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**Environmental Action Plan:
Key organisations in environmental
policy**

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1. Introduction

Purpose of this document

- 1.1 This document is published electronically in conjunction with Ofgem's Environmental Action Plan. It is designed to provide more detailed background information on key organisations in environmental policy than is possible in the main Environmental Action Plan.

2. Key organisations in environmental policy

- 2.1 The organisations detailed below all have key roles to play in defining and implementing national environmental policy, and in raising awareness of important issues. The list includes Government departments and the devolved assemblies, non-Ministerial Government departments such as the Environment Agency (EA), the Health and Safety Executive (HSE) and the other industry regulators.

Greening Government

- 2.2 The Department for Environment, Food and Rural Affairs (DEFRA) is promoting the 'Greening Government' initiative. The aims of the initiative are to:
 - ◆ promote the integration of sustainable development across Government and the wider public sector
 - ◆ encourage the use of environmental appraisals as part of policy making, and
 - ◆ continue to improve the environmental performance of departments in managing their buildings and operations.
- 2.3 The Government has set up a Sustainable Development Unit to service the new Cabinet Committee on the Environment. The Committee is planning a new Parliamentary Environmental Audit Committee that will scrutinise Government Departments' policies and operations for their environmental-friendliness.

2.4 A 'Green Minister' has been appointed in each Government Department. They have the job of ensuring that environmental and sustainability issues are fully integrated into the policy-making procedure. An example of their work is to promote the use of environmental appraisals in policy making and to encourage environmentally friendly practice within Departments in building management and use of facilities. The Green Ministers' Committee produced its second annual report in November 2000¹.

HM Treasury

- 2.5 The Treasury is responsible for general taxation and spending policy measures including the development of policy on the rates of taxes and other levies set by Parliament and collected by agencies such as the Inland revenue and HM Customs and Excise. This includes the level of VAT on energy and related goods and services (e.g. insulation, appliances).
- 2.6 At the time of the 1997 budget, the Government announced a statement of intent in regard to green taxes. These included the intention over time, 'to reform the tax system to increase incentives to reduce environmental damage. That will shift the burden of tax from 'goods' to 'bads'; encourage innovation in meeting higher environmental standards; and deliver a more dynamic economy and a cleaner environment, to the benefit of everyone'.
- 2.7 However the statement also includes the provision that: 'environmental taxation must meet the general tests of good taxation. It must be well designed, to meet objectives without undesirable side-effects; it must keep deadweight compliance costs to a minimum; distribution impact must be acceptable; and care must be had to implications for international competitiveness'.
- 2.8 The major environmental tax of interest to the electricity and gas industries is the Climate Change Levy. This was introduced on April 2001 as part of the Climate Change Programme, following the recommendations of an Inquiry by Lord Marshall² and extensive consultation.

¹ *Greening Government: The Second Annual Report of the Green Ministers Committee* Nov 2000

² *Economic instruments and the business use of energy* Lord Marshall Nov 1998

HM Customs and Excise

- 2.9 HM Customs & Excise is managed by a Board of Commissioners who are responsible for the collection, care and management of customs duties, excise duties, value added tax, insurance premium tax and landfill tax.
- 2.10 HM Customs and Excise is responsible for collecting the Climate Change Levy. Ofgem is responsible for accrediting and auditing exemptions from the Levy for qualifying renewable sources.

Department for Environment, Food and Rural Affairs (DEFRA)

- 2.11 Two of DEFRA's key tasks are: 'to establish DEFRA as the leading voice in Government for sustainable development' and: 'to protect and improve the environment and to integrate the environment with other policies across Government and internationally'.
- 2.12 After the 2001 departmental changes, DEFRA took over responsibility for the Environmental Protection Group and the Sustainable Development Unit from the former DETR. The Sustainable Development Unit has responsibility for implementing the Government's policies on sustainability.

