

Representation submitted by the National Trust to HM Treasury

24 September 2020

With our staff, members, volunteers and supporters, the National Trust is the biggest conservation charity in Europe. We protect and care for places so people and nature can thrive. Many millions share the belief that nature, beauty and history are for everyone. So we look after the nation's coastline, historic sites, countryside and green spaces, ensuring everyone benefits. For everyone, for ever.

Introduction and summary

1. The coronavirus pandemic continues to be one of the most significant challenges we've faced in a generation. Covid 19 has changed the world, but we also continue to face many of the same global challenges as before the pandemic. Threats from climate change and the depletion of our nature and biodiversity remain as immediate and severe as ever. As the Government considers the longer-term future, we need to make sure approaches to promoting economic recovery contribute to the response not only to this pandemic, but to these wider crises.
2. The National Trust would like to respond to the challenges of the past several months by helping to lay the groundwork for a brighter future, which addresses the joint threats of climate change and nature depletion, tackles the inequalities of access to green space and to beauty, heritage and culture that we have witnessed throughout the crisis, and supports the recovery of our sectors and our communities.
3. As such, we believe government policy and spending must seek to renew as well as recover. The goal should not be to return to the pre-pandemic status quo, but instead use this moment to move forward, learn from past recoveries, including the financial crisis, and put ourselves in a better position to tackle the challenges that the future will bring, with a legacy that benefits people today and tomorrow.
4. Private and third sector organisations act as key delivery partners for government in many areas – whether that be undertaking tree planting projects to lock in carbon, installing energy efficiency measures in people's homes, or making Covid-secure adaptations to heritage sites to ensure tourists can return safely. Many of these organisations have suffered severe losses to income in recent months, and will face long term limitations in what they can deliver, with reduced budgets and staff resource. We have very warmly welcomed the vital short-term funding that has been brought forward for the environment and culture sectors, and which has made a difference, there is still a real existential challenge for many organisations and sectors, which will only grow if the UK returns to lockdown. There is likely to be an ongoing need for support for businesses that rely on visitor income in the coming months.

5. Beyond this immediate need, this submission sets out the National Trust's view of where the UK Government can most effectively invest get the best outcomes for people and places, nature and heritage and the economy alike. There are six key priority areas that we identify and invite HM Treasury to consider in terms of Spending Review decisions:

- 1) **Delivering the 25 Year Environment Plan and investing in our natural assets** to deliver significant public benefits. Research we've undertaken with key partners shows that at least £2.9 billion annual investment is needed across the UK in the delivery of environmental outcomes to meet existing commitments associated with farming and land management. However, this is unlikely to capture the full extent of the need in terms of delivering the ambition of the 25 Year Environment Plan and the UK's net zero target and so there is a strong argument for retaining at least the existing CAP spending envelope of £3.2bn per year across the UK.¹ This spend will make a major contribution to protecting and restoring our natural assets of soils and water and managing land to benefit habitats and species; ensuring our farming forestry and other land managers are achieving world-leading, environmental and animal welfare standards; and providing support to key sectors of our economy through a period of transition.
- 2) **Investing in better, more integrated environmental data** as fundamental to the success of proposed planning reforms and for a range of other purposes to support delivery of the 25 Year Environment Plan – including providing an evidential base-line for environmental targets, the delivery of the nature recovery network and optimising the benefits delivered by ELM schemes. Ongoing monitoring needs to be improved, and there are some datasets, including around Priority Habitats, that are out of date or incomplete. There is also more that could be done to improve landscape and historic environment data, Landscape Character Assessments, Historic Landscape Characterisation and archaeological mapping. Investment in data should include developing effective frameworks for integrating, sharing and applying data, and exploring opportunities for innovative uses, such as supporting public access to green spaces. This data will underpin land-use decision making and help implement a range of policies effectively and maximise benefits for people, nature and communities.
- 3) **Transforming urban green infrastructure.** Recently published researched commissioned by the Trust and other partners shows that £5.5bn investment in urban green infrastructure, including boosting green space and access to nature, could unlock huge economic benefits including creating green jobs, enhancing health and wellbeing, growing climate resilience, providing air quality and cooling benefits worth hundreds of millions of pounds (ONS data), and tackling the inequalities of access.
- 4) **Investing in work by local authorities and key public bodies** that will enable them to deliver on the Government's proposed planning reforms and national ambition for the environment, address climate change and help level up and address inequalities of access

¹ The £2.9bn annual figure does not include additional commitments made as part of the 25 year plan and net zero ambition, nor any adjustments to reflect changes in farm output prices and input costs nor additional safeguards to secure long term changes in land use and land management which may be needed under elements of the new 'Environmental Land Management' (ELM) scheme or other devolved land management schemes that are brought forward for introduction between 2021 and 2024.

to culture, nature and heritage. These bodies will be at the forefront of supporting local economic and social recovery from Covid 19 and need the resource to deliver.

- 5) **Introducing VAT changes** to support the recovery of key sectors and delivery against key government ambitions on the ground. The two specific changes we propose are:
- a. Cutting the VAT on the restoration and refit of historic buildings; and
 - b. Providing exemptions for charitable bodies managing land for public benefit.

- 6) **Increasing the return on investment and value for money from the use of public grants and funding for the built and natural environment, local growth and mitigating and adapting to climate change.** We propose two ways this could be achieved:

- a. Structural changes to the way that public grants are offered: simpler application processes, removing structural barriers to partnership and collaboration, and enabling the pooling of sources of funding.
- b. Exploring mechanisms and innovative financial instruments to attract and grow private investment that can be blended with public funding;

We believe these changes would increase the coherence of projects, deliver more substantial benefits at greater scale, and improve the sustainability of project outcomes.

6. We offer these specific thoughts in addition to the representations being made by Wildlife and Countryside Link, Blueprint, the Heritage Alliance and the Climate Coalition, which we endorse as members of these organisations. This submission primarily concerns spending of UK Government Departments and therefore much of what we discuss relates to England-only. However, as an organisation that operates in Northern Ireland and Wales as well as England, we would reiterate that we expect spending levels to be provided as reflective of need in each administration – and not just reliant on Barnett consequentials. We have indicated where we are referring to spending need on a UK-wide basis vs England only.

Overall principles

7. This spending review comes at a critical moment. The ongoing challenge of responding to Covid 19 and mitigating the economic impacts of the pandemic will be at the forefront of decisions over public spending for the forthcoming years. However, the pandemic is not the only global challenge facing the UK, as we see the growing impacts of climate change and biodiversity loss on people's lives and the places they value (through increased risk of flooding, drought and fire) but also on our economy. These crises have not arisen independently of each other, and it is possible to address these challenges holistically, through the right investment. We believe that this CSR should seek to deliver a recovery that:
- Delivers social and environmental recovery as well as economic growth, to tackle the nature and climate crises, and enhance the health and wellbeing of individuals, communities and the UK as a whole; and
 - Addresses inequalities of access to green space and to beauty, culture and heritage.

8. To ensure these aims are delivered, we would like to see all spending decisions made as part of the CSR meet the following tests:

1. **Environmental Improvement:** every project must be compatible with the overall aspiration to improve nature, create high quality places and establish an environmentally resilient economy.
2. **Net Zero:** every project or industry that benefits from public money must be compatible with or further our net zero emissions responsibilities.
3. **Net Gain:** any infrastructure delivery projects—public or private—that receive public money as part of a fiscal stimulus should be required to achieve net gain for biodiversity.

Investing in nature and addressing climate change

Delivering the 25 Year Environment Plan and investing in our natural assets

Key Ask: Deliver the 25 Year Environment Plan and invest in our natural assets to achieve multiple, significant public benefits and make our economy more resilient through nature-based solutions to environmental risks to our economy like climate change, flooding and invasive species.

