wales, Scotland and Northern Ireland. The paper set out a number of steps that businesses, local government, schools, voluntary bodies and individuals could take in working together for the common inheritance.

Sustainable Development: The UK Strategy was published in 1994 as the UK’s strategy for implementing Agenda 21; all parties to Agenda 21 were expected to have national strategies in place by 2002. *A Better Quality of Life: A strategy for sustainable development for the UK* was published by the new Labour government in 1999.

Securing the Future replaced *A Better Quality of Life* as the government’s strategy for sustainable development in 2005, updating it particularly in the light of the World Summit on Sustainable Development in 2002. It set out four priorities: achieving sustainable levels of consumption and production; delivering sustainable energy and tackling climate change; protecting natural resources and enhancing the environment; and creating sustainable communities. Under these broad headings, the paper set out a wide range of specific activities the government would undertake.

Along with the devolved administrations, the shared framework *One Future: Different Paths* was also launched in 2005; this set out the common goals and challenges of the UK government and devolved administrations in Scotland, Wales and Northern Ireland. Together, these two documents sought to make sustainable development the central organising principle for government, through five principles: living within environmental limits; ensuring a strong, healthy and just society; achieving a sustainable economy; using sound science responsibly; and promoting good governance. The UK strategy, as set out in these documents, was widely regarded internationally as one of the best examples of good practice from a strategy coordination perspective, being comprehensive and involving multiple levels of government.

In 2011, the coalition government published *Mainstreaming Sustainable Development – the Government’s vision and what this means in practice*. Sustainable development was defined as: ‘making the necessary decisions now to realise our vision of stimulating economic growth and tackling the deficit, maximising well-being and protecting our environment, without negatively impacting on the ability of future generations to do the same.’³⁹ This eight-page document (which replaced the 188 pages of *Securing the Future*) is largely lacking in specific targets. An assessment of progress, *Government Progress in Mainstreaming Sustainable Development*, was published in May 2013.

1.2 Sectoral strategies

Governments have also published a series of key sectoral strategy documents, including:

- *The UK Low Carbon Transition Plan* (2009), a national strategy for energy and climate, setting out how the government proposed to meet the new Climate Change Act targets up until 2020.
- *The Natural Choice: Securing the Value of Nature* (2011), the first natural environment white paper since *This Common Inheritance* in 1990. Linked to the National Ecosystem Assessment published just before, it aimed to show the strong economic arguments for safeguarding and enhancing the natural environment, to lead to a new biodiversity strategy for England and to establish a clear institutional framework to achieve the recovery of nature.

- *Enabling the Transition to a Green Economy: Government and business working together* (2011), published jointly by BIS, DECC and Defra. It set out the policy tools government proposed to use to support the transition to a green economy, though it was criticised for lacking firm commitments or targets.
- The *Carbon Plan* (2011), which sets out how the government expects to meet the fourth carbon budget target. It is more a description of the range of options available than a clear plan for the necessary decisions and activities.

None of the documents described above contained any binding or statutory obligations; they are statements of government intentions rather than legislation.

2 Structures

Along with the publication of overarching strategies, successive governments over the last 20 years have experimented with a variety of institutional structures designed to help mainstream environmental policy.

2.1 Government Panel on Sustainable Development

In 1994, in the wake of the Earth Summit, John Major's government established the British Government Panel on Sustainable Development to advise it on strategic issues arising from the Sustainable Development Strategy and other post-Rio reports on climate change, biodiversity and forestry. Its specific remit was to keep in view general sustainability issues at home and abroad, identify major problems or opportunities likely to arise, monitor progress and consider questions of priority.

Comprising five non-governmental experts appointed by the Prime Minister, the Panel was chaired by Sir Crispin Tickell (a former diplomat, once British Ambassador to the UN) throughout its lifetime. It had the power to raise issues it believed to be important with appropriate ministers and advised the government on a confidential basis if requested to do so. Importantly, it reported directly to the Prime Minister, not just to the Secretary of State for the Environment.

Its main output was four short reports each year, on topics of its own choosing. Relevant departments were required to produce their own appraisal of the issue under investigation, and then also required to respond to the Panel's report within three months. This process helped to engender some sense of ownership of the issue among the departments concerned. The Panel also reviewed progress against the recommendations in its previous reports and published an annual report on progress. It had the power to examine any relevant papers from within departments, though it did not, in general, scrutinise previous decisions; rather, it produced recommendations for future action in what it considered to be priority areas. Its reports and the government's responses were all in due course made public. In general, the Panel's 'softly softly' approach seemed to work relatively well in raising awareness of the issues and triggering government responses.

Alongside the Panel, the UK Round Table on Sustainable Development was established in 1995, similar to national bodies set up in most other countries in the aftermath of the Earth Summit. It was designed to encourage discussion on major sustainable development issues and to build consensus between people with different perspectives and different backgrounds. Its roughly 30-strong membership included representatives of central and local government, business, environmental organisations and other sectors of the community. It organised conferences and published its own reports.

2.2 Sustainable Development Commission

Tony Blair's government established the Sustainable Development Commission in 2000, replacing the Government Panel on Sustainable Development and the UK Round Table. The Commission was intended to act as an independent adviser, monitoring progress on sustainable development (as set out in the 1999 strategy document, *A Better Quality of Life*) and to build consensus on action to be taken by all sectors to accelerate its achievement. In 2005, along with the new sustainable development strategy, *Securing the Future*, it was given an explicit watchdog role, scrutinising the government's progress against the targets set out in the strategy. In 2009 its status changed from an advisory to an executive non-departmental public body, but it never had statutory underpinning.

The Commission was a much larger undertaking than the Panel, with its own staff and a much wider range of activities, which can be summarised under four main headings:

1. **Advocacy** – raising awareness of the concept of sustainable development and responding to government policy initiatives.
2. **Capacity-building** – establishing good working relationships with and between key parts of government, and developing skills in departments.
3. **Policy and advice** – drawing on expert opinion to provide evidence-based advice to government.
4. **Watchdog** – monitoring performance against targets and reporting on these.

