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ENVIRONMENT

# Ten point plan for climate and nature



## Introduction

It has been almost a year since the UK hosted COP26 and published its Net Zero Strategy. The challenge is now to implement and level up the transition to a more sustainable economy and nature positive world.

The cost of living crisis has demonstrated the fundamental importance of energy sovereignty to our economy and, with strong public support for meeting net zero, the new government can accelerate policies which address climate change and the cost of living cohesively. From improving energy efficiency, to rolling out electric vehicle charging infrastructure, developing green skills and restoring nature, there is much for the new government to get on with.

This ten point plan for climate and nature sets out a series of policy priorities for the government over the next 12 months, focusing on particularly pressing areas for this year, or where there is an opportunity to build on existing pledges.



## The ten point plan

- 1 Create a net zero devolution deal
- 2 Expand the Energy Company Obligation to improve home energy efficiency
- 3 Set up an Office for Carbon Removal to regulate offsetting
- 4 Strengthen funding to decarbonise agriculture and restore nature
- 5 Cut VAT on public electric vehicle charging from 20% to 5%
- 6 Introduce ambitious nature restoration targets under the Environment Act
- 7 Give BEIS a statutory duty to purchase zero carbon flexible and firm power
- 8 Triple the floating offshore wind target, from 5GW by 2030 to 15GW by 2035
- 9 Restore 30% of UK saltmarshes and seagrass meadows by 2030
- 10 Expand the Treasury super-deduction to cover skills and non-physical capital

# 1

## Create a net zero devolution deal

**D**evolution will be crucial to the UK meeting its net zero carbon goal for the economy by 2050. Scotland already has a faster net zero target than the UK as a whole (for 2045) and many of the 300 plus local authorities that have declared climate emergencies have also adopted ambitious timeframes, for example, Greater Manchester (2038) and the West of England (2030).<sup>1</sup>

Action by local authorities, devolved authorities and metro mayors will be crucial to meeting UK-wide carbon reduction targets, as they have local powers over transport, housing and partnerships with local business. The Climate Change Committee (CCC) has identified the need for BEIS and DLUCh to work more closely together on net zero delivery.<sup>2</sup>

As part of the levelling up mission, we recommend that the government offers more powers and financial resources to local authorities in exchange for carbon reduction targets. These 'carbon budgets' can be part of a new, ambitious net zero devolution deal, driving down emissions, boosting the power of the regions and helping to level up the country towards a net zero future.

