

Committee of Public Accounts

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# Environmental regulation

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Seventy-fourth Report of Session 2024–26

HC 1687



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# Committee of Public Accounts

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## Contacts

All correspondence should be addressed to the Clerk of the Public Accounts Committee, House of Commons, London SW1A 0AA. The telephone number for enquiries is 020 7219 8480 (strictly media enquiries only – contact us via our email for general enquiries); the Committee's email address is [pubaccom@parliament.uk](mailto:pubaccom@parliament.uk). You can follow the Committee on X (formerly Twitter) using CommonsPAC.

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# Summary

Environmental regulation should protect the environment and nature from pollution and harm, while also supporting business and economic growth. But recent independent reviews indicate that the Government's approach to environmental regulation is doing neither effectively.

The regulatory system requires substantial changes. Defra and its main environmental regulators, the Environment Agency and Natural England, have started taking steps towards reforms in response to multiple independent reviews. However, there is a long way still to go, and the regulators need clarity from Defra if they are to discharge their duties effectively.

It is concerning that Defra does not yet have a clear vision for what the right regulatory system should be, what it is aiming to achieve through regulation and how it will do so. The forthcoming changes to create a new water regulator provide the opportunity for large-scale reform. But despite the challenges in the wider environmental regulatory system, Defra is not considering structural reforms such as merging existing regulators.

We are not convinced Defra and the regulators have sufficient resources and capability to implement the substantial changes the system requires, despite their assurances. Demands on the regulators are increasing as they take on more duties and responsibilities, and it will be challenging to move away from their current risk-averse culture. The Nature Restoration Fund has promise as an innovative way to streamline the planning process while achieving benefits for the natural environment. But this is a major new responsibility for Natural England, and Defra launched Biodiversity Net Gain before it had all the elements in place which would enable its long-term success. This does not give us confidence in its ability to deliver such schemes to meet policy objectives in a cost effective and efficient way which balances the need for development with protecting nature and biodiversity.

We welcome the Environment Agency's renewed appetite to use its powers to close permitted waste sites, but we are concerned about the recent rise of illegal waste dumping. Gaps in the Environment Agency's powers and intelligence have led to delays in responding to a problem that is out of control. The Environment Agency could gather and process intelligence much more quickly.

Businesses, such as farms, want regulators to provide clear timely advice and guidance about how to comply with regulations quickly and easily. But guidance is complex and difficult to navigate, and farmers often have to deal with too many regulators. Better IT and expanded use of digital solutions have potential to bring about improvements. The Environment Agency has been making improvements, and Defra has an increased budget to replace outdated systems. But it is early days, and Natural England's IT systems require urgent attention.

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# Conclusions and recommendations

- 1. We are not convinced that Defra and the regulators can fulfil their existing, wide-ranging responsibilities effectively while delivering ambitious reforms.** The regulatory system is currently not working as well as it should to support nature recovery or economic growth. Progress towards government's environmental goals is disappointing. The regulators are in the process of making changes to the way they regulate in response to the 149 recommendations from multiple independent reviews and the creation of a new water regulator. Tackling obsolete legislation will be critical to maximise the benefits of the changes. The large volume of change activities do not so far appear to be well-coordinated and drawn together. Defra and the regulators agree they have a challenge to transform their businesses, but Defra does not seem to fully appreciate the scale of the challenge that lies ahead. Given the regulators struggle to carry out their current roles effectively, we are not convinced they have the resources and skills to manage the upcoming changes, despite their assurances.

## RECOMMENDATION

Within six months of this report, Defra should publish a detailed plan which sets out how it intends to change the overall regulatory environment, how it is implementing the 149 recommendations, what assurance it has that regulators have the resources they need, and when the change will be completed. The plan should include a clear statement of what legislative change is needed and when.