It published a series of generally high-quality reports, continuing the Panel's system of selecting key topics for thorough investigation, and working effectively with several government departments on specific issues. It was probably most effective in its 'sustainable development in government' activities, working with departments to reduce their use of energy and resources and stimulate sustainable procurement. Among other outcomes, this had cut departments' running costs by an estimated £62m-£66m a year by 2008-09.⁴⁰ It also worked well with departments in helping to draw up, and then to monitor, the Sustainable Development Action Plans required by *Securing the Future*, though the strategy's general lack of quantifiable targets did not make this easy.

The Commission's wider impact on government, however, is questionable. Although it formally reported to the Prime Minister, in practice it had no access to him, reporting instead to the Secretary of State for Environment – a symptom of Blair's underlying lack of interest in the topic and probably the Commission's fatal weakness. It also had no formal relationship with Parliament, unlike, for example, the Committee on Climate Change, which reports annually to Parliament – although it did work well with the Environmental Audit Committee. Combined with the absence of a deep-rooted and widespread commitment to – or even understanding of – the objective of sustainable development (a much wider remit than environmental protection) across government, and slow progress in implementing policies, the Commission came more and more to act like an external pressure group, criticising government from the outside and publishing too many reports which highlighted too many failings too loudly. In turn this led to its gradual marginalisation, at least on fundamental policy issues managed by departments other than Defra.

The Commission closed in March 2011 after the decision of the coalition government to withdraw its funding. The government instead proposed to ensure that environmental objectives were pursued internally within government. As Caroline Spelman (then Secretary of State for Environment) said: ‘I am not willing simply to delegate this responsibility to an external body’.⁴¹

2.3 Departmental structures

Until 1997, the lead department for environment policy and for the sustainable development strategy documents published in 1990 and 1994 (see Section A1.1.1) was the Department of Environment. A large organisation, responsible primarily for local government, planning and housing alongside environmental protection, DoE ranked somewhere in the mid-range of government departments, generally attracting fairly senior but not top-rank politicians as ministers. It had sufficient status and clout, however, to be able to make relatively good progress on environmental issues, particularly in the late 1980s and 1990s, as they gathered steadily more international attention.

Tony Blair’s incoming Labour government in 1997 merged the Department of Transport into the DoE to create the Department of Environment, Transport and the Regions (DETR – essentially a recreation of DoE pre-1976, when transport was split off). This was a significantly bigger department, in terms of staff and budget; and furthermore, it was headed by the Deputy Prime Minister, John Prescott. Although it was of high status within government, arguably it was too big and unwieldy to be managed effectively.

After the 2001 election, DETR was dismembered, and the responsibility for environment passed to the new Department for Environment, Food and Rural Affairs (Defra) – a merger of the environment functions of DETR with the old Ministry of Agriculture, Fisheries and Food (MAFF). Compared to DoE and DETR, Defra was not particularly highly placed in the Whitehall pecking order, and struggled, for example, to establish an effective climate change strategy in the early 2000s (see Section A1.2.5). Later, however, it benefited from the increased interest the Prime Minister began to show in the topic, and can claim clear achievements, including the publication of the 2005 sustainable development strategy, *Securing the Future*, and the passing of the Climate Change Act in 2008.

In 2008, the new Department of Energy and Climate Change (DECC) was created out of the climate policy functions of Defra (apart from adaptation) and the energy functions of the Department for Business, Innovation and Skills (BIS). The merger of climate and energy policy functions had clear benefits for climate policy, and DECC can claim some achievements, but its creation also had the effect of weakening Defra, a process accelerated by the substantial cuts in its budget under the coalition government. Although there may be advantages in having two departments arguing for environmental policy, they are two of the smallest in Whitehall.

Whatever the departmental set-up, there are clear costs to changing it, in terms of the time and resources spent to create new organisations. Shuffling around of departments and parts of departments can be an enjoyable exercise in theory, but painful in reality: the repeated reorganisations of the environment functions during the Labour government – from DoE to DETR in 1997, to Defra in 2001 and to Defra and DECC in 2008 – were not conducive to effective policy delivery.

2.4 Green ministers and cabinet committees

The 1990 White Paper *This Common Inheritance* included an undertaking to appoint ministers responsible for environmental issues in all government departments, ‘to be responsible for considering the environmental implications of all that Department’s policies and spending programmes [...] People outside Government who want to discuss things in the White Paper which are the responsibility of particular Departments will then know which Minister to approach.’⁴²

Accordingly, ‘green ministers’ were appointed after the 1992 election. Until 1998 they (or at least some of them) met three to four times a year as the Ministerial Committee on the Environment, chaired by a Minister of State in the Department of Environment; they did not publish minutes of their meetings or annual reports. After the election of the Labour government in 1997, they started to meet in a Green Ministers Committee, which did publish annual reports; after the 2001 election the reports covered ‘sustainable development in government’.⁴³

After the launch of the 2005 Sustainable Development Strategy, the green ministers were renamed ‘sustainable development ministers’, but their committee ceased to exist in 2008, as meetings had become steadily less frequent. Sustainable development issues were instead covered by the Environment and Energy Cabinet sub-committee, a sub-committee of the Economic Development Cabinet Committee. Overall, the Green Ministers’ Committee probably helped to raise awareness of issues and how they were being tackled in various departments, but not much else; the junior ministers on the committee lacked the status to drive fundamental policy change.

In 2010, at the same time as the announcement of the withdrawal of funding from the Sustainable Development Commission, the coalition announced that the Secretary of State for the Environment would be added to the key domestic policy cabinet committees, including the Economic Affairs Committee, to enforce the government’s commitment to sustainability across policy-making. A ministerial steering group would be set up as a sub-committee of the Home Affairs Committee to oversee the delivery of new commitments for greening the government’s own operations and procurement (see Section A.1.4.1).