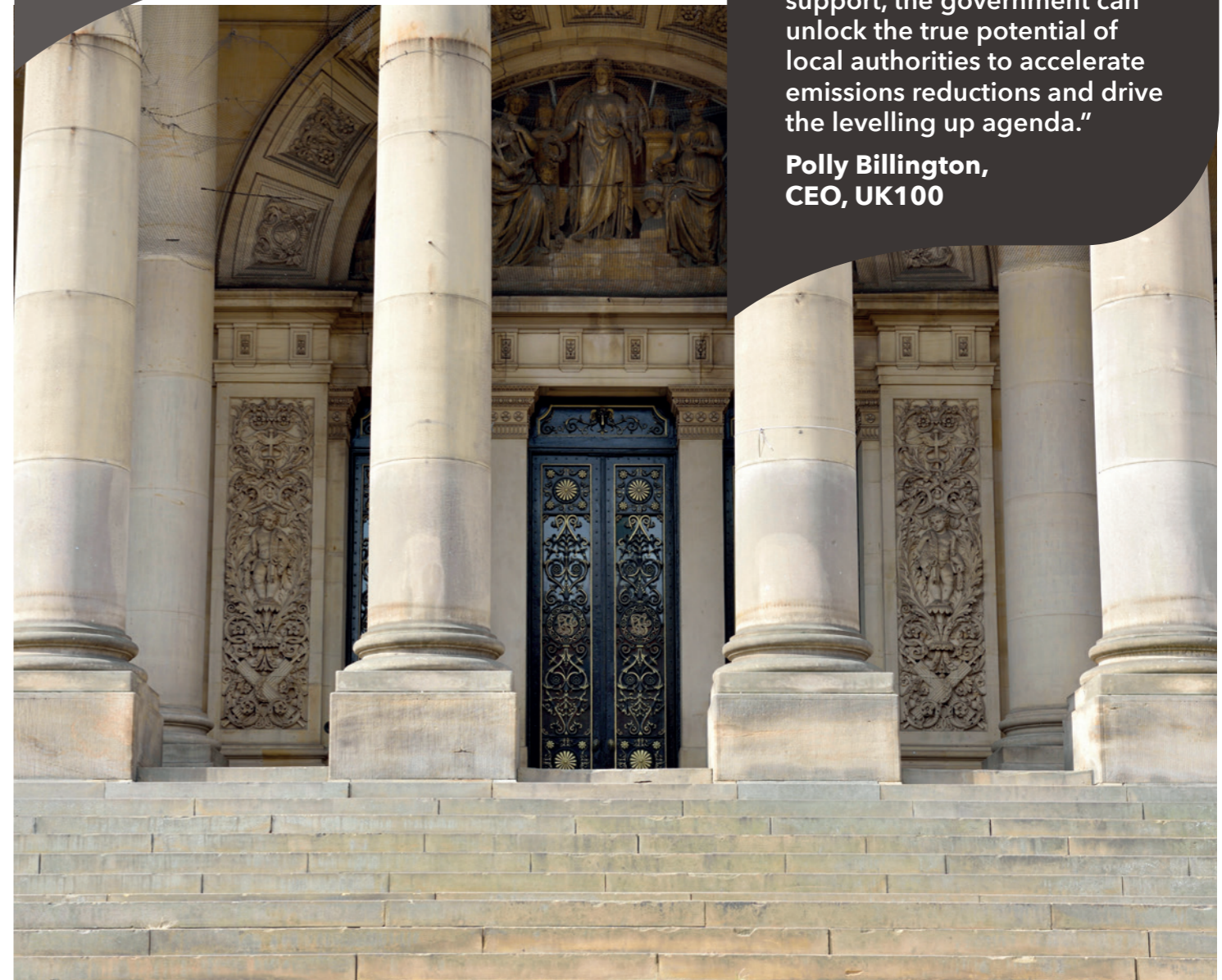
"Local areas are the most ambitious on net zero, with a target of no emissions in West Yorkshire by 2038. We're working with business to create new green jobs, investing in businesses to green their activities, and supporting retrofit schemes to save households money this winter.

As the Environment APPG says, it's vital that the government continues to devolve more powers and money to local areas, so that we can deliver the better public transport, cleaner air and warmer homes we need to tackle the cost of living crisis and meet our climate commitments."

**Tracy Brabin,  
Mayor of West Yorkshire**

"As we see across the UK100 network, local and regional leaders are already at the forefront of fulfilling the UK's net zero ambition. By offering more support, the government can unlock the true potential of local authorities to accelerate emissions reductions and drive the levelling up agenda."

**Polly Billington,  
CEO, UK100**



# 2

## Expand the Energy Company Obligation to improve home energy efficiency

The government's recent announcement to expand upon the Energy Company Obligation (ECO) energy efficiency programme for fuel poor homes is welcome, increasing eligibility with an extra £1 billion provided over three years. However, the industry has indicated it could absorb £3 billion over three years, enabling more low income households to be supported (up to 2.1 million households over three years).

Research has shown that 81% of below average income households, living in homes rated EPC D or worse, are ineligible for ECO.<sup>3</sup> As an existing scheme, ECO could easily be ramped up to include more households.

While ECO has historically been paid for via levies on energy bills, ECO Plus should be funded via a long term government spending commitment, or the energy profits levy. ECO Plus is supported by retail energy companies. Using existing delivery channels and terms reduces the risks associated with setting up an entirely new scheme from scratch.

The mechanism of an obligation with subsidy, used by energy suppliers to develop compelling consumer offers, means the scheme retains a competitive, market-led component. This can spur innovation, use existing industry resources and help to grow a self-sustaining market for home energy efficiency upgrades.

"Expensive fossil fuels are leaving UK homes cold and destroying the planet. We need a retrofit revolution to permanently bring down energy bills and carbon emissions whilst creating jobs across the country.

Expanding the Energy Company Obligation (ECO) to improve the energy efficiency of homes for middle and low income households is a basic first step we can take that would allow that change to begin."