The Environmental Protection Group

- 2.13 The Environmental Protection Group within DEFRA has the explicit remit of protecting and improving the environment and integrating environmental concerns into other Government policies. The Group comprises the Environment Protection Strategy Directorate, the Energy, Environment and Waste Directorate, the Environment and International Directorate, the Water and Land Directorate and the Drinking Water Inspectorate.

The Environment Protection Strategy Directorate (EPSD)

- 2.14 The EPSD looks across, co-ordinates and supports the Government's environmental policies as a whole and is the base for the Sustainable Development Unit, responsible for the May 1999 policy document - *A Better Quality of Life: A Strategy for Sustainable Development for the UK*. This Directorate is responsible for the Environment Agency, both financially and

strategically. It represents UK interests in several international fora such as the United Nations Environment Program and the United Nations Commission on Sustainable Development and sponsors the UK's Commission on Sustainable Development.

The Energy, Environment and Waste Directorate (EEWD)

- 2.15 The EEWD is responsible for energy efficiency and sustainable energy policies, waste minimisation and environmental management schemes. Energy efficiency schemes include the Home Energy Efficiency Scheme, Best Practice Programmes for Energy Efficiency and Environmental Technology and from April 2002 the Energy Efficiency Commitment. EEWD sponsors the Energy Saving Trust and the Advisory Committee on Business in the Environment (see below).

The Environment and International Directorate (EID)

- 2.16 This directorate is responsible for, amongst others, the protection and improvement of air quality, protection of the ozone layer and co-ordinating the domestic climate change programme. EID published the UK's Climate Change Programme in November 2000 which refers to many other areas of the former DETR's work, including CHP and the Climate Change Levy. Following the announcement of the Climate Change Levy DEFRA has had a role in negotiating agreements with industry on energy efficiency. DEFRA also issues guidelines for companies reporting on greenhouse gas emissions.

The Water and Land Directorate

- 2.17 This Directorate works closely with the Environment Agency and Ofwat. The Drinking Water Inspectorate's role is to ensure that water supply companies supply water that is safe to drink and meets the standards set in the Water Quality Regulations.

Bodies appointed by DEFRA

[Environment Agency](#)

- 2.18 The principal environmental regulator for England and Wales is the Environment Agency (EA). The Agency is a non-Ministerial Government department. The

1995 Environment Act defines the agency's role: 'to protect or enhance the environment, taken as a whole, in order to play its part in attaining the objective of sustaining development'. One of the key responsibilities of the agency is to enforce the Integrated Pollution Prevention Control Directive. The Agency has produced guidance on its contribution to sustainable development and has written an Environmental Strategy document. These are currently under review as part of a comprehensive review of the Agency's activities and management.

- 2.19 The Environment Agency is also responsible for setting emission levels for power stations and has a regulatory function defined under the Environmental Protection Act 1990. The limits are designed to protect the environment from excessive emissions of sulphur dioxide, nitrogen oxides and particulate matter. The Agency's underlying approach is to ensure that best available techniques not involving excessive costs (BATNEEC) are used to prevent or minimise pollution to the environment as a whole.

[Office of Water Services](#)

- 2.20 The Office of Water Services (Ofwat) is responsible for economic regulation of the water industry and environmental considerations obviously play a key part in this. Ofwat is a non-Ministerial Government Department statutorily independent of DEFRA and is financed by Parliament through licence fees received from the water and sewerage companies. (In Scotland there is the Office for the Commissioner for Water Services).

[The Sustainable Development Commission](#)

- 2.21 The Sustainable Development Commission was launched in October 2000, combining and replacing The Round Table on Sustainable development, first established in January 1995, and the Government Panel on Sustainable Development.
- 2.22 The purpose of the new Commission is to monitor progress towards sustainable development. Specific monitoring will result in recommendations, actions and indicators. As was the case with the Round Table, the new Commission is meant to encourage and to build consensus between people who have different

perspectives and responsibilities. Output from the Commission will be in the form of interactive advice and encouragement.