2.5 Climate Change Act and Committee on Climate Change

The government published its first Climate Change Programme in 2000, aiming to reach a 19% reduction in greenhouse gas emissions by 2010 (from 1990). By 2003, it was clear that the government was not on course to meet the target, and in 2004 the Climate Change Programme Review was initiated by Defra to try to secure a fresh range of policies across Whitehall which would put the UK back on track. The final outcome fell well short of this goal, with agreed measures expecting only to meet a 10.6% reduction by 2010. According to the Institute for Government, ‘this was mainly because Defra – both officials and ministers – failed to persuade other departments of the necessity of taking additional measures to reach the government’s 2010 target’, despite commitments to long-term emissions reduction in both the 2003 Energy White Paper and several Prime Ministerial statements⁴⁴ – a good illustration of the lack of clout Defra usually carries in interdepartmental discussions.

After a major NGO campaign in 2005-06, and in the wake of growing public concern over climate change, the publication of the Stern Report (*The Economics of Climate Change*) in 2006, and the new Conservative leader David Cameron's attempts to 'detoxify' his party's image with an attachment to, among other things, environmental policy, the government, with support from all three main parties, eventually passed the 2008 Climate Change Act. The aim of the Act is to impose a long-term framework on government policy-making, with a long-term target (a reduction in greenhouse gas emissions of 80% by 2050) and a series of interim targets, set out in five-yearly carbon budgets which must be set 11 and a half years in advance of each budget's start date.

The budgets are proposed by the Committee on Climate Change, an independent expert body established under the Act. It has duties to provide advice to government on setting and meeting carbon budgets and preparing for climate change, monitor progress in reducing emissions and achieving carbon budgets (including reporting directly to Parliament), and conduct independent analysis into climate change science, economics and policy. If the government does not accept the carbon budgets proposed by the Committee, it must explain the reasons why. Unlike the Government Panel on Sustainable Development and the Sustainable Development Commission, the Committee is a statutory body, with powers set out in law; it also provides an important interface between science and policy.

The impacts of the Act and the Committee have still largely to be tested: the first three carbon budgets were set largely in line with expected emissions reductions, and it is only really with the fourth carbon budget, applying to 2023-27, that a step change in performance will be needed. Although the government published the *Carbon Plan* in 2011, setting out how it expected to meet the fourth carbon budget target, this is more a description of the range of options available than a clear plan for the necessary decisions and activities. Nevertheless, the coalition government's decision in July 2014 not to review the fourth carbon budget (as had been promised when it was set, in 2011) was a demonstration of the pressures to avoid being seen to discount the Committee's advice. The decision was also an outcome of intra-coalition arguments. Defra Secretary Owen Paterson's rumoured decision not to abolish the Committee's sub-committee on adaptation (which went against his initial intention) was a further demonstration of such pressures.

The Act itself was developed, in 2006-08, by the Office of Climate Change, a new unit designed to provide a cross-departmental resource to consider climate change issues and provide ministers with a shared analysis, avoiding the interdepartmental wrangling which had beset the previous Climate Change Programme process. Although it was initially intended to be based in the Cabinet Office, this was opposed by the Cabinet Office itself, and it was finally housed in Defra, with a cross-departmental ministerial oversight board and elements of cross-government funding. The Office worked well, not least in providing a 'safe space' in which talks could take place without people feeling as if they were engaged in defensive inter-departmental negotiations.⁴⁵ The Office was eventually merged into DECC when this was created in 2008 – which was arguably a missed opportunity to retain a successful cross-departmental driver of policy on climate change.

2.6 Natural Capital Committee

The Natural Capital Committee was established in 2012 to provide expert, independent advice to government on the state of England's natural capital following a commitment in the 2011 white paper *The Natural Choice: Securing the Value of*

Nature. The Committee is publishing a series of annual reports on the state of England's natural capital, developing better ways of measuring natural capital and developing national natural capital accounts. Ultimately, it aims to put the value of England's natural capital at the heart of government economic thinking.

The Committee has been set up for an initial period of three years and will be reviewed in 2015. Importantly, it is not just attached to Defra: it reports to the Economic Affairs Committee of the Cabinet. It is explicitly not designed to perform a watchdog or advocacy role with respect to government policy decisions or to be policy prescriptive in its advice (unless requested).

It is therefore different in many ways to the Committee on Climate Change, but could provide the basis on which a permanent statutory body could be built. Indeed, in November 2013, Deputy Prime Minister Nick Clegg called for the establishment of a 'statutory body advising the government on the natural environment – an equivalent to the committee on climate change'.⁴⁶ In May 2014 the Environmental Audit Committee similarly called for the Natural Capital Committee to be put on a long-term statutory footing and for the government to respond formally to its annual reports and to accept its recommendation for a 25-year plan for improving natural capital.⁴⁷

In this way, one could begin to see the potential for the imposition on government of a long-term policy and planning framework – with, presumably, interim targets – for natural capital.

2.7 Environmental Audit Committee

After the 1997 election, following a Labour manifesto commitment, Parliament established its own scrutiny body, the House of Commons Environmental Audit Committee, as a select committee. Its remit is to consider the extent to which the policies and programmes of government departments and non-departmental public bodies contribute to environmental protection and sustainable development, and to audit their performance against sustainable development and environmental protection targets. Unlike most select committees, the Committee's remit cuts across government rather than focusing on the work of a particular department.

The Committee conducts about 15 enquiries into specific issues per year, and is supported by the National Audit Office, which provides seconded staff and research and briefing papers. This support is, however, limited (to one enquiry at a time), and in 2011 the Committee made it clear that it could not be expected to replace the detailed scrutiny role that the Sustainable Development Commission had previously undertaken, though this had been ostensibly the government's intention.

Nevertheless, the Committee has played an important role in championing the green agenda in Parliament, helping to build support for a range of initiatives such as the Climate Change Act and the Green Investment Bank, and keeping some degree of pressure on departments through requiring them to report as part of their enquiries.