**Dr Alan Whitehead,  
MP for Southampton Test**



# 3

## Set up an Office for Carbon Removal to regulate offsetting

**A**n Office for Carbon Removal is needed to regulate the market for carbon offsetting, such as the use of trees for carbon sequestration, as well as other negative emissions sources like Direct Air Carbon Capture and Storage (DACCS), and Bioenergy with Carbon Capture and Storage (BECCS).<sup>4</sup>

The CCC has been clear that greenhouse gas removals will be required to offset residual emissions in sectors difficult to decarbonise completely, such as heavy industry, agriculture and aviation.

One of the dangers of an unregulated market is a lack of transparency and scrutiny over emissions reductions achieved. Another danger is that cheaper sources of greenhouse gas removals, such as tree or soil carbon sequestration, will be bought up by large companies, such as those in the aviation sector. This would leave small businesses, like some farms, to pay for more expensive technologies, like BECCS and DACCS, in the future.

A new Office for Carbon Removal would ensure carbon credits are created to high standards and are trustworthy. It would oversee the net zero claims being made by businesses and design markets so the costs and benefits of greenhouse gas removals are shared fairly.

"As we offset emissions in hard to decarbonise sectors, we will need to ensure small businesses like farmers aren't forced to pay for more expensive technology, like biomass with CCS and direct air capture. Regulating offsetting will be crucial to fairness in the net zero transition"

**Pauline Latham OBE,  
MP for Mid Derbyshire**



# 4

## Strengthen funding to decarbonise agriculture and restore nature

**T**he Environmental Land Management scheme (ELM) is the main funding and delivery mechanism for the government's 25 year environment plan, which includes aims to reverse the decline of nature, achieve net zero and reduce natural hazards like flooding.

The three strands of ELM are the Sustainable Farming Incentive (already partially launched), Local Nature Recovery and Landscape Recovery. The latter two schemes, especially, could be very high value for money and are popular with voters in all regions of the UK.<sup>5</sup> For example, using Landscape Recovery to restore some of the lowest yielding 10% of farmland (which produces just 1% of the food grown in England) for nature could provide half the carbon reductions needed from the whole agriculture and land sector by 2035, and increase bird populations by 1.5 times by 2050.

If well implemented, this could increase the incomes of farmers on low quality agricultural land by around 20%. Defra should avoid further delays in rolling out these schemes and ensure funding available is sufficient to achieve environmental objectives whilst giving farmers a fair income.

Until Defra has properly evidenced the scale of funding needed to achieve its objectives, the total proposed budget for ELM should be protected, in real terms, to 2030. Defra's proposed equal three way split across the three schemes within ELM should be maintained to give farmers certainty.

"We need to enable farmers to produce food sustainably and earn a fair income, whilst seeing fast paced action to deliver on the commitments of the 25 year environment plan and delivering nature recovery."

**Selaine Saxby,  
MP for North Devon**



# 5

## Cut VAT on public electric vehicle charging from 20% to 5%

The transport sector is responsible for nearly a third of the UK's carbon emissions, with cars responsible for 61% of this.<sup>6</sup> As of May 2022, there were over 880,000 battery electric and plug-in hybrid electric vehicles (EVs) registered in the UK.

The cost of running an EV is reliant on electricity prices. Recent changes in wholesale energy prices have pushed up bills, bringing the cost per mile of driving an EV closer to that of a petrol or diesel car.

To keep up the pace of the transition, the economics of driving an electric vehicle must continue to be favourable to attract more drivers to make the switch.

Over 30% of households do not have access to off street parking and so will rely on public charging infrastructure to run an EV.

VAT on charging is currently levied at different rates for public and private charging. Private chargers benefit from 5% VAT whereas public chargers are levied VAT at 20%. This creates an unfairness among EV drivers, punishing those who don't live in homes with off street parking.

Equalising VAT rates on public and private charging is an important step to help a wider range of drivers to access affordable charging.

"With our roads going electric, drivers are charging up at home, work and on the public network, from lampposts to superchargers on motorways. Today, drivers without driveways pay 20% VAT on electrons via public chargers, four times the VAT on the same power at home.

Cutting VAT on public charging to 5% is a no-brainer to create consistency and a fairer system and help accelerate the transition to net zero transport."