[Energy Saving Trust](#)

- 2.23 The Energy Saving Trust (EST) was set up following the 'Earth Summit' in 1992. EST's vision is: 'to work through partnerships towards the sustainable and efficient use of energy'. EST is responsible for a range of activities including the national network of Energy Efficiency Advice Centres; and the Energy Efficiency Partnership for Homes (EEP) group.
- 2.24 EST evaluates projects for the EESoP scheme and also currently runs a 'Green Futures' accreditation programme for renewables. Ofgem works closely with the EST on the management of the EESoP programme and in the participation of working groups, such as EEP. In light of changes such as the Climate Change Levy and forthcoming Renewables Obligation the Energy Saving Trust is reviewing the need for an accreditation scheme. It is likely that they will cease to accredit supply tariffs under their Future Energy Scheme from the time the Renewables Obligation comes into force.

The Carbon Trust

- 2.25 The Carbon Trust, proposed by the Advisory Committee on Business and the Environment (ACBE), started work in April 2001. Over the next three years the Carbon Trust will be responsible for recycling £130 million of receipts from the Climate Change Levy by putting money into low-carbon technology. The Carbon Trust will accelerate the take-up of low carbon technologies and practices by business, including process and manufacturing industries and commerce. The trust will also cover the public sector. The Trust's overall aim is to work with businesses, public bodies, research organisations and the Government to help the UK move towards a lower carbon economy.

[Department of Trade and Industry \(DTI\)](#)

- 2.26 The DTI's overall aim is: 'to increase competitiveness and scientific excellence in order to generate higher levels of sustainable growth and productivity in a modern economy'.

Energy Group

- 2.27 Within DTI, the Energy Group aims to ensure the provision of safe, secure, diverse and sustainable supplies of energy at competitive prices. This involves reviewing energy sources in the UK and includes the promotion of renewable resources. The Department also produces an annual UK Energy Report giving details of energy production, consumption and prices in the UK.

Energy Utilities Directorate

- 2.28 Within the Energy Group the Energy Utilities Directorate has control of policy relating to the downstream electricity and gas industry whilst the Oil and Gas Directorate deals with upstream policy issues. The Energy Utilities Directorate is divided into three sections, Consumer and Regulatory Policy, Industry and Competitiveness, and Competition, Trading and Networks which includes embedded generation.
- 2.29 The Energy Utilities Directorate aims to maintain the competitive UK market in gas and electricity, keep UK energy prices below the EU median level, keep social and environmental considerations in mind, support progress in developing a single European energy market and avoid unnecessary regulation.
- 2.30 Through this Directorate, DTI determines the policy framework within which Ofgem operates but because Ofgem is an independent regulator it maintains an arm's length distance from the Energy Utilities Directorate. Although the directorate defines the regulatory structure within which the utility works, Ofgem is given a great deal of freedom in determining how to reach policy aims.
- 2.31 The DTI has a major role to play in promoting renewable sources of electricity. The Utilities Act gives the Government the power to establish the new arrangements to boost electricity generated from renewable sources. DTI issued a consultation on the Renewables Obligation in October 2000 and has set up a new Sustainable Energy Unit that will deal with the implementation of the new Renewables Obligation, develop a new research and development strategy and reflect all aspects of sustainability – economic, environmental and social – in DTI's energy policy. In accordance with the Utilities Act Ofgem will monitor compliance with these arrangements.

Planning

- 2.32 DTI also has a role in planning policy which includes issuing regulations for construction consent for generating stations and overhead lines. The new Electricity Works Regulations 2000 (Environmental Impact Assessment (England and Wales)) came into force in September 2000 and covers applications for consent to construct, extend, operate a power station or install or keep installed overhead electricity lines. DTLR and Local Authorities both have responsibilities in issuing planning permission but Ofgem does not.