Costs and expected benefits – Research we've undertaken with key partners shows that across the UK £2.9 billion annual investment is needed for environmental public goods delivery to meet existing commitments associated with land management. However, this is unlikely to capture the full extent of the need in terms of delivering the ambition of the 25 Year Environment Plan (and corresponding ambitions of the devolved nations) and the UK's net zero target and so there is a strong argument for retaining at least the existing CAP spending envelope of £3.2bn per year across the UK.² This spend will make a major contribution to protecting our natural assets of soils and water and managing land to benefit habitats and species; ensuring our farming, forestry and other land managers are achieving world-leading, environmental and animal welfare standards; and providing support to key sectors of our economy through a period of transition.

9. Our natural environment is one of the UK's most important assets, directly contributing to our economy by supporting a flow of goods and services that benefit people. Investing in our environment can provide significant economic benefits, while in contrast, a failure to halt the declines in nature can result in significant economic costs. Both benefits and costs are often not properly internalised and therefore overlooked, but the Interim Report of the Dasgupta Review has concluded that investments in nature pay, on average, a 19-fold return – far higher than many conventional forms of investment.

² The £2.9bn annual figure does not include additional commitments made as part of the 25 year plan and net zero ambition, nor any adjustments to reflect changes in farm output prices and input costs nor additional safeguards to secure long term changes in land use and land management which may be needed under elements of the new 'Environmental Land Management' (ELM) scheme or other devolved land management schemes that are brought forward for introduction between 2021 and 2024.

10. However, it is clear that biodiversity and ecosystems in the UK are in perilous decline and in need of significant investment. Research by the RSPB reveals that the UK will miss 14 of its 20 goals for biodiversity for 2020, set through the UN Convention on Biological Diversity. New data from the Environment Agency showed that not a single river, lake or stream in England is in good condition, and the State of Nature report in 2019 concluded that 15% of species are threatened with extinction from Great Britain.
11. There is growing evidence that a wide range of green investments can be delivered in a timely way and have significant multiplier effects on economic growth and jobs, and that natural capital investment for ecosystem resilience and regeneration is particularly well placed to contribute to achieving economic as well as climate goals, and would be fast acting as part of a Covid 19 recovery package.^{3,4} A recent report by IPPR concluded that investing in a green recovery could create 46,000 jobs in tree planting and peatland restoration across the UK, offsetting a large proportion of those that may be lost through any economic downturn.⁵ Our own research (discussed in more detail later in this document) found that public investment in urban green infrastructure could generate an estimated 40,000 jobs in initial construction and over 6,000 permanent jobs supporting ongoing maintenance.
12. The restoration of nature and healthy ecosystems provide a wide range of benefits, from reduced flood risk to increased carbon storage. Figures from the Office for National Statistics show that the UK's natural capital can be valued at almost £1 trillion; the value of being within 500m of a green or blue space for UK households was £78 billion in 2017, with the cooling and shading effect of trees worth £248 million in 2017 alone; and also in 2017 the removal of pollutants by trees saved an estimated £1.3 billion in health costs.⁶ In 2009, Natural England estimated that £2.1 billion would be saved annually through averted health costs if everyone in England had equal good perceived and/or actual access to green space.⁷
13. We are strongly supportive of the UK Government's ambition for the environment as outlined in the 25 Year Environment Plan, which recognises the "once-in-a-generation chance to change our approach to managing our land so that we secure and enhance the benefits of the environment far into the future", and the legal deadline for the UK to achieve net zero emissions by 2050. The Government plans to create 500,000 hectares of new habitat in England through a Nature Recovery Network and to introduce legally binding environmental targets, and we have similarly welcomed the funding commitments that have been made so far, including through the establishment of a new Nature for Climate Fund and new money for Natural Flood Management.
14. All of these are welcome steps to chart a course for the restoration of nature. This spending review represents the opportunity for the Government to provide Defra and other public bodies

³ Committee on Climate Change (2020) [Reducing UK emissions Progress Report to Parliament](#)

⁴ Hepburn, C., O'Callaghan, B., Stern, N., Stiglitz, J., and Zenghelis, D. (2020) [Will COVID-19 fiscal recovery packages accelerate or retard progress on climate change?](#). Smith School Working Paper 20-02

⁵ IPPR, July 2020, <https://www.ippr.org/news-and-media/press-releases/investing-in-a-green-recovery-could-create-1-6-million-new-jobs-after-covid-crisis-report-finds>

⁶ ONS, UK Natural Capital Accounts: 2019

⁷ Defra (2017) [Evidence Statement on the links between natural environments and human health](#)

with the resource deliver on these ambitions and capitalise on the substantial returns that such investment can deliver.

15. Research by RSPB, the National Trust and the Wildlife Trusts shows that at least £2.9 billion per year needs to be invested across the UK in environmental land management to deliver existing environmental commitments – which includes £1.7 billion in England alone.⁸ However, these costs could be outweighed 2.7 to 1 by the value of estimated environmental benefits. The existing Common Agricultural Policy has driven most public subsidy into intensive farming practices. In England, a new agricultural system based on rewarding farmers and other land managers for delivery of environmental outcomes will produce public benefits by restoring nature and ecosystems at the same time as the production of food continues. This new Environmental Land Management (ELM) system will be crucial to help declining farmland bird species, and also to shift the economics of some types of production in favour of more sustainable practices.
16. However, the new ELM system (and other devolved land management schemes) will not fully be in place for some years yet and the need for investment still exists during this transitional period. We're therefore calling for the estimated £1.7 billion per annum investment to fund the following interventions in England (with similar interventions likely to be needed in the devolved nations):
 - The rolling-over of Countryside Stewardship agreements into the transition period and all new agreements signed up to 2024
 - A time-limited 'wildlife and sustainable farming and forestry scheme' which is built out from the mid-tier of Countryside Stewardship (CS) by expanding the current range of packages available under the 'wildlife offers' aspect of the scheme.
 - A programme of capital investment for Higher Level Stewardship (HLS) agreements, and an increased number of CS higher-tier agreements from 350 to 1500 per year.
 - Part of the above would also include the front-loading of 25 year environmental plan ambitions to create and restore 500,000 hectares of priority habitat.⁹
 - Introduction of the national ELM pilot at a scale and level of ambition to secure the buy-in of farmers and make ELM a success when rolled-out from late 2024
 - Supporting farmers to become 'future-fit' by rolling out a time-limited Future Farming Resilience Funding programme, for example with training to support those who need it to better understand their businesses and environmental assets

⁸ Rayment, M. (2019) Paying for public goods from land management: How much will it cost and how might we pay? A report for the RSPB, the National Trust and The Wildlife Trusts

⁹ At least £412m per annum would be needed for capital investment and ongoing maintenance necessary for the creation and restoration of priority habitat in England (or £820m across the UK), as calculated in the 2019 Making Public Goods Pay report. This forms part of the overall assessment of £1.7bn annual investment needed to deliver existing environmental land management commitments through existing agri-environment and woodland grant schemes in England (or £2.9bn across the UK).

- Public sector advisory capacity for pre-ELM interim policies, CS higher tier and ELM pilot.
- Grants and capital investments in infrastructure and enrichment that enhances animal health and welfare.