3 Procedures

A wide range of government procedures, by which it makes policy or informs its policy-making, both on explicitly environmental issues and on other issues which are of crucial importance to environmental outcomes, are relevant.

3.1 Departmental objectives and business plans

The 2005 Sustainable Development Strategy required each government department and its executive agencies to prepare Sustainable Development Action Plans. These were to set out how each department would implement the commitments in the strategy and how they would contribute to sustainable development more broadly. The Sustainable Development Commission assisted departments in preparing their plans, and departments and executive agencies were required to produce annual reports to demonstrate the progress they had made against them.

Departmental targets were also introduced through public service agreements, introduced by the Labour government in 1998 and followed up by the Prime Minister's Delivery Unit. Initially departmental in application and mainly focused on health, education, transport and crime, these became broader and more cross-departmental from 2007. The 30 public service agreements set out then included two explicitly environmental objectives ('lead the global effort to avoid dangerous climate change' and 'secure a healthy natural environment for today and the future') and three related to well-being ('improve the health and well-being of children and young people', 'tackle poverty and promote greater independence and well-being in later life' and 'promote better health and well-being for all').

In general the public service agreement system was seen as successful, helping to create a framework for setting long-term priorities and aligning organisational resources behind them, and shifting the mind-set of civil servants and ministers away from just policy-making and legislation towards the explicit delivery of objectives.⁴⁸ This was particularly true of the high-priority topics which the Prime Minister's Delivery Unit focused on, though these were always limited in number. Whether the system had any particular impact on environmental objectives has not been analysed.

The coalition government scrapped the public service agreements and replaced them with Structural Reform Plans, later superseded by departmental Business Plans, which reflected the belief that government can commit to inputs but not to outcomes. While the Prime Minister's Delivery Unit was abolished in name, the Implementation Unit in the Cabinet Office deploys many of the same staff and tools. The Business Plan process requires departments to provide separate information on their sustainable development commitments (published on the Number 10 Downing Street website). Each departmental annual report and accounts contains details of progress made on sustainable development, including an explanation of how sustainable development principles are embedded in decision-making processes, the department's main contribution to sustainable development and progress made against sustainable development commitments in its Business Plan.

The system of Sustainable Development Action Plans was also abolished, along with the Sustainable Development Commission. In its February 2011 document *Mainstreaming Sustainable Development*, the government described a new system of reviews of departments' Business Plans for adherence to sustainable development principles. Defra would provide analysis of the Business Plans for the Minister for Government Policy in the Cabinet Office (Oliver Letwin) and the Chief Secretary of the Treasury (Danny Alexander), who would then hold departments to account through quarterly 'tough-minded' review meetings with the relevant departmental ministers.⁴⁹ Defra has a chance to respond to the draft Business Plans before they are finalised, but the timescale and the staff capacity devoted to this function are both limited.

The Environmental Audit Committee reviewed the system in 2013, and concluded that:

'The Business Plan review process has a significant weakness in that it does not seek to address potential policy gaps, where new initiatives could tackle unsustainable development. The reviews examine the policies that are added to the Plans after being negotiated within Government, rather than policies that should be generated as a result of applying sustainable development thinking from the outset.

'For the policies that the process does review, it presents an opportunity for the Cabinet Office, with Defra support, to focus departments' attention on the sustainability of those policies. The Minister for Government Policy was persuasive about his commitment to that new system. The key test of its effectiveness, however, is the extent to which policies are adjusted and improved while in development; a process that remains opaque to external scrutiny.'⁵⁰

The Committee has begun the process of reviewing individual government departments for their performance on sustainable development, and so far has completed two. Its report on BIS concluded that:

'On policy-making [...] our analysis of specific case studies indicates that environmental and social aspects of sustainability are not getting the same attention as economic factors. The Regional Growth Fund particularly illustrates this [...] Industrial Strategies – another case study – do not appear to consider environmental consequences across the 11 sectors involved as a whole. They are also disconnected from the BIS Business Plan process, weakening the main vehicle by which Defra and the Cabinet Office challenge the sustainability-proofing of BIS policy-making.'⁵¹

Its report on the Home Office was more complimentary, though of course that department has less direct responsibility for environmental policy-making.⁵² Both departments were found to be making good progress in reducing the environmental impact of their own operations.

The National Audit Office conducts the initial review for the Committee, and the Committee suggested that all departments should produce a similar analysis for themselves; the government responded that that was a matter for departments individually.⁵³ However, the government agreed that a greater emphasis on sustainability was needed in BIS's business plan, including an examination of industrial strategies from the perspective of their approach to sustainability.⁵⁴

More broadly, the move from public service agreements to business plans reflects a significant reduction of central control over departmental activities – largely as part of an explicit rejection by the coalition government of what was perceived to be the Labour governments' excessively centralised approach. Some officials regretted the loss of what they saw as a comprehensive performance management framework for government and believed that they no longer felt accountable for public service outcomes: 'I've never felt less scrutinised by the centre, and less held to account by the centre, which is very lovely in some senses, but feels completely wrong.'⁵⁵ This may have implications for the delivery of cross-government environmental objectives.

3.2 Sustainable development indicators

The first set of sustainable development indicators for the UK were published in 2001, and then revised in 2005, alongside *Securing the Future*, the government's new strategy for sustainable development. These aimed to measure progress across the UK, beyond the impact of departments' own operations and procurement, covering sustainable consumption and production, climate change and energy, the protection of natural resources and the environment, and sustainable communities. Annual reports were produced detailing progress against the 68 indicators and 126 measures contained in the set.

In February 2011, the coalition government gave a commitment to measure and report progress against a revised set of sustainable development indicators. A draft was published for consultation in July 2012 and a final set in July 2013, containing 12 headline and 23 supplementary indicators, comprising 25 and 41 measures respectively – roughly evenly divided into economy, society and environment headings.⁵⁶ The government assessed over a third of the measures as showing improvements over the long term (since 1990) and over 40% over the short term (the previous five years). About 12% showed a deterioration (for both short and long terms).