- 2. Defra has not set out precisely what environmental regulation should achieve and how the regulators should be set up to achieve this.** Regulators currently operate across a complex landscape, with overlapping responsibilities, differing cultures and inconsistent approaches. Yet Defra has not set out clearly what environmental regulation is intended to achieve, nor how regulators should be configured to deliver those outcomes. Regulators want greater clarity from Defra. The lack of strategic direction from Defra limits the regulators' ability to plan coherently, target resources effectively or demonstrate how their work contributes to statutory environmental objectives. Defra sees no overall benefit in merging the regulatory responsibilities of Natural England and the Environment

Agency, despite forthcoming changes to water regulation presenting an opportunity for further wide-ranging reform. The Environment Agency has yet to establish a responsive and proportionate approach to inspections, and both regulators lack clarity from Defra over where they are empowered to take risks and innovate.

#### RECOMMENDATION

- a. As a first step towards developing a coordinated plan, Defra should set out a clear vision for environmental regulation with a focus on what matters and what makes the most difference
- b. Defra should take the opportunity presented by the changes in water regulation to explore the merits of bringing all its regulatory functions together to improve efficiency and enable the establishment of a single organisational culture which balances protection and enhancement of nature and the environment with supporting economic growth.
- c. If Natural England and the Environment Agency are not to be merged, then Defra should conduct a thorough examination to determine where they could cooperate more closely, such as in planning, legal functions, comprehensive advice and IT.

3. **Defra and the regulators are still a long way from where they need to be in modernising their IT systems and processes.** In 2023, we reported that Defra and its arm's-length bodies had one of the most significant legacy IT challenges in government, with 300 high-risk legacy IT applications. Since then, they have made some progress by, for example, replacing 200 of these legacy IT systems. But there is still a long way to go, with Defra saying it will take another 18 months just to replace the remaining 100 applications. The Environment Agency has improved its digital systems: it has closed 350 legacy systems and modernised others, but there are still issues to address. Not all internal IT systems connect with each other, or with other IT systems across the Defra Group. In comparison to the Environment Agency, Natural England has made much less progress in improving its IT systems and received limited funding for digital transformation in recent years. Defra received £300 million in the 2025 Spending Review for its ongoing digital transformation efforts. We are encouraged by Defra and the regulators' reduced reliance on contingent labour for digital expertise, but digital skills remain one of the key capability gaps across the organisations.

#### RECOMMENDATION

- a. Environment Agency and Natural England should ensure they have sufficient digital and technology skills at their executive level, for example by appointing a Chief Digital Officer or Chief Technology Officer.
- b. Defra should ensure that its regulators are receiving the investment in digital they need to modernise.

4. **Waste regulation as currently set up is not effective enough at stopping waste crime or non-compliance.** Regulation of the waste sector is not adequately addressing the rising problem of illegal waste dumping. We are encouraged by the Environment Agency's recent enforcement action at a permitted landfill site where there was large-scale pollution. However, the widespread and increasing issue of illegal waste sites surpasses the Environment Agency's powers. The Agency lacks the option of enforcing civil powers against illegal sites and is restricted to the lengthier and more expensive route of criminal prosecutions. The Agency may have responded quickly once it got 'confirmed intelligence' about illegal dumping at Kidlington in Oxfordshire, but local bodies had been aware of the problem for weeks before that. However, this incident illustrates the gaps in its intelligence on this type of criminality and highlights how it lacks the ability to collaborate effectively with other bodies such as the police and local authorities.

#### RECOMMENDATION

- a. Defra should set up closer co-operation and sharing of intelligence between the Environment Agency, Local Authorities, the police and other agencies on illegal waste dumping risks.
- b. Defra should examine the potential for technology to improve response times when illegal activity occurs that affects the environment.

5. **Defra and the regulators are not doing enough to provide guidance and support to help farms and other businesses comply.** Most businesses want to comply with environmental regulations, but farmers and other businesses need more assistance than they currently get from the regulators so that it is as easy as possible to do so. The regulators have started making changes to address this and improve their guidance. This includes adding real-life case studies so that businesses better understand how regulations should operate, and using digital communications such as automated chat messaging to help direct businesses towards the relevant online guidance more quickly.

