



WWF

SUMMARY

UK

2015

A GREENER BUDGET:

SUSTAINING OUR PROSPERITY IN A CHANGING WORLD

WWF-UK's 'A Greener Budget' report identifies practical policy measures that HM Treasury could introduce through the 2015 Budget (and future budgets) to help ensure the UK remains ahead in a global economy where sustainable, resource-efficient and low-carbon competitiveness will determine success.

Why this matters

Environmental degradation, resource scarcity and climate change are fundamentally changing the way we consume, produce and trade around the world. In an ever more globalised economy, the UK's future economic prosperity will depend on how we adapt to these inevitable changes.

Mounting evidence shows that transitioning to a sustainable, resource efficient, low-carbon economy will pay off – strengthening the UK economy by reducing risks and costs, increasing resilience and competitiveness, and stimulating innovation, investment and job creation.

As the main focal point of economic policy-making in the UK, the Budget will play a key role in driving this transition. Future budgets must:

- recognise the links between a healthy economy and a healthy environment
- take account of systemic risks
- adopt a longer-term planning and investment agenda
- drive investment in the natural asset base
- provide greater stimulus to new and emerging sectors that will be vital engines of clean, hi-tech, sustainable growth in the future

As set out in more detail overleaf, WWF-UK's A Greener Budget report sets out policy recommendations for the Budget in five priority areas.

“
Make no mistake we are in a global race and the countries that succeed in that race, the economies in Europe that will prosper, are those that are the greenest and the most energy efficient

”

David Cameron, UK Prime Minister, 2013



1/

PROMOTING THE PROTECTION AND IMPROVEMENT OF NATURAL CAPITAL

- Announce a package of long-term support for the Natural Capital Committee's proposed 25-year plan for protecting and improving natural capital.
- Initiate a long-term programme of work to integrate natural capital into the national infrastructure plan.
- Improve risk assessment procedures, including via a new natural capital stress test to evaluate macro-economic risk exposure (mirroring the stress testing approach used in the UK banking system).
- Incorporate a new section on natural capital in the annual Budget report, including information on stocks, service/benefit provision, risks, liabilities, future outlook and investment requirements.
- Initiate a new national natural capital investment strategy, setting out the policy mechanisms and incentives required to secure funding.
- Establish capacity in the Green Investment Bank (GIB) to use new sources of funding for natural capital projects, including the new Natural Capital Financing Facility (established by the European Commission and European Investment Bank) and other additional public and/or private funds.
- Announce the development of a fund-pooling mechanism for public spending on natural capital, ready for launch in the next Spending Review.

2/

DRIVING INNOVATION AND INVESTMENT IN RESOURCE EFFICIENCY

- Implement a package of incentives to encourage resource efficiency, including increasing the lower rate of landfill tax and a tax on incineration, and measures to increase access to affordable finance.
- Commission a review of the risks and opportunities that resource insecurity poses to the UK economy, taking into account the exacerbating effects of climate change.
- Undertake and publish a review of policy options for promoting resource efficiency, considering the effectiveness of existing policies and incentives and how they interact, and the impacts and cost-effectiveness of options available.

3/

PROVIDING INCENTIVES FOR GROWTH IN LOW-CARBON INDUSTRIES AND ENCOURAGING ENERGY EFFICIENCY

- Support a long-term policy package that will give industry the confidence to invest in renewables and energy efficiency, and clarify what financial support is available to the UK's renewable energy industry beyond 2020. This will accelerate the reduction of costs in these technologies.
- Support a major programme of investment in energy efficiency as part of the government's long-term infrastructure plan, funded by recycling carbon tax revenues, including an ambitious plan to retrofit homes, and adjustments to stamp duty and council tax to encourage uptake of the Green Deal.
- Support the GIB in increasing and diversifying its investments. The GIB should be granted the powers to borrow from private capital markets.

4/

ENSURING GOVERNMENT EXPENDITURE PROMOTES SUSTAINABILITY

- Commit to ambitious targets for green public procurement (GPP) beyond 2015. These should apply to all publicly-funded bodies. They should build on and extend the Greening Government Commitments, which included GPP targets up to 2015.
- Commit to undertaking a full inventory and analysis of environmentally-harmful subsidies (EHS) in key sectors in the UK, and to developing a roadmap for phasing out EHS in priority sectors by 2020.

5/

PROMOTING A MORE RESILIENT AND SUSTAINABLE FINANCIAL SYSTEM

- Strengthen sustainability considerations within the mandate of financial regulatory bodies, by establishing a clear requirement for the Bank of England and the Financial Conduct Authority (FCA) to explicitly take sustainability issues into account in the regulatory frameworks that govern financial markets.
- Establish a national legislative framework requiring companies and financial institutions to produce an annual integrated sustainability report on a mandatory 'comply or explain' basis.
- Impose clear duties on investment companies to act responsibly in savers' long-term interests, and to guarantee savers' rights to scrutinise investment decisions made on their behalf (e.g. by bringing forward a Responsible Investment Bill).

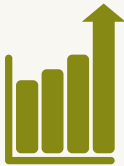
SEIZING THE OPPORTUNITY

The policy measures recommended in *A Greener Budget* will help the UK to capture the substantial benefits that will flow from transitioning to a sustainable, resource efficient and low-carbon economy.

Numerous opportunities await for the UK to generate multi-billion pound returns, cut costs and create hundreds of thousands of secure, long-term jobs. Some of these are immediate, quick-wins – such as promoting energy and resource efficiency. Others will generate returns over longer-time frames – such as developing a thriving UK re-manufacturing industry and protecting and improving natural capital to help reduce flood risk and improve public health.

KEEPING THE UK IN THE FAST LANE

The UK government has already taken some positive steps – but needs to do more. The UK's competitors are increasingly gearing up their response to these global trends and reaping the rewards. In order to give industry the confidence that demand for green energy, products and services will continue to rise and that such investments will provide a return, Treasury must put in place a clear long-term policy framework.



Implementing the policy measures would demonstrate the government's awareness of these important changes in the global economic landscape, the threats and opportunities these pose to the UK economy, and commitment to responsible long-term economic policy-making that businesses and the public want to see.

To download the report, please visit:

wwf.org.uk/greenerbudgetreport

For more information please contact:

Toby Roxburgh - troxburgh@wwf.org.uk

Karen Ellis - kellis@wwf.org.uk

Ben Stafford - bstafford@wwf.org.uk



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.

wwf.org.uk

WWF-UK, registered charity number 1081247 and registered in Scotland number SC039593. A company limited by guarantee number 4016725 © 1986 Panda symbol and © "WWF" Registered Trademark of WWF-World Wide Fund For Nature (formerly World Wildlife Fund). WWF-UK, The Living Planet Centre, Rufford House, Brewery Road, Woking, Surrey, GU21 4LL, t:+44 (0)1483 426333, wwf.org.uk