17. Although updated in 2019, our research does not reflect the full ambition of the 25 Year Environment Plan in England. It was also carried out before the net zero target was enshrined in legislation, and only considers the scale of need on the basis of land currently within agricultural schemes. The sum of £1.7 billion does not therefore reflect the scale of need for delivering these new additional commitments, including habitat restoration and creation needs in some of our most vulnerable and valuable sites which could make a significant contribution to nature based climate solutions – such as, for example, some upland peat habitats. Nor does it address the needs of the marine and coastal environment. The Nature for Climate Fund proposes to contribute £640m for peat and trees, which is very welcome. However, it is important to note that there are a range of other habitats (floodplains, estuaries and rivers or streams in their natural state) that also provide benefits to both nature and the climate and could be funded in addition.
18. There is also an additional imperative during the next 4-year period to ensure that the transition to the new environmental land management schemes is delivered effectively. This is a significant change and farmers and land managers will need support to adapt to the new schemes. Time-limited business training and capital support available to invest in on-farm infrastructure may be justified, including to address systemic issues with non-compliance with regulation, such as slurry storage.
19. Our research also doesn't reflect the impact that Covid 19 has had on the sectors that will be crucial to delivering much of the ambition on the ground. The National Trust alone has lost more than £200 million in income through the closure of our properties, shops, cafes. This is having an impact on the projects that we can deliver directly. While we welcome the £40 million of funding that was brought forward early as a Green Recovery Challenge Fund and the £88 million support made available to cultural organisations through the Culture Recovery Fund, nature conservation organisations have highlighted the need for at least £350 million of funding to ensure existing projects can go ahead, before the need to deliver additional projects that leverage up ambition and results. There is a risk therefore that substantial planned delivery activity will still not go ahead as planned.
20. On the basis of this clear need above and beyond the evidenced scale of public investment needed to deliver public outcomes through environmental land management, there is a strong argument for retaining at least the existing CAP spending envelope of £3.2bn per year across the UK. This investment would make a major contribution to protecting our natural assets of soils and water and managing land to benefit habitats and species; ensuring our farming, forestry and other land managers are achieving world-leading, environmental and animal welfare standards; and providing support to key sectors of our economy through a period of transition.
21. It's worth noting that the success of investment in the natural environment will be undermined if it is not accompanied by strong legal safeguards in order to protect and restore the environment. The Government is proposing to bring forwards and Environment Bill, with legally binding targets, environmental principles, and a new environmental watchdog. However, the

environmental principles will be contained within a policy statement, rather than on the face of the Bill itself, and government will control the funding and appointments to the new Office for Environmental Protection, undermining its independence. Strong legal environmental frameworks are essential for upholding the environmental law and ensuring that targets are met, and these measures need to be in place across all nations of the UK. We are concerned about the prospect of a governance gap emerging and encourage collaboration between governments to put robust governance frameworks and targets in place.

Investing in better, more integrated environmental data

Key Ask: Invest in enhancing the quality of environmental information and data systems to improve the quality of baseline data on habitats and species, enhance systems for monitoring and updating information, and to integrate, apply and share data to maximise its value.

Costs and expected benefits – at least £150 million investment is needed in world-leading data-science and information systems in England, with additional funding to support advice, enforcement and expertise in arm’s-length bodies and local authorities, in order to provide the data, systems and resource to meet a range of government policy objectives for environment, land use, heritage and planning.

22. Efforts to protect and enhance our environment and make land use and climate mitigation and adaption choices that lead to the best outcomes for people, places and nature, must be predicated on the best possible data, and robust evidence about the nature and condition of our key habitats, species, landscapes and the historic environment. Having accurate and up to date environmental data will be critical to the success of wider government priorities for nature and for our communities, and the effective deployment of the tools that government is putting in place to deliver changes on the ground. Data will play a fundamental role in:

- Forming the foundation for the delivery of nature recovery network through high quality, granular information and spatial mapping that allows the creation of local nature recovery strategies which can provide the bigger, better and more joined up habitat that nature needs.
- Supporting ambition to enhance and reform our planning system with better baseline information about the biodiversity, ecology and cultural heritage of individual sites, contextualised within the wider landscape character and catchment areas, and other strategic considerations such as climate mitigation and adaption needs. Combined with on-the-ground expertise, this has potential to help improve the quality and speed of decision making.
- Contributing to the evidential basis for advice for famers about their holdings and the prioritisation and strategic roll out of environmental land management schemes which will be at heart of our post-Brexit agricultural policy and funding.
- Providing a clear baseline for delivery against statutory targets set under the Environment Bill and to inform the work of the planned Office for Environmental Protection in investigating and considering complaints.

23. There is substantial interdependency and importance therefore to having this high quality, granular information. However, we are currently a long way from achieving this, and there is a dearth of up-to-date information on the condition of sites, the status of species populations, and the location of important habitat types that imposes costs and delays on development. Significant benefits could therefore be realised by:
- the development of a comprehensive biological data strategy that would set out to collect consistent terrestrial, freshwater and marine habitat data for England with more detailed data for protected areas such as SSSIs (which should include all European protected sites), National Parks/AONBs, Marine Protected Areas and for all priority habitats;
 - Completing the Ancient Woodland, Ancient Grassland, Priority Habitat and Open Mosaic Habitat Inventories;
 - Mapping out other critical, irreplaceable habitats such as peatlands;
 - Improved spatial planning in the marine environment;
 - Increasing funding for Natural England to perform its statutory planning and monitoring functions and provide environmental advisory services; and
 - Improving local authority access to ecological and archaeological expertise, aiming for every authority to have access to in-house ecologists, archaeologists and environmental planners.
 - Improved, statutory Historic Environment Records, archaeology sensitivity mapping and landscape data.
24. To date much data gathering has been undertaken as part of site-based investigation through the planning system, with developers paying for assessments as part of the development process at a specific site. The Government's Planning White Paper proposes to move to upstream, strategic allocation of land, which will mean costs can no longer be allocated to a single developer. A different approach to funding data will therefore be needed – both upfront to support strategic land management decision making, but also on an ongoing basis to maintain datasets and monitor sites (to assess the effectiveness of delivery of net gain, for example).
25. An investment of at least £150 million is therefore needed for Natural England's Living England maps, to create a baseline "environmental census" of England's Natural Capital and the condition of protected sites, and establish a new environmental information hub to create a new, open-data and digital platform for ecological data.
26. Additional investment in Historic England's digital data infrastructure would also allow them to make more of their datasets available to local authorities and the public.
27. Even with the best data and systems in place, benefits can only be maximised where data is regularly updated and maintained, and organisations and staff have the skills, capability and technical and financial resources to access and make the best use of it. We comment further on the financial challenges faced by public bodies later in this submission, but the interdependency of delivering on the 25 Year Plan and the UK's Net Zero target, having the

data and information to make the right decisions, and the necessity of resource to put policy into practice should be noted. Additional investment in Defra’s delivery bodies and Local Authorities—especially Natural England, the Environment Agency and the Office for Environmental Protection— is needed to ensure that data gathering, monitoring, enforcement and regulation can be carried out effectively.

28. It’s important to note that high quality data and expertise alone is not enough – it needs to be put to through effective systems for integrating, sharing and applying this data to a range of purposes across public bodies and other users. There is significant opportunity here in terms of supporting the digitisation of elements of the planning system, which could help speed up certain processes, and enable greater access and public participation. We’d like to see innovative approaches to the use of public data, and exploration of new applications that can increase its public benefit. To offer just one example, could government put the data to use in ways to make it easier for the public to find and access local public rights of way and green space – thereby helping to disperse people across sites (reducing pressure on certain “honeypot” sites) and encouraging more people to spend time in nature and the outdoors, with all the benefits to health and wellbeing that generates? There may be other applications that could be explored.

Delivering high quality of place to support local growth and regeneration

Place Matters

29. Covid 19 has brought changes to the way that we live and work, and this will also mean many individuals and communities now have different long-term needs and priorities in terms of infrastructure. It is likely for example, that more people will choose to continue to work from home in future, and to take holidays in the UK. We should be seeking to capitalise on positive changes which can help us tackle challenges such as climate change, and enhance our health and wellbeing, rather than simply seek to return to the assumptions and priorities of our pre-Covid world.
30. The pandemic has shone a light on the fact that the quality of our physical environment, both natural and built, has huge significance for our health and wellbeing, economic prosperity, and sense of community. As recognised by the Government’s Building Better, Building Beautiful commission, high quality places make the most of local heritage and nature to offer beautiful, healthy environments, that people want to live and work in. Access to green space, history, culture and nature bring substantial economic and social benefits, contribute to the regeneration of high streets and towns, promote individual wellbeing, and form the backbone of the visitor economy.¹⁰ Strategic approaches to place can also help build address climate mitigation and adaptation measures, which will be of increasing importance in coming years as high temperatures, flooding, drought, wind and other climate-related risks have growing impacts on our towns and cities.