However, Defra is planning initiatives that will add further complexity for the farming sector, including changes to the environmental land management schemes and publishing its 25-year vision for agriculture. The launch of the new water regulator will also create additional burdens and regulatory touchpoints for farmers.

#### **RECOMMENDATION**

Defra should assess how upcoming changes will affect the way farmers need to engage with regulators. This should include the impact of the new water regulator, updates to Environmental Land Management schemes, and the upcoming farming roadmap. Defra should report to us within six months on how disruptions will be minimised and the progress made on:

- Understanding the implications of the new water regulator;
- Understanding the impact of changes to farming policy and how it will allow farmers sufficient time for transition; and
- Ensuring that farmers are sufficiently supported.

- 6. The Nature Restoration Fund has potential to benefit the environment and support developers, but we are not yet convinced Defra and Natural England are able to implement it effectively.** The Nature Restoration Fund is an innovative solution to raising funds and commissioning projects to improve the environment when building, housing and infrastructure developments affect protected sites or species. It is an optional scheme which developers can join to discharge their environmental obligations. The Fund has the potential to better protect the environment, though it is in the early stages of policy design. Natural England expects to publish the first Environmental Delivery Plans in the Spring and Summer of 2026. Defra and its arm's length bodies do not have a good and consistent track record in delivering complex and innovative schemes. Defra's Biodiversity Net Gain initiative included similar aims to those of the Nature Restoration Fund, but was launched before it had all the elements in place which would enable its long-term success. Natural England will be leading on implementation of the Fund but has gaps in planning and digital skills, and is already under pressure to deliver its current responsibilities. We intend to provide scrutiny of the Nature Restoration Fund as its implementation progresses, to ensure that it delivers the intended benefits. We have concerns how, in the Nature Restoration Fund, Natural England will balance its obligations to restore nature with providing a timely and value for money scheme without putting extra burdens on developers.

#### **RECOMMENDATION**

- a.** Defra and Natural England should set out their plans to report publicly on progress and milestones with the Nature Restoration Fund, and should provide regular progress updates.
- b.** Defra should clarify how the Nature Restoration Fund and Biodiversity Net Gain will work alongside each other, and how it will apply lessons learned from its implementation of Biodiversity Net Gain to the implementation of the Nature Restoration Fund.

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# 1 Setting up the regulatory system for success

## Introduction

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Department for Environment, Food & Rural Affairs (Defra), the Environment Agency, and Natural England.<sup>1</sup>
2. Environmental regulation aims to protect the environment and nature from pollution and harm, safeguard natural resources and support economic growth. Effective and efficient regulation minimises pollution to the atmosphere and waterways, and harm to habitats and biodiversity, while keeping costs of compliance for regulated businesses proportionate. This requires regulators to target their work on sectors, businesses or regional areas where the greatest risks of harm lie.<sup>2</sup>
3. In 2018, the then government set a long-term vision for the environment, and the 2021 Environment Act set legal targets to protect air and water quality and enhance biodiversity. The government's 2023 Environmental Improvement Plan set more specific commitments, highlighting regulation as a tool used in delivering all ten of the goals in the plan. Defra published an updated Environmental Improvement Plan in 2025 which set out plans for how it intends to meet its environmental targets. Defra has policy responsibility for the Environmental Improvement Plan commitments.<sup>3</sup>
4. Defra's two largest environmental regulators, the Environment Agency and Natural England, monitor and enforce compliance with the environmental regulations. They do this through a range of activities, for example by issuing permits to carry out certain activities or providing advice, consent or assent for proposed activities that may affect protected sites. The Environment Agency and Natural England also monitor and inspect sites and businesses to ensure compliance with regulations and permits.<sup>4</sup>

