

WRITTEN MINISTERIAL STATEMENT

DEPARTMENT FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS

The Government's response to the Natural Capital Committee's 2nd State of Natural Capital Report

21st October 2014

The Secretary of State for Environment, Food and Rural Affairs (Elizabeth Truss)

The Natural Capital Committee (NCC) published its second report on the State of Natural Capital on 11 March 2014. It set out the committee's analysis of the challenges we face in England in ensuring the sustainable use of our natural capital assets and made three high-level recommendations, that:

- The Government, as a matter of priority, take steps to improve our understanding of natural assets, focussing on those that are not being used sustainably and are important for our wellbeing.
- The Government integrates the value of natural capital into decision-making to enhance taxpayers' value for money and generate net benefits for society.
- The Government and interested parties endorse the Natural Capital Committee's proposed 25 year plan to maintain and improve England's natural capital within this generation.

The Government welcomes the advice provided in the NCC's second report. We recognised the value of natural capital to the country's long-term economic growth and prosperity in the landmark Natural Environment White Paper published in 2011. A headline commitment in the White Paper was to establish the NCC to advise the Government on the sustainable use of natural capital. The White Paper also catalysed wider activity that is helping to address a number of the NCC's recommendations, for example:

- Programmes of research involving Government departments and the research councils to improve understanding of natural capital, including: the £2.2m National Ecosystem Assessment Follow-On study which has developed tools to embed natural capital in local and national decision-making; the Natural Environment Research Council's £5m work to establish ecosystem service thresholds; and the £5m Valuing Nature Network research programme on natural capital resilience.
- Updating the Treasury's Green Book guidance on policy appraisal and evaluation to set out more clearly how environmental impacts should be taken into account in public decision-making.
- Ambitious plans to protect and restore England's natural capital such as the biodiversity strategy which aims to achieve no net loss of biodiversity by 2020.

These actions lay foundations that will help achieve the Government's ambition that this will be the first generation to leave the natural environment

in a better state than it inherited. The Government remains committed to protecting the natural environment and building on the important work it has initiated. As a result of the NCC's advice we will take further action to:

- Explore combining datasets from various sources to provide composite species and environmental indices that provide a clearer picture of the status of England's natural capital.
- Work with the NCC and the research councils to coordinate research efforts on natural capital so they complement one another and have the greatest impact.
- Use the review scheduled for early 2015 to examine the possibility of accelerating the work by the Office of National Statistics to incorporate natural capital into the national accounts and ensure it is focussed on informing policy decisions.

Alongside these actions we will look forward to seeing further, more detailed proposals from the NCC in relation to its other recommendations so that Government can determine how best to respond to them. In particular we would welcome development in relation to:

- The relative importance of the risk factors threatening the sustainable use of our natural capital; how to prioritise work to address these; and where to focus investments in our natural capital assets so that resources are targeted where they can have greatest impact.
- Whether information is available at a sufficiently detailed level to: allow the identification of nationally important natural capital assets, the key owners and influencers of these assets, and the routes to enabling direct investment in these – and; to allow natural capital strategic priorities to be relevant to decision-makers and support national policies and plans.
- The integration of the evidence base on natural capital sustainability with that in other areas of economic appraisal so that decisions to address unsustainable use can be directed towards those that will deliver benefit to society relative to alternative actions.

We recognise that we have knowledge that can help answer these questions and will therefore work with NCC in the run up to its final report to consider how they can be addressed with an aim to find practical steps that can be taken to improve the state of England's natural capital. We also wish to ensure that the NCC's expertise is available to advise Government on the recommendations in its final report. For this reason the Committee's term is being extended for six months so, while the government of the day may wish to consider which structures are needed to sustain our natural capital, under this extended remit it would conclude its work by end September 2015.