¹⁰ See for example Historic England “Heritage Counts” reports on economy and society - <https://historicengland.org.uk/research/heritage-counts/>

31. Investing in quality of place therefore carries significant opportunity in terms of both economic recovery and building the resilience of our places for the future. We'd therefore like to see government focus spending on robust policy and implementation frameworks that can deliver these multiple benefits at a local level, particularly focusing on urban green infrastructure and enabling local authorities to take strategic approaches to development and land use to meet the needs of current and future generations. We believe that investing in grey infrastructure such as new road building should only take place where absolutely necessary, and major infrastructure projects should also be held to the requirement to deliver biodiversity net gain.

Transforming Urban Green Infrastructure

Key ask: Transform Urban Green Infrastructure and boost provision, quality and equality of access to green space and nature in communities most at need in our towns and cities.

Costs and expected benefits – our research shows an investment of £5.5bn would yield £200bn in physical health benefits to some of the UK's most disadvantaged communities through disease prevention and mental wellbeing benefits, helping to alleviate strain on local health service providers.¹¹ This investment would benefit 20 million people - nearly a third of the UK population - and has potential to create 40,000 jobs in initial construction and 6000 permanent jobs in ongoing maintenance

32. The coronavirus crisis has highlighted the very real difference to people's lives that access to green space and nature can bring. Easy access to quality green space has become an essential need for urban dwellers, and during lockdown, as people sought to find ways to stay active and entertained, there was a huge surge in people's use of parks and green spaces - up 25 per cent this May compared to May 2018. Some inner-city parks have experienced a close to 300 per cent increase in visits this spring, and the National Trust has experienced unprecedented visitor numbers to its urban fringe sites.

33. Nearly two-thirds of people also say that they have appreciated local greenspaces more due to Covid 19 and that they want them to be a higher priority for government. These spaces offered the opportunity for people to be outdoors during their daily exercise, and having somewhere safe, beautiful and rich in nature near to their homes has been extremely valuable to those lucky enough to have it.

34. But not everyone has been able to benefit from access to green space during this crisis. Covid 19 has exposed deep inequalities in access to green space. New research published recently by Vivid Economics and Barton Willmore, commissioned by the National Trust and partners found:¹²

- 295 deprived neighbourhoods had no trees or accessible green space, affecting 440,000 people;

¹¹ <https://www.nationaltrust.org.uk/press-release/new-research-shows-55bn-fund-needed-to-level-up-access-to-urban-green-space-as-part-of-uks-green-recovery>

¹² <http://www.bartonwillmore.co.uk/BartonWillmore/media/Main/news/news/2020/Greenkeeper/Greenkeeper-Report-for-FPA-Greening-Programme-July-2020-2.pdf>

- In areas where over 40 per cent of residents are from ethnic minorities, there is 11 times less public green space than in areas where residents are largely white. The green space that does exist is also likely to be of poorer quality. Meanwhile, black people are four times less likely than white people to have a private garden.
- Black and Asian people visit natural settings 60 per cent less than white people (despite evidence that these communities value parks more than their white counterparts).
- In the poorest 20 per cent of households, 46 per cent don't have a car, and so rural beauty spots are likely beyond their reach. Urban parks and green spaces are their only opportunity to have contact with nature.

35. This research mapped the most deprived and greyest areas of Great Britain and assessed the costs and benefits of three major interventions to level up access to quality green spaces. The interventions that the research looked at included:

- Greening urban streets and neighbourhoods, creating street parks and connecting-up local green spaces to enable safe and attractive walking and cycling;
- Upgrading poor quality parks and green spaces with more trees and wildlife, cycling routes, and with facilities for communities to significantly boost recreation, play and sport.
- Creating large regional parks and forests in the urban fringe, on green belt land, connected into the city, to enable people to explore and play in wild natural spaces without needing a car.

36. It found that there is a powerful economic case for significant investment across the UK in greening the country's most left behind and greyest urban communities over the next five years. A £5.5 billion commitment to an urban green infrastructure fund as part of the Government's recovery stimulus could potentially bring an impressive £200 billion in physical health benefits through disease prevention and mental wellbeing benefits to alleviate some of the strain on local health service providers and to improve people's quality of life. This is comparable in scale and ambition to the very welcome infrastructure investment in active and sustainable travel and highly complementary in achieving a positive impact and legacy. Over 20 million people would directly feel the benefit from this investment - nearly a third of the UK population. It would also support wider job creation, particularly in those areas of the country facing high levels of unemployment, with an estimated 40,000 jobs in initial construction and over 6,000 created permanently for ongoing maintenance.

37. Greening neighbourhoods, towns and cities at scale could bring a host of wider benefits to people's lives - improved air quality, reduced summer temperatures and surface flooding, and facilitating cycling and walking options. Many of these benefits will be vital to helping make cities and towns resilient to climate change, and greening measures can work in support initiatives to tackle issues such as flooding, and contribute to delivering on the Government's recent flood policy statement and the Environment Agency's new flood strategy, for example.

38. Urban green infrastructure can directly contribute towards achieving net zero emissions, and the scale of investment we propose could deliver one in 12 of the UK's tree planting target.

Research on London's green spaces showed for every £1 Councils spent on looking after parks, £27 in value was generated for people across these various benefits.¹³

39. Finally, there is evidence that investing in green urban spaces and making it easier to access these places also has the potential to benefit people's health and deliver savings to the NHS. For example, a natural capital study at Minnowburn in Northern Ireland identified its most significant benefit to be its contribution to people's health and wellbeing. With over 145,000 visits per year, many of these visits met the required standards of intensity and duration of physical activity required for quality adjusted life years. In this way, these active visits combined to deliver estimated annual savings of over £1.8 million to the NHS.¹⁴ Natural Capital Accounts undertaken for one of our Future Parks Accelerator partners found that Newcastle's parks and allotments are worth £135 million per year in gross benefits to local communities, including £128million in terms of physical and mental health and wellbeing benefits (or £22 per visit).
40. Despite these broad benefits and savings, funding the provision of green infrastructure is currently a major challenge for some authorities. We have some concerns that the proposed changes to SIL/Section 106 payments in the Planning White Paper and the introduction of an Infrastructure levy could aggravate this issue by reducing one of the few sources of funding for green infrastructure that currently exists, without an adequate replacement. In this context investing in a specific green infrastructure fund as part of a stimulus for economic recovery becomes all the more important, to enable benefits to be realised quickly and at scale, with addressing inequalities of access as a key delivery objective.

Getting the best out of our heritage

41. The value that our culture and heritage sectors bring to our social and economic wellbeing is vital, and the investment of £1.57 billion of funding from the Government to support the sector in the wake of the Covid 19 disaster is immensely welcome; this money will save many organisations from immediate failure. Covid 19 will continue to pose challenges to culture and heritage organisations over the medium and longer terms. But continued support and investment to these sectors also offers significant opportunity both in terms of short-term recovery, and also longer-term growth and renewal.
42. Heritage drives positive social and economic change, and is vital to creating distinctive places where people want to live. Every place has local heritage that can transform communities and make people proud of their localities. For example, research has demonstrated that refurbishing underused historic mills in West Yorkshire and Greater Manchester could provide space for 283,000 jobs (equivalent to £12.4bn of Gross Value Added per annum) or 52,000 new homes.¹⁵ This would deliver physical improvements to these places, offer opportunities to heritage construction businesses to deliver the capital work (which for historic environment projects tends to be more labour intensive than new build, with more money going into wages than materials) and boost longer term economic activity through the creation of new office and commercial space. Reuse and refit of existing buildings also helps to support the UK's net zero

¹³ https://www.london.gov.uk/sites/default/files/11015viv_natural_capital_account_for_london_v7_full_vis.pdf

¹⁴ Natural Capital Solutions, *Natural Capital Assessment in Northern Ireland: Urban Study*, April 2018, <https://www.nienvironmentlink.org/cmsfiles/NI-urban-natural-capital-study---FINAL-2.pdf>

¹⁵ Historic England, 2017, *Engines of Prosperity: new uses for old mills*,

ambition through the re-use of historic buildings to meet office and housing needs rather than undertaking carbon intensive new builds, which tend to have larger whole-life carbon footprints.¹⁶

43. The UK Government has already taken welcome steps in this direction with the welcome announcement of the £107 million of the Future High Street Fund dedicated to the regeneration of heritage high streets. Funding schemes, such as this, and other targeted investment, should be extended with targeted capital investment in deprived areas over the coming spending review period.
44. One ongoing challenge for cultural and heritage sectors has been the ability to fully capture and quantify the public value that investment in these assets can generate. The sector is already working to develop a cultural capital approach akin to the natural capital approach. This will be essential to guiding future decision making and we'd encourage the Treasury to consider changes to its Green Book methodology to ensure that generation of cultural capital can be fully reflected in future spending decisions.

