![Aldersgate Group logo — LEADERS FOR A SUSTAINABLE ECONOMY]

Scope of the long-term targets in the Environment Bill
SEPTEMBER 2020

ABOUT US

The Aldersgate Group represents an alliance of major businesses, academic institutions and civil society organisations, which drives action for a competitive and environmentally sustainable UK economy. Our corporate members have a collective global turnover of over £550bn and include companies with operations across the UK economy such as Associated British Ports, Aviva Investors, BT, CEMEX, the John Lewis Partnership, Johnson Matthey, Michelin, Siemens, SUEZ, Tesco and Willmott Dixon. They believe that ambitious environmental policies make clear economic sense for the UK, and we work closely with our members when developing our independent policy positions.[1]

THE TARGET SETTING FRAMEWORK

The environmental targets policy paper, published on 19 August 2020, is an important step forward in establishing legally binding long-term targets. **The Aldersgate Group believes that setting robust, transparent, and ambitious long-term targets are vital to ensure an environmental governance framework that protects and enhances the natural environment**.

This paper provides some constructive recommendations for each priority area for the Government and the independent panel of experts to consider when entering the next phase of the target setting process. Our recommendations are derived from in-depth discussion with our cross-sectoral membership.

Businesses want strong long-term targets to provide much needed clarity on long-term policy direction and a stable investment environment. Clear targets establish a framework for government policies, subsidies and regulations within which businesses can receive predictable revenues from investing in more resource efficient and environmentally restorative business models. Ambitious targets can also create a regime whereby businesses are incentivised to go above and beyond minimal compliance baselines.

To realise these ambitions, long-term targets need to be:

1. **Clear in scope**, which the environmental targets policy paper and subsequent public engagement will help support. We would welcome further regular stakeholder engagement throughout the target setting process to aid this objective.

2. **Interdependent**, recognising that many of the priority areas set out in the Bill will affect one another. This was acknowledged by the Secretary of State for Environment, Food and Rural Affairs at the Environment Bill Targets event on 23rd September organised by Broadway Initiative, IEMA and the Aldersgate Group. Targets will therefore need to interact well with one another and that there may be several targets per area. A good example of this can be noted with the water and biodiversity targets.

3. **Supported by strong interim targets** that give businesses confidence regarding near-term delivery. Interim targets should ideally be legally binding to make them sufficiently robust; however, failing that, there needs to be clear requirements for Government to report on progress against interim targets and to set out what additional

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[1] Individual recommendations cannot be attributed to any single member and the Aldersgate Group takes full responsibility for the views expressed.

measures will be taken if we appear off-track to meet them. This will help ensure that they are sufficiently robust.

4. **Underpinned by an effective framework**. To have an effective framework, there should be a stronger link between the targets and the Environmental Improvement Plans (EIPs). The EIPs – and the annual reporting process supporting the EIPs – must contain clear policy measures, investments and initiatives that will help ensure progress on both long-term and interim targets. It would also be necessary to have further transparency over which experts will be consulted as part of the next phase of the target setting process. Finally, additional information is needed on what the Significant Improvement Test will entail, how long-term targets will be objectively assessed against this test, what interim targets will help drive long-term progress, and how the Government intends to deal with current targets that are due to expire between now and when the first set of targets must be set.

5. **Consistent with other policy areas**. As our response will set out, targets are most effective when they are integrated across multiple policy areas. The example used here relate to planning and the biodiversity priority area, but this will be essential for all four priority areas.

Long-term and interim targets also need to be supported by industry pathways, so that businesses can understand how their operations can contribute towards meeting them and the impetus to drive progress is spread across the economy. Government therefore need to work with businesses and civil society throughout the target setting process. This will help business understand targets and clarify how different actors can assist in delivering progress towards them.

The Aldersgate Group has also been advocating for an overarching objective for the targets in the Environment Bill. Having such an objective or overarching target will help establish a shared vision of what the whole target framework (long-term targets, interim targets, EIPs, environmental principles) is working to achieve, and give clarity to businesses on the expected ambition for future targets.

SUMMARY OF TARGET RECOMMENDATIONS

General target recommendations

- There should be an **overarching vision** for the target setting framework to help guide improvements across all policy areas and set an expectation for future targets' ambition.
- The target development process needs to be supported by putting in place **industry pathways**, so it is clear what each economic sector will need to do to achieve the ambitions set forth in the Environment Bill.
- **Businesses and civil society** should be further involved in the articulation of future long-term targets.

