HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

22 May 2019

Mary Creagh MP
Environmental Audit Committee
House of Commons
SW1A 0AA

Dear Mary,

Thank you for your letter on the environmental measures I announced at Spring Statement earlier this year.

I am proud of this government’s commitment to ensure that this is the first generation to leave the environment in a better state than we found it. As such, I was delighted to announce at Spring Statement a number of measures which will build sustainability into the heart of our economic model. The Call for Evidence on biodiversity in the Overseas Territories, which has now launched, invites creative ideas from stakeholders on funding and administrative arrangements to protect both marine and land biodiversity. I was also particularly pleased that this Government was able to announce plans to designate a new Marine Protected Area (MPA) in waters off Ascension Island.

You asked for further details on three Spring Statement announcements.

Following consultation, the government will use the forthcoming Environment Bill to mandate biodiversity net gain for development in England, ensuring that the delivery of much-needed infrastructure and housing is not at the expense of vital biodiversity. The Environment Bill will be introduced early in the second Session of this Parliament. We are grateful to both members of your Committee, and those on the Committee for Environment and Rural Affairs, for their close involvement in pre-legislative scrutiny of the draft Environment (Principles and Governance) Bill 2018. Clauses to mandate biodiversity net gain will not be subject to pre-legislative scrutiny, but we look forward to your continuing input as these clauses progress through the legislative process.

As the UN’s IPBES process recently highlighted, declining biodiversity is one of today’s top environmental issues and has ramifications for our economic prosperity. It is for these reasons that I announced an independent review of the link between biodiversity and economic growth to be led by Professor Sir Partha Dasgupta. The objectives of the review will be to assess the economic benefits of biodiversity globally, and to identify a range of actions that can be taken to simultaneously enhance biodiversity and deliver economic growth. We will publish the terms of reference in due course; however, I anticipate Professor Dasgupta and his review team, which is still being assembled, will want to collaborate extensively in the UK and internationally. The review will report in 2020, ahead of the 15th meeting of the Conference of the Parties (COP15) to the Convention on
Biological Diversity in China in October 2020, and seek to help shape the international response to biodiversity loss and successors to the Aichi biodiversity targets.

The Future Homes Standard is about building the homes of the future, that are affordable to buy, affordable to run, and help to meet our climate change commitments. The new standard will be implemented through an uplift to the Building Regulations energy efficiency standards, on which the government intends to consult in 2019, with a view to introducing the new standard by 2025. We will explore technical options for delivering low carbon heat in new homes within our 2019 consultation, which will assist in designing a new standard that minimises burdens for housebuilders, and reduces costs for households in the long term. We are currently considering the detail of this policy, including its scope, in order to unlock the necessary carbon savings from new homes.

The wider recommendations in the CCC report, including complete disconnection of new homes from the gas grid, will be considered in the context of the Government’s response to the CCC recommendations.

Thank you again to you and all the members of the Committee for your continued, valuable contribution to the work of this Government.

PHILIP HAMMOND