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1 C&AG's Report, Environmental regulation, [HC 1483](#), 9 January 2026

2 C&AG's Report, para 1

3 Defra, [Environmental Improvement Plan \(EIP\) 2025](#), 1 December 2025

4 C&AG's Report, para 3

5. We also received written submissions from range of sources including voluntary sector organisations, businesses, academics and researchers as well as wider government stakeholders. The written evidence is available on the inquiry page of the Committee’s website.<sup>5</sup> Particular issues and concerns drawn to our attention included:

- The capacity and capability of environmental regulators to deliver their existing commitments, as well as to perform new duties.
- How processes for acquiring permits from the Environment Agency can make legitimate businesses feel like criminals, with a disproportionate focus by the Environment Agency on regulated, fee-paying industries compared to widespread illegal activities on unpermitted sites.
- The difficulty in balancing environmental protections with national industrial priorities, at times placing disproportionate regulatory burdens on businesses.

## Reforming environmental regulation

6. In January 2025, the Office for Environmental Protection (OEP) found the government was likely to achieve only nine of its 43 environmental targets and commitments, and three of the 13 Environmental Act targets.<sup>6</sup> In December 2025, Defra reported that only three of the 10 Environmental Improvement Plan goals had largely improved, while six goals showed a mix of improvements in some indicators and deterioration in others.<sup>7</sup>

7. After a period of limited change to the regulatory landscape, three major reviews in 2025 made 149 recommendations to Defra or its arm’s-length bodies. Defra told us that a common finding from the reviews was that the regulatory system was not achieving the intended outcomes for the environment or for the economy and growth.<sup>8</sup> This has been affected by limitations in the regulators’ systems and data, skills shortages, allocation of limited resources, and a culture of risk aversion.<sup>9</sup> Defra explained that the reviews mean it should work in a different way, such as focusing less on process and more on outcomes.<sup>10</sup> But changing working practices and shifting the organisational culture of the regulators to become less risk averse will be challenging. Both regulators told us they were changing their regulatory processes and systems in response to the three independent reviews: the Environment Agency is introducing more consistent

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5 Committee of Public Accounts, [Environmental regulation - Written evidence](#)

6 C&AG’s Report, para 4

7 Defra, [Environmental Improvement Plan \(EIP\) 2025](#), 1 December 2025

8 Q 1

9 C&AG’s Report, para 14

10 Q 2

approaches to how it regulates, and raising the professional skills of its staff;<sup>11</sup> and Natural England has set up a new programme management and change management unit, and organised this work into four critical reform programmes.<sup>12</sup>

8. Both the regulators and Defra consider the complexity of the legislation under which they operate to be a barrier to improvement.<sup>13</sup> The Environment Agency told us that tackling some of the obsolete legislation is a way to it to unblock some of the difficult problems it experiences.<sup>14</sup> It described how its frontline staff try to reconcile a whole range of different conflicting agendas which it finds challenging. Natural England told us the legislation can feel restrictive or narrow and be a constraint.<sup>15</sup>
9. Defra already has challenges and pressures over the next few years and has potentially substantial further forthcoming change. Defra assured us that it was able to take on the challenges and that it had the skills and resources to lead these changes.<sup>16</sup> Defra will need to prove that it does have the skills and resources to deliver the scale of regulatory change that the country needs. This is particularly challenging as some regulations and objectives are in competition, such as prioritising water quality as opposed to food production. Defra told us it was pleased with the progress it has made since the NAO report from 2023 on reviewing and revising existing regulations, but recognised that improving the regulatory system will be an ongoing endeavour.<sup>17</sup> However, the scale of change required is substantial, and Defra and the regulators are not meeting even current demands effectively.<sup>18</sup> Written evidence we received, in particular from Arbtech, an ecological consultancy, raised concerns about the capacity and capability of the environmental regulators to deliver their existing commitments, as well as to perform new duties.<sup>19</sup>