**Fiona Howarth,  
CEO of Octopus Electric  
Vehicles**

"The UK is on the edge of an electric vehicle revolution and the high rate of VAT on public charging marks a key barrier to speeding along the transition away from petrol and diesel. Equalising VAT to the same rate as private charging will be vital in improving access to affordable charging, and, in turn, decarbonising transport."

**Alexander Stafford,  
MP for Rother Valley**





# 6

## Introduce ambitious nature restoration targets under the Environment Act

The Environment Act 2021 requires the government to set at least one long term target in each of the following areas: air quality, water, biodiversity, and resource efficiency and waste reduction.<sup>7</sup>

Setting the first nature improvement targets under the Environment Act is an opportunity to create much clearer direction and better outcomes for wildlife.

The targets have the potential not just to shape central government policy making, but also to galvanise action and investment from businesses, local government and civil society.

With the UN Biodiversity Conference (COP15) in 2022, we recommend the government sets ambitious targets for the condition of protected habitats and the extent and quality of priority habitats outside the protected area network. Without these, the targets will lack the ambition needed to halt environmental decline.

"The UK has become one of the most nature depleted countries in the world. If we are to halt and reverse the perilous decline in nature and destruction of wildlife, then the targets set under the Environment Act must not only be credible and comprehensive but, crucially, delivered.

With the vitally important global summit of COP15 now just around the corner, this is our moment to protect and restore nature for generations to come. Not only must our prime minister attend this summit, but our UK delegation must come to the table ready to take serious action both at home and on the world stage."

**Caroline Lucas,  
MP for Brighton Pavilion**

"Tackling the nature and climate crisis needs strong and bold global leadership, but this must start at home. The simple fact is that without ambitious and long term targets for nature's recovery the government can't possibly deliver on its own environmental promises.

Investing in and growing our network of protected areas, and making sure they are maintained and enhanced for wildlife and people, is an essential step and one that mustn't be delayed or discarded."

**Beccy Speight,  
CEO of RSPB**



# 7

## Give BEIS a statutory duty to purchase zero carbon flexible and firm power

The capacity market ensures the security of our electricity supply by providing a payment for reliable future sources of power generation capacity. Seventy eight per cent of purchased capacity in the most recent auction was fossil fuel based, despite existing carbon emission limits.<sup>8,9</sup>

The government should legislate to ensure capacity procured to balance the electricity system (via the capacity market or any subsequent policy) has a rising share of zero carbon flexible and firm power consistent with achieving a zero carbon power system by 2035.

Giving BEIS a statutory duty to purchase zero carbon flexible and firm power would have the effect of removing fossil fuels from normal use in the power system by 2035. It will help to develop and grow a market for clean flexible and firm power, lower electricity prices (as high gas prices have driven up the cost of electricity) and ensure the UK's security of supply is not manipulated by fossil fuel exporters like Russia.

It is projected that a renewable centred power system, with zero carbon flexible and firm power, is up to 19% cheaper than the UK's system cost prior to the invasion of Ukraine.<sup>10</sup>

"To achieve a zero carbon energy system by 2035, the government needs to start taking action today to drive investment in low carbon firm and flexible power.

Firm commitments drove coal off the system, and now we need to see similar action across the rest of the energy sector."

**Barnaby Wharton,**  
Director of future energy systems, Renewable UK



# 8

## Triple the floating offshore wind target, from 5GW by 2030 to 15GW by 2035

The government's 50GW target for offshore wind energy by 2030, which includes up to 5GW of floating wind power, provides a clear message of confidence to investors.<sup>11</sup> Last year alone saw over £1 billion of inward investment to the UK's supply chain.<sup>12</sup>

The UK is currently a world leader in floating offshore wind, holding a competitive advantage in this innovative technology, set to overtake conventional fixed offshore wind power by 2050.

Setting clear, medium to long term ambition for floating offshore wind will help to focus minds to overcome policy barriers across government and industry, deliver greater investor confidence and secure the UK's competitive advantage in this industry.

With strong synergies with the oil and gas sectors, due to the use of floating platforms, leadership in this sector can also help to ensure the fair transition of workers from fossil fuel to clean energy industries.