Delivering at a local level

Key ask: Invest in public bodies to support delivery of national ambition for nature, Covid 19 recovery and planning reform.

Costs and expected benefits – budgets for local authorities, Natural England, the Environment Agency, Historic England and other public bodies all need overall increases in spending envelopes to reflect the increased demands on their resource from the impact of Covid 19, along with new responsibilities in connection with nature recovery and the need to implement the Government's proposed planning reforms – either directly or as statutory consultees.

Local Authorities

45. Local authorities have been at the front line of much of the response to Covid 19, helping protect people and communities, delivering key public health and education services, and supporting local businesses during this extremely challenging period. In England, local authorities are also increasingly fundamental to the success of much of the Government's 25 Year Environment Plan ambition, with additional duties and responsibilities being placed on them in relation to the creation of Local Nature Recovery Strategies and operationalising biodiversity net gain through the planning system. Much of the delivery of wider planning reforms as proposed by the UK Government in the recent Planning White Paper will also fall on local authorities to implement in practice.
46. The planning system that we have, when operating at its most strategic and effective, can be a force for significant good, and impact positively on our individual and collective wellbeing in a range of ways - our health, our economy, and our ability to live, work and relax. Local planning can ensure not only that the right development happens in the right place, but also that we have the opportunities to create the bigger, better and more joined up spaces for nature that

¹⁶ Historic England, 2019, Heritage Counts report entitled 'Carbon in the Built Historic Environment'.

we need. It can enable the best use of existing buildings for safe and attractive housing and commercial spaces, ensure new development is beautiful and delivered in a way that complements local character and heritage, and support the changes that will be necessary to help us adapt to a changing climate. It is these public benefits that we want to see any reform of the planning system seek to maximise, as fundamental objectives for future development.

47. However, even the strongest, most evidenced and well implemented reforms cannot deliver the outcomes we want to see without the necessary investment in the people and infrastructure that must operate the system in practice. Local Councils have lost nearly 60% of central government funding compared to 2010, inevitably impacting on the services that local authorities are able to deliver. Over recent years we have seen a significant decline in the number of planning staff in local authorities, falling 15% between 2006 and 2016,¹⁷ and in May 2019 only 26% of local authorities employed an in-house ecologist (and only 16% employed an expert with chartered status in ecology).¹⁸ Figures collected by Historic England on local authority staff supporting conservation and archaeology show both having fallen by 35% between 2006 and 2018. This represents a growing gap in capability and expertise within the planning system as it stands and has impacts not only for the speed and efficiency of processes, but the quality of decision-making and the confidence of planning officials to be innovative and ensure communities get the best use out of buildings for the future.
48. Even before the Covid 19 pandemic councils were facing a significant funding gap of £6.5 billion by 2024/25, and recent research by the institute for Fiscal Studies predicts a shortfall of least £2 billion to meet the full financial impact of the pandemic in 2020/21 – with the potential for this to grow to as much as £3.5 billion.¹⁹ This also doesn't take into account the impact of lost local taxes on future years.
49. The measures in the Environment Bill and reforms proposed in the Planning White Paper, in addition to changes to the planning system coming into force ahead of wider reform, will not reduce burdens on local authorities in our assessment. There is potential opportunity to make better use of funding to more strategic purposes, enforcement and complex cases, but this needs to be predicated on having sufficient base line funding to deliver. Changes as substantial as those being proposed across the board not only create new obligations on local authorities, but also require step changes in working practices, skills and capability in order to capitalise on the opportunity that is there. Many local authorities will struggle to deliver in practice given the current financial pressures they are already facing.

Other public bodies

50. Key statutory bodies also have vital roles in providing the expertise needed to enable the planning system to work effectively and ensure the protection and enhancement of our natural and historic assets. However, we have seen budget pressures in recent years create challenges across the public bodies that we work with.

¹⁷ NAO, Planning for New Homes Feb 2019 <https://www.nao.org.uk/report/planning-for-new-homes/>

¹⁸ ENDS Report May 2019, <https://www.endsreport.com/article/1585763/capacity-crunch-councils-expertise-deliver-biodiversity-goals>

¹⁹ Institute for Fiscal Studies, Aug 2020 <https://www.ifs.org.uk/publications/14977>

51. Natural England was subject to a budget cut of over 44% in an 11-year period.²⁰ This has affected their ability to monitor, enforce and deliver for the environment, even as reductions in local authority ecological resource have made their input ever more important. Natural England is expected to be the driving force behind the national Nature Recovery Network, and will also have a key role as the Government looks to implement the outcomes of the Glover review of designated landscapes. In order to perform these roles effectively they will need additional resource in the coming years, particularly to ensure that they have the full range of skills and expertise to draw upon to be effective in advising on wider issues of landscape and cultural heritage that are a core aspect of our national parks and AONBs.
52. The Environment Agency is not currently able to fulfil its regulatory role to the fullest extent needed to ensure compliance. For example, at present inspectors can only visit each farm in the country once every 200 years. Such a limited enforcement presence has a significant impact on compliance with key environmental regulation (e.g. SSAFO), with resulting impacts for our environment in terms of water and air pollution.
53. The Environment Agency also needs sufficient resources to be able to monitor the health of the water environment in order to be able to effectively track progress against targets. This is especially pertinent given that 0% of river, lakes and streams are classed as in good health in England, despite a target for all waters to be in good health by 2027. We therefore support calls for the Government to commit £1-2 million annually to establish and maintain a national monitoring co-operative to pool existing information about problems and opportunities at a catchment scale and make data available to all practitioners. This would involve mobilising thousands of citizen scientists who could regularly monitor their local water environment to agreed standards, providing much needed support to the Environment Agency and Natural England datasets and monitoring programmes.
54. Historic England has similarly seen a 49% real-terms cut between 2010/11 and 2019/20.²¹ As another statutory consultee in the planning system, this again reduces the overall resource available to support processes, and inevitably leads to further loss of overall expertise, experience and confidence to innovate and make the best of our historic environment to improve local areas. This comes at a time when the Government is rightly seeking to invest in high streets and support renovation through local heritage.
55. The need to protect heritage assets and ensure that public access and enjoyment of them is maintained for future generations is likely to be a growing challenge in the context of coronavirus – particularly in the face of ongoing restrictions and further potential lockdowns in the coming weeks and months. Historic England plays a vital role as ‘safety net’ for nationally important heritage at risk of loss, and this risk is significantly increased in the light of the impact of Covid 19 on heritage operators, particularly smaller ones. There is a real need to address this over the next period, to ensure benefit to the public is not lost. Historic England and the NLHF need to be funded to support partner organisations in the sector to continue to care for our most important heritage, and perhaps take on increased responsibilities for new assets.