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11 Q 4

12 Q 8

13 Qq 2-3 and 5

14 Q 3

15 Q 44

16 Q 7

17 Qq 19 and 43

18 Qq 3 and 9

19 Arbtech ([ENR0011](#))

## Defining what regulation should achieve and how

10. Environmental regulation is complex, with more than 3,000 separate pieces of legislation and more than 150 pieces of historic regulation on farming alone.<sup>20</sup> Each regulator has a wide and complex regulatory remit and applies a range of approaches. The Environment Agency and Natural England, along with other regulatory bodies, have responsibilities that are similar and can overlap. For example, farms need to engage with the Environment Agency, Natural England, the Food Standards Agency, the Animal & Plant Health Agency, the Rural Payments Agency and others.<sup>21</sup> The Environment Agency and Natural England have different cultures, approaches and priorities which can affect how well joint-working efforts work in practice. Even though the regulatory aspects of the water sector are to be merged in 2026, Defra told us it did not think a more extensive merger of the Environment Agency and Natural England would have a net overall benefit. Defra told us the system of regulation for the water sector is broken, but that it has not reached this stage for other areas of regulation.<sup>22</sup> This is one of the reasons for merging water regulators.
11. Defra's approach to environmental regulation has largely been reactive rather than based on a clear strategy and evidence of what is needed. Its regulatory approach has tended to focus on short-term priorities or high-profile issues, as shown by recent increases in farm and water company inspections.<sup>23</sup> We asked Defra what a good strategic approach to regulation should be. Defra responded that it is important to be clear what success looks like and acknowledged that it has not set out its required outcomes as clearly as it should in some areas. Defra told us it will soon issue "strategic policy statements" for both Natural England and the Environment Agency which will set out clearly what Defra expects them to do and how.<sup>24</sup> Defra published these strategic policy statements on 12 March 2026.<sup>25</sup> Defra explained it ultimately wants to set out where its regulators can be flexible and where they should take a robust approach. Defra also told us that it needs to draw a stronger connection between the activities it asks regulators to do and the outcomes it wants the regulators to achieve.<sup>26</sup>

20 C&AG's Report, para 2.15

21 C&AG's Report, para 3.2

22 Q 91

23 C&AG's Report, para 15

24 Q 42

25 Natural England, [Strategic Policy Statement for Natural England](#), 12 March 2026; Environment Agency, [Strategic Policy Statement for the Environment Agency](#), 12 March 2026

26 Q 6

12. When we asked the regulators what they would most value from Defra to improve the way they can regulate, both responded that they need clarity of outcomes and frameworks, standards and rules, and targets and performance metrics. Natural England told us it wants to know what work it should prioritise, but does not have the resources to address all Defra requirements concurrently.<sup>27</sup> It wants Defra to provide a clear framework it should operate in, which would allow its staff to innovate within this framework.<sup>28</sup> The Environment Agency told us it wants more clarity on priorities in the water sector, including the environmental outcomes Defra wants.<sup>29</sup>
13. Defra's approach to funding the regulators shows that Defra does not always appear to have considered the total costs and benefits of changes. For example, from 2018–19, Defra cut funding for inspections of non-permitted farms before increasing it again from 2020–21.<sup>30</sup> Defra explained it has learned from the higher number of farm inspections and now better understands where risks are and where they are not, which it will use to focus future inspections. The Environment Agency told us, however, that it has only recently started to determine the best level of inspection for farming and water, and that it is yet to work out how best to target the inspections and how to use data from inspections effectively.<sup>31,32</sup>