"New offshore wind is now the cheapest form of renewable energy, but there is a limit to how much fixed bottom offshore we can build. Raising ambition on floating offshore wind from 5GW to 15GW can help create more cheap domestic renewable power and secure our competitive advantage in this exciting technology."

**Caroline Ansell,  
MP for Eastbourne**



# 9

## Restore 30% of UK saltmarshes and seagrass meadows by 2030

**B**lue carbon refers to the role of coastal and marine habitats in drawing down and storing between 235 to 450 million tonnes of carbon a year. This is equivalent to almost half the emissions from the global transport sector.

The UK government is making progress on rolling out a 'Blue Belt' of marine protected areas around the UK coastline, but with Defra's environmental status findings from 2020 showing it has missed 11 out of 15 indicators for healthy seas, progress must be made to scale up the rewilding of the seas, both to restore biodiversity and capture carbon.<sup>13</sup>

To restore 30% of saltmarshes and seagrass meadows by 2030, the government should first rollout a Blue Carbon Strategy, committing to recovery targets in the UK's 2025 Nationally Determined Contribution under the Paris Climate Agreement.

The government should fully account for blue carbon in UK carbon budgeting and support ambitious projects to restore saltmarshes and seagrass habitats, through the development of sustainable market finance initiatives with the private sector.

"I am particularly pleased to pledge my support for point 9, which focuses on the restoration of UK saltmarshes and seagrass by 2030. In my constituency of Dunfermline and West Fife, much valuable work has been done with local community, public and private partnerships on replanting seagrass meadows in the Firth of Forth, providing multiple, vital benefits to our marine environment and addressing habitat loss."

**Douglas Chapman,  
MP for Dunfermline and West Fife**

"Looking after and restoring the UK's saltmarshes and seagrass beds is vital for climate and nature. It will help restore marine and coastal wildlife, protect from coastal erosion and flood damage, and store carbon too.

It's time we viewed our marine and coastal ecosystems in the same way as our woodlands and peatbogs, as a key part of our strategy towards meeting net zero and restoring nature"

**Sandy Luk, CEO,  
Marine Conservation Society**



# 10

## Expand the Treasury super-deduction to allow investment in skills and non-physical capital

Skills development is significantly cheaper than physical capital but remains a missing piece of business investment that the government can help encourage.

Eighty per cent of the current workforce will still be active in 2030.<sup>14</sup> As well as attracting new entrants to jobs in the green economy, there should be a focus on transferring existing skills and retraining.

The Treasury's super-deduction has proved a success in increasing business investment for a time limited period. However, the design of the tax relief was limited to physical capital, with no guidance around using the £25 billion to support the green transition.<sup>15</sup>

Expanding the Treasury super-deduction to allow investment in skills and non-physical capital is a form of tax cut that will help the green transition. We recommend that the Treasury launches a new successor scheme which would provide relief to businesses investing in green skills training, and support the necessary shift in business processes that will create the demand for them.

"Expanding the Treasury super-deduction to account for investment in skills, R&D and non-physical capital can help businesses invest in their workforce and turbocharge the green skills needed for the net zero economy."

**Dr Mirabelle Muûls,**  
Imperial College Business School



## Endnotes

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- 2 <https://www.theccc.org.uk/publication/local-authorities-and-the-sixth-carbon-budget/>
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- 15 <https://obr.uk/efo/economic-and-fiscal-outlook-october-2021/>

## **About the Environment All-Party Parliamentary Group**

The Environment APPG was established to strengthen the influence of parliamentarians on public policy and provide a forum for debate, as well as access to specialist information. Its activities span across three broad themes: climate and energy, waste and resources, and the natural environment.

The chair of the group is Chris Skidmore MP, and the secretariat is provided by Green Alliance. Its membership is made up of parliamentarians from the House of Commons and House of Lords, as well as businesses and charities as APPG associate members.

This is not an official publication of the House of Commons or the House of Lords. It has not been approved by either house or its committees.

All-Party Parliamentary Groups are informal groups of members of both houses with a common interest in particular issues.

The views expressed in this report are those of the Environment APPG.

## **Environment APPG Ten point plan for climate and nature**

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### **Contact**

Joe Tetlow, senior political adviser  
Green Alliance  
appg@green-alliance.org.uk  
@EnvironmentAPPG