²⁰ Supplementary written evidence from Natural England (NER0092). Budget cut figure as at May 2017

²¹ Historic England Three Year Corporate Plan, 2018-21, <https://historicengland.org.uk/images-books/publications/he-corp-plan-2018-21/>

56. Other bodies such as National Parks and AONBs themselves are also facing funding challenges, which will need to be addressed if the full ambition of the Glover review is to be achieved. Rather than putting substantial funding towards setting up an entirely new body to deliver the proposed new National Landscape Service, we believe greater value for money, efficiencies and reduced risk of duplication can be found by placing these functions within Natural England.
57. Lastly, but as importantly the new Office for Environmental Protection needs the resources to uphold environmental law to the highest standard after the UK leaves the EU. Similar environmental governance arrangements need also to be put in place and funded effectively in the devolved administrations.
58. If the Government is to be a world leader for the environment and climate, it must provide the bodies that are at the front line of delivery with the resources they need or risk the failure of its national policy ambition. This spending review represents a vital opportunity to invest upfront for a greater return for the public from the vital contribution these public bodies can make, which together enhance our environment, wellbeing, and quality of place.

Ensuring the long-term sustainability of recovery for key sectors

59. Delivering a green economic and social recovery that benefits everyone and puts us on the path to net zero isn't something that can be done through a single set of measures, or through a narrow focus on a small number of sectors. A range of policy and funding mechanisms must work together to deliver a coherent, holistic package of measures that work together. This will require cross-sector and cross-government investment and policy intervention to deliver a coherent, holistic package of measures with flexibility to meet local needs.
60. We've already discussed the importance of public sector bodies in delivering against central government ambition. But it's also the case that private and third sector organisations act as key delivery partners for government in many areas, and typically undertake the bulk of work on the ground – whether that be undertaking tree planting projects to lock in carbon, installing energy efficiency measures in people's homes, or making Covid-secure adaptations to heritage sites to ensure tourists can return safely. Many of these organisations have suffered severe losses to income in recent months as a result of the coronavirus, and will face long term limitations in what they can deliver, with reduced budgets and staff resource. While we very much welcome the vital short term funding that has been brought forward in schemes such as the Green Recovery Challenge fund and the Culture Recovery Fund, there is still a real ongoing existential challenge for many organisations and sectors, and more will be needed to ensure that the Government's ambition, including to reach net zero emissions by 2050, is deliverable.

VAT reform

61. VAT has already proved to be a key tool for the Government in helping to promote economic recovery from Covid 19, through its success in supporting the tourism and hospitality sector this summer. We think there is scope for further changes to our VAT regime to stimulate key sectors, help meet the UK's net zero target, and support wider co-benefits to the public as a result.

Key ask: VAT reform – implement changes to VAT which can stimulate job creation and growth of key delivery sectors, and also help reduce carbon by making best use of existing housing stock.

1) Cutting VAT for restoration and refit of existing buildings

Costs and expected benefits – This measure would provide a substantial stimulus to the construction sector, with evidence from the Isle of Man and the Netherlands showing significant increases in business for construction companies when similar cuts were undertaken. It estimated that reducing the rate from 20% to 5% would have generated a stimulus worth £15bn over the five-year period to 2020, particularly benefiting SMEs. In addition, they estimated that this would have led to 42,050 extra full-time equivalent construction jobs by the end of the five-year period, with a further 53,430 jobs in the wider economy. This came at a projected cost to the Treasury of £921m in the first year of implementation, once revenue gains and losses from lower unemployment benefits, higher income tax and national insurance are taken into account.²²

2) VAT exemption for Charitable organisations managing land for public benefit

Costs and expected benefits – There would be a cost in the VAT income forgone. However, the public benefit generated by the management of land for public use is extremely significant, as demonstrated by our Urban Green Infrastructure work, with associated savings for health and wellbeing, and short- and long-term job creation. This VAT charge is currently a barrier to innovation and models of public green space management other than by Local Authority (which are currently exempt). In these cases, where land management activity is transferred away from local authorities, broadening the existing exemption would be cost-neutral to the Treasury. However, there are also likely to be savings associated with costs of managing and maintaining public spaces transferring to third sector and other bodies.

Cutting VAT for restoration and refit of existing buildings

62. The Chancellor recently announced a £3bn package for energy efficiency, £2bn of which will support private owners in retrofitting homes with vouchers worth up to £5000. This is a really welcome first step towards delivering on their manifesto commitments, and starting the nation on the path towards net zero. We welcome the investment being made, and hope that this is the first step on the Government delivering against their manifesto commitment with further funding made available over the coming years.

63. There is a significant opportunity in refit and reuse of historic buildings to support decarbonisation and meeting our net zero obligations. Recent research by Historic England also shows that embodied carbon (i.e. that generated through construction, use, maintenance, demolition or reuse) is significantly underestimated in calculations of the carbon footprint of new buildings.²³ When you consider the whole life of a building, the relative carbon footprint of a historic building can compare favourably against the alternative of demolition and new build. In terms of contributing to net zero by 2050, Historic England found that “When a typical historic building – the Victorian Terrace – is sympathetically refurbished and retrofitted, it will emit less carbon by 2050 than a new building. But only if the whole life carbon of the building is considered”. The same research also identified substantial potential for improvements in

²² Experian 2015, <https://www.ihbc.org.uk/resources/VAT-research-FINAL.pdf>

²³ Historic England, “There’s no place like old homes”, Feb 2020, <https://historicengland.org.uk/content/heritage-counts/pub/2019/hc2019-re-use-recycle-to-reduce-carbon/>

energy efficiency in traditional buildings, finding that it could be possible to reduce emissions by up to 60% through sympathetic refurbishment and retrofit.

64. However, the success of delivering gains energy efficiency in existing buildings in practice is dependent on the capacity of the construction sector. We have some concerns particularly about the availability of those with specialist heritage skills to ensure that appropriate measures are installed in the 22% of our housing stock that was built pre-1919, and which can be subject to damage if the measures such as double glazing, exterior cladding, or solid wall insulation are employed without recognising the need for traditional buildings to be treated appropriately. If owners are not given the right advice, and are pushed towards operators without the right skills then this scheme could do more harm than good – both for the building and for the people who live there, as well as undermining efforts to reduce energy efficiency in practice.
65. The availability of advice and the ability to undertake installations and retrofits in traditional buildings therefore relies on the health of the heritage building sector, which is under severe pressure.²⁴ There is a significant lack of knowledge and skills to deliver high quality and successful installations to traditional builds on this scale, which limits the practical delivery of appropriate improvement measures – and in the context of the package just announced, this makes the risk that unskilled operators undertake inappropriate work more likely.
66. One straight forward measure that the Government should take is to reduce the VAT on housing repair, maintenance and restoration, which is currently set at 20%. This compares to the zero-rated VAT that currently applies to new build construction, which creates a perverse incentive to demolish and rebuild, rather than make improvements to existing buildings. This measure was supported by the recent Building Better Building Beautiful Commission, and could have multiple economic benefits in terms of encouraging spending on repair and retrofit, which benefits the construction and wider heritage sector. With the right investment, historic building retrofit could be an area of growth in the UK, providing new jobs and driving innovation in the heritage sector, where we could seek to be a world leader.
67. There is evidence that VAT on repairs and maintenance as it stands has a suppressive effect on economic activity and has resulted in consequential loss of capacity - especially among heritage specialists with the skills to adapt historic buildings to meet our future needs, with a negative impact on reviving or promoting enterprise, craft skills and apprenticeships in the heritage sector.²⁵ According to the Federation of Master Builders, a cut in the VAT on home improvement works would stimulate the industry, removing a barrier to homeowners upgrading their buildings.²⁶
68. Research by Experian in 2015, drawing on evidence of the impact of cuts to VAT on restoration and repair in the Netherlands and the Isle of Man, estimated that reducing the rate from 20% to 5% would have generated a stimulus worth £15bn over the five-year period to 2020, particularly benefiting SMEs. In addition, they estimated that this would have led to 42,050

²⁴ 40% of smaller crafts-based businesses and professional services (architects/surveyors/engineers) forecast business failure within 3 months, according to Historic England

²⁵ IHBC. http://ihbconline.co.uk/toolbox/research_notes/vat.html

²⁶ Federation of Master Builders. <https://www.fmb.org.uk/about-the-fmb/newsroom/construction-recovery-needs-a-vat-cut/>

extra full-time equivalent construction jobs by the end of the five-year period, with a further 53,430 jobs in the wider economy. This came at a projected cost to the Treasury of £921m in the first year of implementation, once revenue gains and losses from lower unemployment benefits, higher income tax and national insurance are taken into account.²⁷

69. While the evidence base used in the Experian report is based on a cut to VAT that applies across repair and restoration to all existing buildings, it could be possible to specifically direct the cut towards repair and restoration work undertaken specifically on traditional or historic buildings. While this would have a lower stimulus effect across the economy as a whole, it would still offer significant benefit in assisting homeowners and landlords with the particular costs that are incurred with upgrading energy efficiency in these buildings, and would offer more directed support to the heritage construction sector.