## Modernising IT systems and processes

14. In 2023, the previous Committee reported that Defra had one of the most significant legacy IT challenges across government, with a proliferation of outdated applications.<sup>33</sup> Data and intelligence gaps still affect the work of the regulators, with their ability to access and use data constrained by outdated IT systems. For example, a lack of inspection and environmental data affects the Environment Agency's ability to detect significant harm, and Natural England uses generic and out-of-date information when it makes decisions.<sup>34</sup> Defra told us it had made progress with replacing its 300 high-risk legacy applications. Defra has improved 200 systems and closed down some high-risk data centres. Defra expects that the remaining 100 high-risk applications will take another 18 months to replace.<sup>35</sup> Defra received £300

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27 Q 75

28 Q 44

29 Q 68

30 C&AG's Report, para 3.14 and Figure 4

31 Q 3

32 C&AG's Report, para 2.5

33 Committee of Public Accounts, Tackling Defra's ageing digital services, Fifty-First Report of Session 2022–23, [HC 737](#), 18 April 2023

34 C&AG's Report, para 2.5

35 Q 71

million in the 2025 Spending Review to invest between 2026–27 and 2028–29 on its ongoing digital transformation efforts, and Defra stated that it will invest £800 million a year over the Spending Review 2025 (SR25) period, including cybersecurity upgrades and an IT transformation programme.<sup>36</sup>

15. Defra told us that historically the Department and its arm’s-length bodies developed their own IT systems, and these do not always interact easily with each other. Defra told us it had tried to bring these together centrally and that it had made some digital improvements, but it has a long way to go. The Environment Agency told us it has a centralised data and digital system that can share information with other environmental regulators, but it would benefit from Defra setting a clearer set of data standards and rules.<sup>37</sup> In addition to addressing the digital legacy issues, Defra told us it is making more use of AI and cutting-edge technologies. It has launched around 20 AI pilots across the Defra group, intending to improve its communication channels with customers. For example, its application ‘AI4Peat’ uses satellite imagery to assist farmers and landowners in the renewal of peatland.<sup>38</sup>
16. The Environment Agency told us it had a large legacy IT problem in 2020, with 700 IT systems in total. It told us it had modernised its systems and closed down 350 applications. It had also improved the transparency of its information by publishing all its reports on water quality. However, it acknowledged it has issues still to address, for example replicating this transparency in other sectors such as waste.<sup>39</sup> Natural England has received limited funding for digital transformation of its core regulatory services in recent years.<sup>40</sup> It told us it hopes future investment will allow it to mirror the digital improvements at the Environment Agency. It plans to invest in customer-facing regulatory systems which are more user-friendly and should speed up processing times, and to make use of AI when handling data.<sup>41</sup>
17. We asked how gaps in digital skills affected Defra and the regulators. Defra told us it has the skills at a senior level, with a Chief Digital Information Officer, along with a non-executive board member possessing expertise in digital skills.<sup>42</sup> More generally across the organisation, Defra told us that digital and data skills had historically been lacking and are always needed. It needs both the specialist digital

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36 Q 71. The Spending Review 2025 includes departmental budgets for day-to-day spending until 2028–29 and capital investment until 2029–30

37 Q 75

38 Q 71

39 Q 26

40 C&AG’s Report, para 2.23

41 Q 73

42 Q 72

skills in its centralised IT service and also the digital literacy skills across the workforce. Defra told us in recent years it had significantly reduced its reliance on agency IT staff from around 25% to around 3% of all IT staff.<sup>43</sup>

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## 2 Supporting nature and growth