In 2013-14 responsibility for assessing the indicators was transferred from Defra to the Office for National Statistics, and an updated assessment was published in 2014, though the government appeared to make no effort to highlight it, not even issuing a press release.⁵⁷ There was a slight fall in the number of measures showing improvement in the long term and a larger rise in the number showing improvement over the short term; the numbers deteriorating in both long and short terms showed slight increases.

The Environmental Audit Committee, which had contributed to the consultation on the indicators in 2012, published its own set of environmental indicators, an 'environmental scorecard', in September 2014.⁵⁸ Using a traffic lights system, it assessed progress in 10 environmental areas, awarding red lights to three (biodiversity, air pollution and flooding) and amber lights to the remaining seven. It did not comment on the differences between its own assessment and the rather more positive picture shown in the government's reports on sustainable development indicators; in fact only half of the Committee's indicators are included in the government's set. The government believed that the Committee's conclusions were 'overly negative' and essentially refused to accept any of its recommendations.⁵⁹

3.3 Policy evaluation and impact assessment procedures

Understanding and accounting for costs to the environment is an essential part of government decision-making, and has evolved significantly over the last few decades. A full analysis of this issue is beyond the scope of this report. The following is a summary.

Departments are encouraged to follow the Treasury's guidance on investment appraisal and impact assessment set out in its *Green Book: Appraisal and Evaluation in Central Government*.⁶⁰ In fact the *Green Book* itself contains only a fairly sketchy outline of environmental impact assessments as part of a wider social cost-benefit analysis, but supplementary guidance has been published on accounting for environmental impacts (2012), accounting for the effects of climate change (2009), and an introductory guide to the valuation of ecosystem services (2007).⁶¹ This is currently being reviewed by the Natural Capital Committee, which seems likely to recommend that the process should be enhanced in a number of areas, including

taking into account impacts on 'stocks' of natural capital assets (as well as on flows of costs and benefits).

In evidence to the Environmental Audit Committee in 2011, the Sustainable Development Commission argued that policy-makers regarded Treasury guidance on sustainability assessments as confusing and difficult to use and that the 'sustainability impact test' was seen only as an add-on to the main economic assessment. Following the revision of the *Green Book* supplementary environmental impact assessment guidance in 2012, the Committee concluded that the new guidance was an improvement. However, although departments are expected to follow the *Green Book* and impact assessment appraisal processes, they are not a mandatory requirement, and there is no central process to check and report that policy decisions have been subject to the appropriate appraisal process.

An assessment by Defra in 2014 of the extent to which the guidance was used by departments in practice suggested that in only about half of cases were sustainable development impacts treated well. In about a quarter, the right range of impacts was studied but with insufficient rigour; and in the remaining quarter, impacts were not sufficiently accounted for.⁶² There was clear evidence of the same imbalance between the three pillars of sustainable development seen elsewhere in government decision-making. While over 80% of impact assessments treated economic impacts with medium or high rigour, 50% treated environmental impacts with low rigour or not at all (and, similarly, 52% for social impact assessments). In general, climate impacts were felt to be better evaluated than other environmental impacts such as those on land or habitats. The assessment concluded that: "Serious omissions" of "wider environmental impacts" are very rare. On the other hand, omissions of less significant effects are common, affecting around half of wider environmental impacts identified.⁶³

For regulatory interventions, a regulatory impact assessment is reviewed by the independent Regulatory Policy Committee before going to the Cabinet's Reducing Regulation Committee. For non-regulatory interventions, which do not have an impact on businesses, impact assessments are not needed. For policies with legislative proposals, the impact assessment process applies at various points in the policy development process: development, consultation, final proposal, enactment and review stages.

The Regulatory Policy Committee review is specifically focused on ensuring that an impact assessment complies with the Better Regulation Executive's guidance, but it has no role in examining other issues, such as social and environmental impacts. In 2009 the National Audit Office criticised the limited nature of the regulatory impact assessment process:

'Our findings have indicated that quantification of costs is far more likely than the benefits. There was quantification of the costs in 66% of cases as opposed to 42% for the benefits.'⁶⁴

Further, as the Aldersgate Group has observed:

'Cost assessments tend to be an overestimate because innovation potential is rarely assessed and are routinely based on exaggerated figures from industry – in the past trade organisations have systematically inflated cost estimates to combat new regulations [...] At the same time, environmental benefits tend to be underestimated, as they are complex to monetarise and are rarely assessed in a rigorous manner.'⁶⁵

The coalition government extended this bias against regulation through initiatives such as the ‘Red Tape Challenge’ and the one-in-one-out rule, extended in 2013 to one-in-two-out, for new regulations. No comprehensive review of the impact of this deregulatory drive on environmental regulation has been carried out,⁶⁶ but the impact appears to have been limited mainly because much environmental regulation derives from EU legislation. It is notable, furthermore, that a very large majority of public responses to the ‘Red Tape Challenge’ consultation on environmental regulations supported the maintenance of all of the key areas of legislation, and no evidence was put forward to suggest that regulations such as the Habitats Directive Regulations were a burden on business or led to delays in decision-making.⁶⁷ Similarly, the thorough *Balance of Competences Review* conducted by the government into the relationship between EU and UK legislation revealed no widespread appetite for the one-in-one-out approach for environmental regulation.⁶⁸

3.4 Statutory duties

In a number of areas, legislation sets out requirements for the government to pay heed to environmental impacts, or sustainable development, in regard to particular activities (e.g. land use planning) or the remit of particular agencies (e.g. the Environment Agency). A study conducted for WWF in 2014 surveyed the nature and implementation of these statutory responsibilities, and concluded that these duties played a largely symbolic role. The legislation signified some recognition that sustainable development is vital and that long-term planning might displace the short-term agendas of modern government – but it appeared to be accepted that a duty enshrined in legislation would not itself generate change, particularly in the absence of clear political and administrative leadership.