Air quality

- There needs to be a further understanding of how **other air pollutants** will be tackled. The ambition for PM2.5 is understandable but future targets (long term and interim) will need to acknowledge other pollutants to drive meaningful improvements on air quality.
- The long-term targets for air quality should be based on **WHO guidelines**.

Resource efficiency and waste reduction

- Improvements in resource efficiency and waste targets need to consider **the whole economy**, not just areas where it is easy to implement measures, such as packaging.
- **Gradually mandating better product design** will be a vital supportive measure to drive further resource efficiency and improve recycling rates.
- There should be a **global materials footprint target** and further thinking is required as to how to recognise the importance of **waste and resource minimisation** within this priority area.
- Further information on how the targets will be able to differentiate between **virgin resources and recycled materials** would be welcomed.

Biodiversity

- The target on restoring and creating habitats will need to consider connectivity, quality and extent of habitats to fully capture any changes in land use.
- Targets, particularly on biodiversity, need to be **integrated into other policy areas**. For example, **the Planning White Paper needs to acknowledge the role of nature restoration, biodiversity gain, and Nature Recovery Networks.**
- **Soil health and woodland cover** should be formally included in the proposed list of long-term targets.

Water

- As noted in the water priority area, it will be vital that the long-term target setting process **acknowledges any potential deadlines for existing targets**. For example, the deadline for targets under the Water Framework Directive is 2027 and there appears to be no current plans to capture these in the formation of long-term targets.
- **Sediment** should be included on the agriculture pollution target, and **other pollutants** in wastewater should be included at the earliest opportunity.
- The water demand target should include **all abstraction licenses**.

Further information on each of these recommendations is below.

PRIORITY AREA 1: AIR QUALITY

Proposed target outcomes

- Reducing the annual mean level of fine particulate matter (PM2.5) in ambient air
- Reducing population exposure to PM2.5 in the long term

Aldersgate Group's view

We agree with the focus on PM2.5 in the air quality priority area because of its significant human health impact. The combination of both an annual mean level target and a population exposure target will drive action across the country to reduce this particulate pollutant.

However, it will be equally important to understand how Government intends to drive action on other air pollutants that are excluded from the scope. These pollutants, including NO_x, ammonia, nitrogen oxides, sulphur dioxide, and PM_{10} still have negative impacts on the environment and human health. As a bare minimum, these should be reflected in the interim

targets set for air quality to ensure coherent delivery even after any current air pollutant targets expire. For example, commitments in the National Emission Ceilings Regulations 2018 only extend to 2030, and this needs to be considered further in the development of the long-term targets and subsequent interim targets. There could be a potential here to also incorporate ozone protection.

Similarly, the policy paper does not commit to setting a target which reflects WHO guidelines. While we understand that more work is required in this area, we would strongly encourage that this work proceeds with haste and that this is reflected in the final long-term targets for air quality.

PRIORITY AREA 2: RESOURCE EFFICIENCY AND WASTE REDUCTION

Proposed target outcomes

- Increase resource efficiency
- Reduce the volume of 'residual' waste we generate

Aldersgate Group's view

The objectives for the resource efficiency and waste reduction targets are helpful as they include both upstream resource productivity and downstream residual waste reduction. This focus will help drive improvements across the economic system, and as such, the Aldersgate Group welcome this initial focus on the resource efficiency and waste reduction targets. These targets will be important to ensure that the whole economy moves to a more resource efficient footing. To further achieve this vision, it is vital that the final long-term targets in this area support commitments made in England's Resources and Waste Strategy and in the 25 Year Environment Plan.

In practice, to drive improvements across the board on resource efficiency and waste, it will be important to work with a range of economic sectors to develop pathways for how they can reduce waste and increase resource efficiency. Improvements need to come from all sectors, not just those where improvements are easily identifiable, such as packaging.

Since 80% of a product's environmental impact is determined at the design stage[2], we would urge Government to **introduce measures that will gradually mandate better product designs**. Our REBus work on resource efficiency and waste management has illustrated the importance of targets and policies in increasing recycling and achieving greater resource efficiency. This was done by incentivising better product design across a wide range of product groups, such as batteries, tyres, furniture and electronic goods. Having such a measure in place will greatly support progress in this priority area.