Bodies appointed by DTI

[Ofreg](#)

- 2.33 Like Ofgem, the Office for the Regulation of Electricity & Gas in Northern Ireland (Ofreg) is a non-Ministerial Government Department set up to monitor the electricity and natural gas industries. Ofreg is headed by the Director General of Electricity Supply and Director General of Gas for Northern Ireland. This document applies to Great Britain only. However experience in Northern Ireland may be relevant, notwithstanding the fact that in Northern Ireland there is limited availability of mains gas and limited competition in electricity supply.
- 2.34 The DTI's Energy Advisory Panel has examined arrangements in Northern Ireland and assessed their transferability to Great Britain. The Panel has noted that, in view of the more competitive market structure in Great Britain, it might be less appropriate to oblige the many players to produce a CO₂ reduction strategy. However the Panel has suggested that it would be useful to ask them to describe each year what has been done (perhaps in a broadly common format) and to assess what more might be done with appropriate incentives, and in an appropriate framework. This would be part of the wider issue of securing common standards for reporting on environmental performance.

[energywatch](#)

- 2.35 Energywatch was set up on 1 November 2000 to represent the interests of all gas and electricity consumers.

- 2.36 It provides an advocacy role for consumers, represent their views to the regulator, Government and energy suppliers. Environment is not one of energywatch's priorities. In order to perform its role as a consumer group, energywatch has the right of access to information from the Authority and licenced suppliers, and has powers to publish information in the consumer interest.
- 2.37 As part of its daily activities energywatch provides advice and information to gas and electricity consumers, and acts as a single point of contact for consumers who have not been able to resolve complaints with gas or electricity companies. energywatch will refer matters to Ofgem for possible licence enforcement action.

[Advertising Standards Authority](#)

- 2.38 The Advertising Standards Authority (ASA) was established in 1962 'to make sure that non-broadcast advertisements appearing in the UK are legal, decent, honest and truthful'. The ASA achieves this by ensuring that the British Codes of Advertising and Sales Promotion are followed by all those who prepare and publish advertisements.
- 2.39 The ASA takes action to investigate complaints that an advertisement is misleading or offensive. The majority of complaints received against utility companies concern misleading claims of price savings compared with competitors or the promotion of renewable energy tariffs. Ofgem is responsible for approving supply tariffs but this does not include vetting all promotional or advertising material for the tariff. Ofgem has taken the view that it is more appropriate for the ASA to take on this role.
- 2.40 Complaints may also be sent to Trading Standards Officers in Local Authorities and, where relevant, to the Independent Television Commission.

[Department for Transport, Local Government and the Regions \(DTLR\)](#)

Planning

- 2.41 The Department is responsible for the system of town and country planning which regulates land use and development. The aim is to, create a fair and

efficient system that respects regional differences and promotes high quality, sustainable development. To achieve this, the Group prepares national planning policy guidance, comments on regional guidance and advises on specific significant planning cases.

- 2.42 DTLR retains responsibility for land use planning. The Department's main planning aim is to: 'create a fair and efficient land-use planning system that represents regional differences and promotes development which is of a high quality and sustainable'.

Street works

- 2.43 Another policy objective is to reduce disruption from street works carried out by the utilities. Utility companies have statutory rights of access to public roads in order to install or maintain their equipment. However, this can cause considerable inconvenience to road users. The Government is therefore keen to reduce disruption by implementing fully s 74 of the New Roads and Street Works Act 1991. This would mean that companies would be charged for occupying the road for longer than the agreed period.

Bodies appointed by DTLR

[Health and Safety Executive](#)

- 2.44 The Health and Safety Executive (HSE) now reports to DTLR Ministers. The aim of the HSE is 'to ensure that risks to people's health and safety from work activities are properly controlled'. The HSE has key functions under the Control of Major Accident Hazards (COMAH) 1999 and the Control of Substances Hazardous to Health (COSHH) 1999 legislation.
- 2.45 HM Nuclear Installations Inspectorate (NII) is the part of the HSE's Nuclear Safety Directorate responsible for duties described in the 1965 Nuclear Installations Act. A site cannot have nuclear plant on it unless the HSE has granted the user a site licence. NII has responsibilities in regulating radioactive waste management and decommissioning nuclear licensed sites. NII consults the Environment Agency/Scottish Environmental Protection Agency to ensure that all regulatory requirements are met in a consistent manner.