The study also expressed doubt about the extent to which ‘sustainable development’, a complex and dynamic concept, could be captured in legislation in a way which enabled activities to be organised. Nevertheless, not only legislation but also ‘soft law’ such as guidance and codes of conduct clearly can have an impact, and the study identified significant inconsistencies in relation to the meaning of the concept of sustainable development and its scope.

4 Government capacity

4.1 Greening government’s operations

The government’s own operations have an important impact on the environment, for example through the use of energy and natural resources in government buildings and transport for civil servants, or through the procurement of goods and services from third parties. Government has significant buying power in the market and can often help to affect business behaviour through its own purchasing decisions. The UK timber procurement policy, first introduced in 1999, and significantly modified since, is a good example of this, having had an impact on the volume of legal and sustainable timber products on the UK market much larger than the scale of its own direct purchasing.⁶⁹

In June 2006, the government introduced a series of targets for ‘sustainable operations on the government estate’. This included targets to reduce carbon emissions, waste and water use and to increase sustainable procurement, as well as targets to maximise the positive impacts on environment and society of staff activities (e.g. on biodiversity through volunteering). The last report against the targets, in July 2010, showed that in most areas the targets had been comfortably exceeded.⁷⁰

In 2010-11, these targets were replaced by a new framework, outlined in the document *Mainstreaming Sustainable Development – the government’s vision and what this means in practice*. This identified procurement in particular as a key element in meeting the government’s sustainability objectives and included the following commitment:

‘We will lead by example with the greenest ever operations and procurement through a step change in leadership, efficiency, transparency and accountability that will underpin the Government’s operations and procurement [...] We are also committed to being open and transparent with more of our sustainable operations and procurement performance data, so that the public and Parliament can hold us to account.’⁷¹

Alongside this, the government published its ‘Greening Government Commitments’, including targets to reduce greenhouse gas emissions, waste generation and water and paper consumption from the government’s own operations, and to improve sustainable procurement.⁷² Two sets of reports against these targets have been produced to date (though not all the targets are included in the reports). The data in the first, covering 2011-12, was neither comprehensive nor detailed; many departments had not started to record the data properly. The second, for 2012-13, was much better, and showed in general reasonable progress against the targets. The Home Affairs (Greening Government Commitments) Cabinet Sub-Committee is supposed to address issues of compliance with the targets, though it is not clear what actions it has taken to improve performance in cases of non-compliance.

4.2 Civil service capacity

Alongside the various targets and appraisal mechanisms, government has made efforts to improve the capability of civil servants to embed sustainable development objectives in their departments. This was an area where the Sustainable Development Commission made a clear difference, but work continued after its abolition. The Civil Service Competency Framework introduced in 2013 includes sustainable development-related performance criteria, and Civil Service Learning (the government’s central training resource) has made progress in embedding sustainable development in its training materials.

Some departments also provide their own in-house training, and several departments have established dedicated sustainable development units. The Sustainable Development Research Network established by Defra and run by the Policy Studies Institute (PSI) is designed to help build links between policy-makers and academic researchers to enable departments to access evidence from across the social and natural sciences.⁷³ Defra ceased funding the Network in July 2014, but the PSI continues to maintain it.

In 2013 the Environmental Audit Committee commented favourably on the government’s efforts to improve civil service skills requirements.⁷⁴

ANNEX 2

THE RECORD: OTHER GOVERNMENTS

Other governments of course face the same challenges of mainstreaming environmental policy as does the UK's, and a number are experimenting with innovative solutions. Very few analyses appear to have been carried out of the effectiveness of such structures in achieving their objectives, so this section is primarily descriptive, and it does not claim to be exhaustive. It is organised under four headings:

- Constitutional duties for sustainable development
- Government strategies and coordination mechanisms
- Commissioners and ombudsmen
- Advisory bodies

1 Constitutional duties for sustainable development

1.1 Wales: Well-Being of Future Generations Bill

The Welsh Government was originally established, in 1999, with the legal duty (under the Government of Wales Act 1998) to 'make a scheme setting out how it proposes, in the exercise of its functions, to promote sustainable development' and to review this regularly. This makes it one of the few governments anywhere in the world to have a constitutional duty to promote sustainable development.

Three successive sustainable development schemes were developed – in 2001, 2004 and 2009. A report by the Auditor General for Wales in 2010, however, concluded that none had proved sufficient to fulfil the objective.⁷⁵ Sustainable development principles had not been consistently embedded in the government's strategic and operational decision-making, and sustainable development was seen simply as one of a number of competing priorities, rather than the means by which the government could manage its priorities.

In response, after a consultation process, in July 2014 the government introduced the Well-Being of Future Generations Bill, which includes establishing a new legal duty on the Welsh public sector, requiring the embedding of sustainable development within strategic decision-making processes and creating a new sustainable development body to support and monitor public bodies in achieving this aim.⁷⁶ At the time of writing the Bill was still making its way through the legislative process. The Assembly's Environment and Sustainability Committee considered it and reported in November 2014. While supporting the intent of the bill, the Committee felt that its language was

unclear, the requirements on public bodies too weak to be effective, the provisions for citizen engagement too weak and the powers of the Future Generations Commissioner needed to be strengthened.⁷⁷ The Assembly passed a motion to agree the general principles of the Bill on 9 December 2014, and amendments will be debated in early 2015.

2 Government strategies and coordination mechanisms

2.1 Canada

The Canadian Federal Sustainable Development Act, which was passed in 2008, requires the Minister of the Environment to develop an overarching federal sustainable development strategy that includes sustainable development goals and targets as well as an implementation plan for meeting each target. The strategy also identifies the minister responsible for meeting each target. Departmental sustainable development strategies include plans and objectives that comply with and contribute to the federal strategy. During its development, the Commissioner of the Environment and Sustainable Development (see below) provided comments on whether the targets and goals in the draft strategy could be assessed.⁷⁸

2.2 Germany

Because of its cross-cutting nature, the German National Sustainable Development Strategy falls under the competence of the Federal Chancellery (the equivalent not so much of the Prime Minister's office in the UK as of the Cabinet Office).⁷⁹ The State Secretaries' Committee for Sustainable Development, which is chaired by the Head of the Federal Chancellery, is in charge of the further development and monitoring of the national strategy; all ministries are represented in this Committee. The Committee is also the contact point for the Parliamentary Advisory Council for Sustainable Development, for the Länder and for the associations of local authorities, as well as the German Council for Sustainable Development.