In the long term, progress in this area need to help reduce the UK's global materials footprint and minimise people's resource consumption. The focus on raw material consumption for the resource efficiency target is welcome, but **we would urge Government and the independent expert panel to consider how these additional aspects (global footprint and minimisation) can be incorporated into this priority area.** Furthermore, the global footprint needs to encompass imported as well as exported materials. Including imported materials will be important to fully understand the UK's impact on the environment and to prevent offshoring of raw material extraction. It will also help lay the foundation for a potential future target on

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[2] Aldersgate Group (2017) Amplifying action on resource efficiency: UK edition
https://www.aldersgategroup.org.uk/asset/561

embodied carbon in materials and products, thereby aligning climate and environmental ambitions.

Finally, we would welcome further information on how the targets will differentiate between virgin resources and recycled materials, as the distinction can help incentivise more circular business models.

Priority area 3: Biodiversity

Proposed target outcomes

- Improve the quality of habitat on land, including freshwater and coastal sites, expressed through the condition of protected sites (SSSIs)
- Improve the quality of marine habitat, expressed through the condition of Marine Protected Areas
- Improve status of species populations on land and in freshwaters
- Restore and create wildlife-rich habitat outside protected areas through appropriate management
- Improve soil health (potential target)
- Improve woodland cover (potential target)

Aldersgate Group's view

Reversing biodiversity loss is a crucial part of reversing the decline in the natural environment and restoring it for future generations. The targets proposed for this priority area are ambitious and extensive in scope. In particular, we welcome the inclusion of the marine environment and of extinction risk and abundance in the species population target. Recognising this breadth of factors will help make the targets impactful and drive implementation on the ground. It is also worth ensuring that these targets support any international progress at the Convention on Biological Diversity in 2021.

On restoring and creating wildlife rich habitats, it will be important that this target covers the **connectivity, quality and extent of habitats** so that it can capture any changes in land use, positive as well as negative. Furthermore, to ensure the success of this target, it is crucial that the restoration of habitats target links back to **other policy areas such as planning**. Under the current proposals in the Planning White Paper, there are no mechanisms to classify areas for restoration (only protected areas, and these may require different classifications in the planning system), or any mechanisms to recognise the role of Nature Recovery Networks. Additionally, the planning reforms need to further integrate the goal of biodiversity net gain in the proposals to maximise its impact.

We would further urge the Government to include formally the potential targets related to **soil health and woodland cover**. Improving them would have a considerable positive contribution to the environment, especially as the current estimation for soil degradation in England and Wales is £1.2bn per year for England and Wales.[3] Including these as targets will make sure that biodiversity is considered as a whole and will help illustrate how interconnected these targets are – for example, improvements in soil health will complement initiatives to reduce pollution from agriculture.

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[3] Cranfield University (2015) The Total Costs of Soils Degradation in England and Wales.

Priority area 4: Water

Proposed target outcomes

- Reduce pollution from agriculture
- Reduce pollution from wastewater
- Reduce water demand
- Reduce the impact of pollution from abandoned mines on the water environment (potential target)
- Reduce impact of physical modification on the water environment (potential target)

Aldersgate Group's view

Agriculture, wastewater and water demand are important areas where further progress needs to be made to achieve good water quality and safeguard our natural water supply. As such, we agree with the areas identified but are concerned **that there will be no overall long-term outcome target for water after 2027**, which is the latest deadline for meeting the Water Framework Directive target of all surface water reaching good status. This needs to be planned for in the development of the long-term targets under the Environment Bill. We would recommend that similar, but more ambitious objectives are maintained beyond 2027.

On reducing pollution in agriculture, it is encouraging that phosphorus and nitrate have been included. However, despite recognising its impact, the paper does not commit to include **sediment**. We would urge the Government and independent expert panel to include this when examining pollution from agriculture in order to have a comprehensive overview of pollutants that need to be tackled.

With regards to wastewater, the proposed scope is a good start and we would encourage the Government to consider **including other pollutants**, as suggested in the policy paper which gave the example of sewer overflows. Rapid progress is key and while we understand the initial focus on phosphorus and nitrate, the target will be able to drive further improvements if additional pollutants are included.

The recognition of both personal and non-household use in the water demand target is highly welcomed and will complement existing commitments by the water industry to reduce leakage. However, we would urge that the target set for this area has a higher level of ambition. It should **encompass all abstraction licenses** to expand the imperative to reduce demand beyond water companies.