VAT exemption for charitable organisations managing land for public benefit

70. Earlier in our submission we shared the outcomes of our research about the value of enhancing green infrastructure and the benefit it offers in terms of public health and wellbeing, enhancing biodiversity and climate resilience, and supporting green job creation. The second change to the VAT regime we propose would act in support of the provision of green infrastructure and offer wider support to the management of land for public access.

71. At present the management of public open spaces is a non-business activity for VAT purposes. Any costs associated with for maintaining the space (which could include for e.g. maintaining footpaths, provision of toilets, landscaping, nature conservation, and other works) are subject to VAT unless the land generates income – for example through payment for entry, or grazing licences. For the National Trust, this effectively means that while VAT can be reclaimed for costs associated with these activities where the land is behind a pay barrier or otherwise part of our business activity, it cannot be reclaimed where the space is open to the public. This creates the perverse situation that our work maintaining open access land for public use (where significant public benefit may be being generated) is more expensive to carry out than on land where we are generating income.

72. Under Section 33 of the VAT Act 1994, Government and Public Bodies are able to recover VAT on works, but this has not been extended to charities such as ourselves. This has created further challenges where we have been involved in work with local authorities looking at innovative approaches to the management of public parks and greenspaces, including through our Future Parks Accelerator project with the National Lottery Heritage Fund.²⁸ The increased cost of managing land by bodies such as charitable trusts foundations or other community organisation, compared to local authorities, creates a strong disincentive and barrier to establishing alternative governance models for public green space - even where this offers significant longer term benefits, for example by offering more opportunities to attract funding and investment, increased opportunity for local engagement and participation, enhanced quality and value of the space for local communities, and more sustainable management models overall.

²⁷ Experian 2015, <https://www.ihbc.org.uk/resources/VAT-research-FINAL.pdf>

²⁸ <https://www.nationaltrust.org.uk/features/our-vision-for-the-future-of-parks>

73. Exempting charitable organisations from paying VAT on the maintained of public open space would likely represent a relatively minor cost in terms of overall VAT revenue. However, it could make a substantial difference to organisations who are delivering significant public benefit and allow them to invest more of their income into delivering direct improvements to public green space, attracting more of the benefits to health, economy, environment and quality of place that we have discussed in this submission. This exemption could thereby act both as stimulus and a crucial financial support for organisations whose income have been badly impacted by the pandemic.

Increasing the return on investment from public funding

Key ask: Govt should seek to increase the return on investment and value for money in its use of public funding for built and natural environment, local growth, climate

Proposal 1: Consider changes to enable public funding to generate more substantial and sustainable public benefit. This could include streamlining and simplifying funding streams, removing structural barriers to partnership, collaboration and blended finance models, which can enable larger, landscape scale projects, which deliver more substantial benefits at scale . The UK Shared Prosperity Fund will play a vital role across the UK in contributing to this and supporting sustainable local growth.

Costs and expected benefits – Minimal administrative costs, but potentially significant benefits in terms of efficiencies of scale, reduced duplication of effort, and greater returns on the public funding available.

Proposal 2: Put state-backed mechanisms in place to attract private investment into the natural environment and deliver financial and environmental returns.

Costs and expected benefits – This will vary depending on the mechanism, but benefits expected to be in accelerating activity on the ground aimed at delivering a range of environmental public goods from carbon sequestration to flood management, and the provision of infrastructure to support net zero.

Enabling public funding to generate more substantial and sustainable public benefit

74. Covid 19 has had a huge impact on the organisations in our sectors - and will likely continue to do so for a significant time to come, with social distancing meaning that operating capacities remain far below usual. While we're extremely grateful for, and have warmly welcomed, the emergency funding that has been brought forward for cultural organisations and through the Green Recovery Challenge Fund, nature conservation organisations have highlighted the need for at least £350 million of funding to retain jobs and ensure existing projects can go ahead, before the need to deliver additional projects that leverage up ambition and results. There equally remains a gap between funding and need for culture and heritage organisations seeking to make the most of our heritage to regenerate high streets, and level up our places and communities.

75. Ensuring that sufficient funding is available to deliver on the Government's ambition is therefore absolutely crucial to ensure that crucial work is not stalled (as highlighted in our first two asks), but we believe there is also a need for a rewired and more sustainable future funding landscape to support our sectors to rebuild capacity, grow the right skills and capability to deliver the recovery we need, deliver greater return on investment for the public money involved over the longer term, and create new green jobs and career paths.
76. In our view the current overall funding landscape creates inefficiencies and barriers to effective partnership activity and delivery at-scale. It is challenging for key stakeholders (local and national governments, local delivery partners, businesses, landowners, and communities) to take a strategic approach which responds to local need where funding mechanisms are fragmented across different sectors, and often focus on short term outcomes rather than sustainable structural changes and enhancements which provide long term public benefit. Short timeframes and competitive funds also present barriers to collaboration.
77. A good case study to illustrate this point is our ambitious Riverlands Programme. This is a long-term conservation project, working across whole river catchments with multiple delivery partners, costing approximately £13million in the first phase.²⁹ It aims at delivering for nature, people and broader sustainability with a wide range of benefits for biodiversity, water quality, flood protection and water management, soil quality, promoting people's wellbeing through connections to nature, nature-based climate solutions, and many more across up to 12 individual river catchments. This brings 1,204km² land, 981km of river and up to 3.6million people living within 10 miles of the catchments within the scope of the programme. However, we have encountered significant barriers and challenges when planning and delivering this complex programme of work at scale. In particular:
- A general lack of funding to support the project, particularly in the form of larger grants. We have been required to look at multiple small funding pots (fundraising, grants, philanthropy etc), with a resulting piecemeal, hand-to-mouth approach that limits our ability to fully commit to the bigger ambition and scale up our delivery. With the right level of funding we believe we could easily scale up our delivery at least 3-5 fold and this would make a significant impact on delivery of the 25YEP.
 - Funding mechanisms currently do not encourage and facilitate collaborative and partnership working – mainly due to timescales for application and delivery, which are often too short to enable organisations to join the dots between their projects and take strategic approaches to projects that could work together across landscapes and geographies to deliver bigger benefits in tandem. There is also a lack of incentive to work collaboratively, as organisations are put in a position of competing against each other for the same limited pot of funding.
 - Our partners are often able and willing but are hampered by their own financial constraints which limit their ability to make financial commitments over longer time frames and thereby commit to the big scale delivery – often because of the nature of their own funding as being

²⁹ See our Riverlands brochure for individual case studies on each of the strands of the programme which address Nature, People and Sustainability - <https://indd.adobe.com/view/ecd70af8-bae4-402a-9779-64a79ff147b1>

short term or tied to specific time-limited project delivery. This is proving particularly relevant right now at a time when our own financial constraints mean we are reducing our capacity to deliver.