The Parliamentary Advisory Council is intended to lend a parliamentary dimension to the National Sustainability Strategy, play a role in developing goals, measures and instruments and defining them in concrete terms, present recommendations on medium- and long-term planning, enter into dialogue with other parliaments, and underpin discussion within society on the subject of sustainable development. It also evaluates the sustainability impact assessment of the federal government.

The Council for Sustainable Development is a multi-stakeholder forum comprising 15 individuals from businesses, trade unions, churches, the media, and consumer and environmental associations, appointed for three years by the Chancellor.

2.3 United States

In the US, the White House Council on Environmental Quality coordinates federal environmental efforts and works closely with agencies and other offices in the development of environmental policies and initiatives.⁸⁰ The Council was established within the Executive Office of the President by Congress as part of the National Environmental Policy Act of 1969 and additional responsibilities were provided by the Environmental Quality Improvement Act of 1970. The Council's Acting Chair, Mike Boots, currently serves as the principal environmental policy adviser to the President.

The Council aims to balance competing positions within government and encourage government-wide coordination, bringing federal agencies, state and local governments, and other stakeholders together on matters relating to the environment, natural resources and energy. The Council also oversees the Office of the Federal Environmental Executive, whose role is to promote sustainable environmental stewardship throughout the federal government, and oversees federal agency implementation of the environmental impact assessment process.

3 Commissioners and ombudsmen

3.1 Canada: Commissioner of the Environment and Sustainable Development

The Canadian Commissioner of the Environment and Sustainable Development provides parliamentarians with objective, independent analysis and recommendations on the government's efforts to protect the environment and foster sustainable development. The Commissioner conducts performance audits and is responsible for assessing whether government departments are meeting the targets and goals set out in the Federal Sustainable Development Strategy (see above). The Commissioner also oversees the environmental petitions process, which allows citizens to put questions to ministers and seek action from them on specific environmental and sustainable development issues. Appointed by the Auditor General, the Commissioner is an Assistant Auditor General who leads a group of auditors specialised in environment and sustainable development.⁸¹

The Commissioner's latest report to Parliament (October 2014) was highly critical of the government:

'Despite some initiatives and progress in certain areas, there remain many unanswered questions. In many key areas that we looked at, it is not clear how the government intends to address the significant environmental challenges that future growth and development will likely bring about. The government does not know what Environment Canada's role will be in oil sands monitoring beyond March 2015. It has not made clear the rationale for what projects will be subject to environmental assessments, and I am concerned that some significant projects may not be assessed. It has also not determined what level of service it will provide in the Arctic to support increased navigation and minimise environment and safety risks. And it has not defined a national plan, with the provinces and territories, to achieve Canada's international greenhouse gas emission reduction target.'⁸²

3.2 Hungary: Parliamentary Commissioner for Future Generations

Established in 2008, the Parliamentary Commissioner for Future Generations was one of four ombudsmen elected by the Hungarian Parliament.⁸³ The holder of the post was charged with protecting the fundamental right to a healthy environment guaranteed in the constitution, and received petitions from those concerned that that right had been or could be violated. He was required to investigate proper petitions and make recommendations to the relevant public body, and could investigate violations on his own initiative.

He had duties aimed at improving law enforcement, legislation, and the implementation of international treaties, and could ask the Constitutional Court to intervene. He also had a duty to participate in formulating Hungary's position at the EU level; i.e. the post carried a policy and legislative role as well as the more traditional ombudsman role.

He also possessed powers aimed at controlling the activities of individuals and companies that actually and potentially harmed the environment; at moving the competent regulatory authorities to use their own powers to restrain environmentally damaging activities; and at suspending the decisions of administrative bodies which permitted activities that harmed the environment. He conducted strategic development and research, covering the duty of representing the interests of future generations.

In 2012, however, the Office (along with the Offices of the Parliamentary Commissioners for Civil Rights and for National and Ethnic Minorities' Rights) was merged into the new Office of the Parliamentary Commissioner for Fundamental Rights. One of the Deputy Commissioners fulfils the old role of the Commissioner for Future Generations, with much the same roles and responsibilities, though the remit has been widened somewhat, to include the protection of cultural heritage and the investigation of bio-ethical concerns such as the use of human embryo tissue.⁸⁴

3.3 New Zealand: Parliamentary Commissioner for the Environment

The goal of New Zealand's Parliamentary Commissioner for the Environment is to contribute toward the maintenance and improvement of the natural and physical environment. The Commissioner has seven statutory functions under the Environment Act to investigate environmental issues, processes and public agencies, and provides independent advice to Parliament in its consideration of any matters that may have an impact on the quality of the environment. The Commissioner also communicates advice to a wider public audience; some investigations are triggered by public suggestions.⁸⁵

Recent reports include 'On a pathway to extinction? An investigation into the status and management of the longfin eel', 'Changing climate and rising seas: Understanding the science', 'Hydroelectricity or wild rivers: Climate change versus natural heritage', 'Making difficult decisions: Mining the conservation estate', 'Drilling for oil and gas in New Zealand: Environmental oversight and regulation' and 'Water quality in New Zealand: Land use and nutrient pollution'.

3.4 Wales: Commissioner for Sustainable Futures

In 2011, following the closure of the Sustainable Development Commission (which had been jointly funded by the UK government and the devolved administrations), the Welsh government created the position of Commissioner for Sustainable Futures to provide advice to the government and leadership for sustainable development across Wales.⁸⁶ The post was filled by Peter Davies, who had been the Sustainable Development Commission's Wales Commissioner.