- 2.46 HSE enforces safety legislation, for example the removal of nitrogen oxide from compressors. Ofgem approves and verifies capital expenditure under the price control regime for companies with targets to meet in this area.
- 2.47 The Better Regulation & Environment Branch (BREB) of the HSE's Policy Unit ensures coherence in HSE's approach to Europe, the environment and quality regulation. BREB also produces a six monthly HSE Environmental Bulletin.

Government Offices for the Regions

- 2.48 There are nine Government Offices for the Regions in the UK. They promote understanding of environmental and sustainable development principles and good practice among the offices and partners, local authorities, businesses and the general public. The Offices contribute to land-use planning and transport provision at regional and local levels through work on regional planning guidance, development plans, local transport plans and statutory casework.

Local Authorities

- 2.49 Local Authorities are responsible for a range of services including planning at a regional and local level, as well as for environmental health. Local Authorities are also responsible for implementation of the *Local Agenda 21* sustainable development initiative.
- 2.50 The Home Energy Conservation Act 1995 requires energy conservation authorities to produce reports on strategies to improve energy efficiency in their areas by 30 per cent over a 10-15 year period.
- 2.51 Many Local Authorities are very active in environmental matters, for example in areas such as CHP and green and ethical purchasing policies. Local Authorities can also maximise the benefits of environmental education, both in schools and adult education. Some Local Authorities are active in local air pollution monitoring and the management of Pollution Action Zones. Responsibilities also include the local protection of wildlife, habitats and green space and the protection of local heritage, listed buildings and trees.

Devolved administrations

2.52 The Scottish Parliament, the National Assembly for Wales, and the Northern Ireland Assembly have direct responsibility for certain policy issues. These bodies each have an executive comprising of civil servants. Environmental policy is part of the devolved Governments' responsibilities but energy policy is not. (In Scotland responsibility for renewables is devolved). The UK Climate Change Strategy covers the whole of the UK, but each UK devolved body has also drafted its own strategy.

Scotland

2.53 The Scottish Executive consists of six main Departments. Within these, the Environment Group covers issues that include air quality, climate change, including renewables, and sustainable development. The Scottish strategy was published at the same time as the broader UK strategy was released in March 2000. However, because energy remains the responsibility of central Government, many of the necessary measures to combat climate change, apart from renewables, are not within the responsibilities of the Scottish Executive, and so they will have to work in close partnership with DEFRA to develop those aspects of Scotland's climate change policy. Scotland will set up its own initiatives such as the Scottish Energy Efficiency Office to promote energy efficiency, and will set its own Renewables (Scotland) Obligation.

The Scottish Environment Protection Agency

2.54 The Scottish Environment Protection Agency (SEPA) is the body responsible for the protection of the environment in Scotland. SEPA became fully operational on 1 April 1996. SEPA responsibilities cover air and water pollution, waste and radioactivity discharges and integrated pollution control. It does so in partnership with others and in a way which enables Scotland to sustain a strong and diverse economy.

Wales

2.55 The National Assembly for Wales has a Transport, Planning and Environment Group which has responsibility for environmental issues including climate change policy, sustainable development and planning issues. The Executive

committed to the full integration of environmental and socially sustainable development throughout all Government policy.

Northern Ireland

2.56 The Northern Ireland Executive has a Department of the Environment with responsibility for planning control, the environment, pollution control and sustainable development. Two of the Department's strategic objectives are:

- ◆ to conserve, protect and improve the natural and built environment
- ◆ to place the concept of sustainable development at the head of the department's policies and promote it across the NI executive.