New thinking on the strategic join up of funding is therefore needed if we are to deliver the scale of change necessary to address inequality of place and the crises for nature and climate that we are facing.

78. Innovative approaches to the use and pooling of funding could be one way to support this effort. Consolidated funding, that brings together public and private sources in new investment models, would create opportunities to deliver bigger, more strategic outcomes and multiple benefits not just across landscapes or catchments, but also high streets and urban renewal. As well as existing funds such as lottery funds, research councils, landfill, designated funds and funds arising from planning obligations such as Section 106 agreements (or in future from the proposed infrastructure levy), the UK Government has launched, or has plans to launch, the UK Shared Prosperity Fund, the Cultural Investment Fund, the Future High Streets Fund, and the Cycling and Walking Fund. These are in addition to those funds that focus on nature (such as the Nature for Climate Fund and funding set to arise from the biodiversity net gain measures in the Environment Bill), and the possibilities that could arise from private sources of funding (which discuss in the final section of this submission).
79. We would like to see exploration of ways that these multiple pots of funding could be brought together to work more effectively and more strategically to enable larger pots and grants to be made available where significant benefits can be realised by delivering at scale – across landscapes, urban settings or communities.
80. This approach could be of benefit in both rural and urban contexts in making more funding available to strategically address the needs of communities and nature together, encompassing built and cultural heritage, carbon sequestration, climate adaptation, nature and green infrastructure. It could more easily enable larger schemes with multiple delivery partners that deliver a wider range of benefits, including enhancing health and wellbeing and creating more secure green growth and permanent new jobs in association with maintenance of green spaces and infrastructure. In particular we see a real opportunity for consolidated pots of funding to play a key role in the implementation of local nature recovery strategies.
81. In doing so this would not only increase the return on investment from public funds, but also help ensure a holistic approach to sustainable recovery and the long term future of organisations in a range of sectors, who will be at the forefront of much of the delivery on the ground. This would also help reduce administrative burden on organisations who otherwise have to apply individually to multiple funders (and thereby meet a range of different criteria and constraints in terms of delivery). We also think that there could be value in having greater collaboration between Government and key delivery sectors in the design and implementation of new funds in order to ensure that funding models work effectively to deliver the outcomes sought.
82. There is a related need to invest in the skills and capability within the existing organisations that are working for the natural environment and heritage sectors to ensure that the capability is there to leverage opportunities, particularly in relation to accessing private funding and more broadly creating sustainable models of income beyond the life of a project. These are specialist

skills that are not necessarily common within our sectors. However once again the current funding system can be a barrier, in that the need to fund project staff from project-specific grant funding means that it may not be possible for organisations to access the right skills and capability at the early project planning stages, where the need to explore funding opportunities alongside development of the project itself can be critical to ensuring long term success – both of funding bids themselves and of the scalability and scope of the project and its outcomes in the long-term.

83. One important part of the future funding landscape will be the long-awaited UK Shared Prosperity Fund (UKSPF), which should provide an important source of funding to support sustainable local growth. At present there is no information about how funds will be allocated across the UK, or how grant decisions will be made. Given the impact of Covid 19 and the potential for this to be amplified by Brexit we would like the UK Government to provide more information about their plans for the UKSPF as a matter of urgency – in particular how funds will be distributed to the devolved administrations.
84. The ability of Local Enterprise Partnerships (LEPs) in England to invest in SMEs and rural businesses is a concern, if they are to be administering the UKSPF grants as currently expected. As discussed, a wide range of sectors, such as farming, culture, heritage, tourism and traditional crafts and construction could all deliver greater public benefit, generate jobs and contribute to reducing emissions and increase long term sustainability as part of recovering their financial security. However, focusing on what is easily measurable, such as on levels of productivity, has been the past approach of many LEPs. This has led them towards big energy, and road infrastructure, rather than engaging with more complex SME based economies such as tourism and agriculture where the benefits more dispersed but can be critical in terms of places and people's lives.
85. Local Industrial Strategies (LISs) in England could provide a vehicle to set out a strategy for local economic recovery that takes this holistic approach, and focuses on job creation and economic activity through the approaches we've described in this submission: investing in nature and green infrastructure, addressing inequality of access to green space, nature based climate mitigation and appropriate adaptations in the build environment, and regeneration and revival of historic town centres and heritage assets – without taking a one-size fits all policy that may leave some places at a disadvantage. Those LISs already in development or agreed before coronavirus may need revising to reflect the changed context, and all LISs should explicitly seek to support delivery of local nature recovery strategies.
86. Finally, there is also a need for better assessment of the success of key funds, with learning applied to future funds – particularly in terms of central government funding. We'd like to see the outcomes of the Treasury's Net Zero and Dasgupta reviews feed into updates of the Treasury Green Book and WebTag guidance/evaluation to reflect the true benefits of natural and cultural/heritage capital.

Growing green finance models and attracting private investment

87. Green finance is an area where there is real opportunity for the UK to become a global leader, but where more ambition and momentum is needed to deliver much greater impact at scale. We'd like to see government being bolder in exploring innovative fiscal measures and

models which bring together public and private funding and create new investment models and opportunities to provide sustainable sources of funding over the long term - providing new income streams and more opportunity to deliver projects to tackle climate change, restore nature, and work in a holistic way to enhance quality of place and built environment to help the UK meet its targets and deliver government ambition - in so doing creating green jobs in environment and low carbon sectors.

88. Evidence abroad with schemes such as the Nature Conservancy's NatureVest shows that there is both appetite and genuine returns to be had from conservation investment, but there is a need to do more to de-risk projects, support the development of new private markets for environmental goods and zero carbon technologies, grow the confidence of investors in likely returns, and make green investment a more attractive proposition for a wider audience in the UK. The recently announced natural environment Investment Readiness Fund to be administered by the Environment Agency goes some way to delivering on this, and is very welcome but we'd like to see greater ambition at a larger scale over the spending review period, especially in terms of exploring how such an approach would work alongside and complement ELM, especially Tier-3 large-scale land-use change projects.
89. There are a trials and pilots and individual work streams being taken forward by a number of organisations which are providing useful evidence and momentum, and there are lessons to be learned from the approach taken to setting up Big Society Capital, and other funding and investment initiatives, as well as new ideas that could be explored, many of which have substantial merit.
90. For example, there is clear opportunity around the establishment of a state-backed lending institution, such as a renewed version of the Green Investment Bank, or a Climate Infrastructure Bank to accelerate investment in infrastructure specifically to help achieve Net Zero. Another model to explore further could be green and blue impact bonds, which allow private individuals to invest in a scheme, with the Government paying a rate of interest in return for a recognised public goods outcome, such as improved ecosystem services or enhanced natural capital.
91. It might also be possible to tap into state-backed investment funds such as the NS&I fund to create a pool of funding that can be used to provide match funding alongside private investment aimed at delivering environmental benefits alongside financial returns, regulate through the enforcement of the polluter pays principle to ensure that environmental harm is deterred in the first place, and/or creating new markets for environmental goods.
92. We have some experience creating such private markets in our work with Green Alliance to develop Natural Infrastructure Schemes, which allow farmers or land managers to sell (individually or in groups) the environmental benefits provided by their land management practices to private beneficiaries – for instance, selling reduced flood risk through re-naturalised rivers and tree planting to private companies (energy utilities) that benefit from reduced flood risk. We are currently in the process of scaling up our approach (as part of our 'Eden Model' ELM test and trial project for Defra) from which we hope to be able to show how private sector finance can be leveraged and how this could blend with public investment under a future ELM system.

93. There may also be lessons to be learned from local growth schemes and tools such as business improvement districts. A form of natural enterprise zone could support growth in green industries and help marketise the benefits to local businesses and industry from environmental enhancements and provision of green infrastructure in local areas. Generating additional funds through local business rates or funds that local private businesses can contribute into could enable mutually beneficial improvements to be made to local environment and green space that help local communities as well as private enterprises.

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