The post's functions are to:

- Provide leadership for sustainable development in Wales.
- Promote sustainable development as the central organising principle in all organisations in Wales, and to promote the embedding of sustainable development into the work of sectors and communities in Wales, in line with the policy commitment within the Welsh Government's Sustainable Development Scheme, *One Wales: One Planet*.
- Convene stakeholders representing relevant sectors or issues, and develop partnerships to address difficult issues based on a 'coalition of the willing' approach.
- Advise the Welsh Government on the policies and approaches required to promote and implement sustainable development.
- Provide advice to the Welsh Government on longer-term arrangements for promoting and advising the Welsh Government on sustainable development in Wales.

The Commissioner's role is supported by Cynnal Cymru (originally the Sustainable Development Forum for Wales, now called Sustain Wales), set up originally as an independent networking organisation for sustainable development practitioners and now also providing independent policy advice to ministers.

4 Advisory bodies

4.1 Finland: Committee for the Future

The Finnish Parliament's Committee for the Future was established as a temporary committee in 1993 after a number of representatives, researchers and journalists had expressed concern at a lack of long-term planning and assessment; it was given permanent status in 2000. It is in effect a parliamentary think-tank, deliberating on parliamentary documents referred to it and making submissions to other committees on futures-related matters which have a bearing on development factors and development models of the future. The Committee also conducts assessments of technological development and the effects on society of technology, and conducts research associated with futures studies, including their methodology.

Recent reports have included 'Russia as a Neighbour', 'Chinese–Finnish Green Growth Cooperation', 'Crowd-sourced off-road traffic law experiment in Finland', 'Crowd-sourcing for Democracy: A New Era in Policy-Making', and 'Voyages of Exploration into Biopolicy'.⁸⁷

4.2 Netherlands: Social and Economic Council

Established in law by the 1950 Industrial Organisation Act, the Social and Economic Council is the main advisory body to the Dutch government and parliament on national and international social and economic policy.⁸⁸ Comprising businesses, employees and independent experts, it aims to contribute to public prosperity by helping to generate social consensus on national and international socio-economic issues; it seeks to combine a high level of expertise with broad agreement and public support. It is financed by industry and is wholly independent from the government.

As set out in the Industrial Organisation Act, the Council advises the government and parliament on the outlines of social and economic policy, being the main advisory body in this field. The Council's advisory reports ideally serve two purposes: to help shape government policy to ensure that it enjoys broad public support, and to assist the business sector in operating in a socially responsible manner:

'The Council's advice is guided by the objective of social prosperity in its widest sense. This encompasses not only material progress (i.e. increased affluence and production), but also social progress (i.e. improved welfare and social cohesion) and a high-quality environment in which to live (i.e. environmental and spatial factors).'⁸⁹

Although environmental and nature conservation organisations are not core members of the Council, they participate in two of the Council's committees, those on Sustainable Development and on Spatial Planning and Accessibility.

Among its activities in 2013, the Council put together the Energy Agreement for Sustainable Growth, intending to offer broad support for future energy and climate policy while at the same time helping to bolster the Dutch economy and create jobs. The agreement includes components aimed at improving energy efficiency, increasing renewable energy generation and encouraging local sustainable energy. More than 40 organisations signed the agreement, including the government, employers, trade unions, environmental and nature conservation organisations, other civil society organisations and financial institutions. In response to a request made by the parties to the agreement, the Council established the Energy Agreement Assurance Committee to monitor progress towards its aims.

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Government decisions have a huge impact on the environment, both nationally and globally. The UK's economic and social well-being depends on the goods and services nature provides, yet many of these are being over-exploited or even lost. We need to green the machinery of government in the interests of society, the economy and our natural world.

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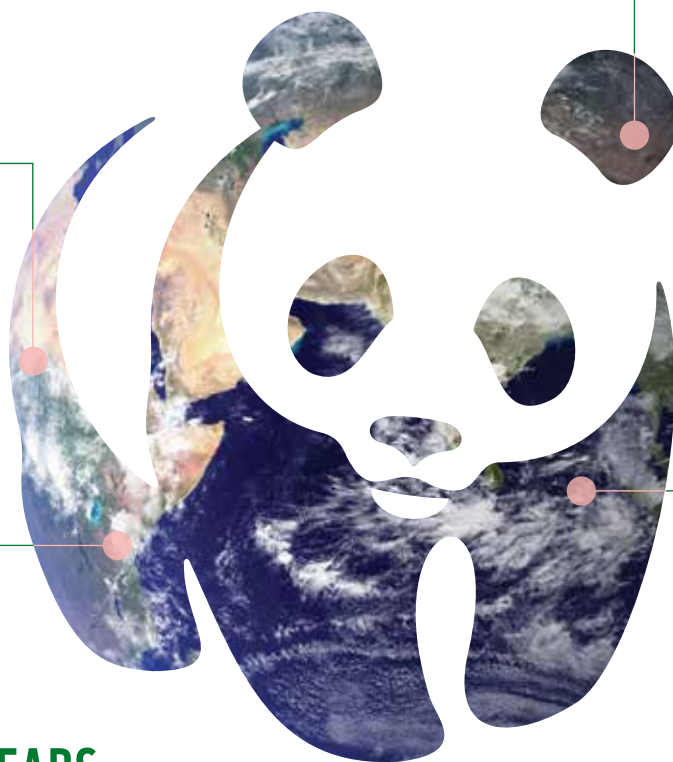
Greening government - in numbers

2015

This is a critical year for the environment, with the Paris climate conference and agreement of Sustainable Development Goals

£9BN-£20BN

Air pollution is estimated to cost £9bn-£20bn a year. Better management of 'natural capital' could help reduce this and similar costs



3.8 YEARS

The average period between UK general elections since 1945 has proved a challenge to long-term thinking

60%

of UK species assessed in the 2013 *State of Nature* report have declined during the last 50 years. Action is needed to reverse these declines



Why we are here

To stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature.

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