### Waste regulation

18. The Environment Agency regulates a range of industrial sectors and various parts of the waste management system, including landfill sites, mining, energy from waste, producer packaging and international waste shipments.<sup>44</sup> It issues permits to, and inspects, waste sites. In 2024–25 it inspected 6,618 permitted waste sites.<sup>45</sup> The Environment Agency told us that last year 40,000 of the 100,000 phone calls it received were complaints about the smell or disruption caused by permitted waste sites.<sup>46</sup> It also told us that 460 waste sites across the UK had been in the worst performing category for more than one year, indicating these sites are risking damage to the environment, people or places. It explained that these worst performing sites were at risk of having their permit suspended or revoked. The Environment Agency told us it had revoked some permits recently, including the permit for the landfill site at Walley’s Quarry in Staffordshire, which had caused noise and disruption to the local area for many years.<sup>47</sup>
19. The Environment Agency also has some responsibilities for tackling waste crime. Waste crime refers to, for example, sites which operate without a permit, breaches of permit conditions, fly tipping, and failure to pay landfill tax.<sup>48</sup> In 2022, the NAO estimated the cost to the English economy from waste crime to be more than £900 million per year. Fly-tipping and illegal waste sites, the costliest types of waste crime, are increasing.<sup>49</sup> In its 25-Year Environment Plan, published in 2018, government set the ambition to eliminate waste crime and illegal waste sites within 25 years.<sup>50</sup>

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44 C&AG’s Report, para 2.5

45 C&AG’s Report, figure 4

46 Q 11

47 Q 10

48 C&AG’s Report, Investigation into government’s actions to combat waste crime in England, [HC 1149](#), 27 April 2022, para 3

49 C&AG’s Report, Investigation into government’s actions to combat waste crime in England, [HC 1149](#), 27 April 2022, para 1

50 C&AG’s Report, Investigation into government’s actions to combat waste crime in England, [HC 1149](#), 27 April 2022, para 4

20. The Environment Agency told us that tackling illegal waste sites is also the responsibility of local authorities or the police. The Environment Agency lacks some powers to act, such as civil enforcement powers which are often faster and cheaper than criminal prosecutions.<sup>51</sup> The Environment Agency told us about its actions to intervene at an illegal waste site at Kidlington in Oxfordshire. Once the Environment Agency received “confirmed intelligence” about the illegal waste dumping, it told us that it was on site two days later and had made four arrests to date. However, it told us that the local community had seen suspicious activity on that site for many weeks previously, but the Environment Agency had not received that information, suggesting a major gap in its ability to collect intelligence on waste crime.<sup>52</sup> We asked what needs to be done to improve co-operation with the police, local authorities and other relevant organisations such as the DVLA to prevent this happening in the future. The Environment Agency told us it is revising how it processes and triages intelligence on illegal waste sites and agreed that it should be better connected with local government and other partners.<sup>53</sup>

## Supporting farmers and businesses to comply

21. Enforcement action is sometimes necessary, but it is costly for the regulators and may require court action.<sup>54</sup> Enforcement is needed less often when advice, guidance and support help those businesses comply in the first place. Businesses often do not understand what is required of them, find it difficult to locate and use guidance, and say they do not always get sufficient support to comply which can increase the regulatory burden on them.<sup>55</sup>
22. Defra told us about ways in which it expects the regulatory burden on farmers to improve in the coming months. It plans to set out a farming roadmap which will present the outcomes it wants to see and how it will measure these.<sup>56</sup> It explained this will improve the clarity of its approach to regulation and its new vision for farming.<sup>57</sup> We asked Defra if it will

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51 Qq 17 and 26

52 Q 17

53 Qq 13, 16 and 18

54 Q 26

55 C&AG’s Report, para 12

56 Q 23

57 Qq 43 and 65

allow some time to transition to new approaches, and Defra reassured us the farming roadmap would include timetables for farmers to achieve compliance with any regulatory changes.<sup>58</sup>

- 23.** Defra will also introduce a single water regulator, which will take on the water-related regulatory functions of Natural England, the Environment Agency, Ofwat and the Drinking Water Inspectorate.<sup>59</sup> Government intends to publish a transition plan for the reforms in 2026.<sup>60</sup> Farmers will need to engage with this regulator in addition to the ones it currently interacts with, which risks increasing complexity further.
- 24.** The Environment Agency conceded that a lot of guidance is confusing, difficult to follow, and should be revised.<sup>61</sup> It described how it had worked to improve how it engages with farmers, such as issuing additional guidance on preparing for an inspection, including video-based guidance and face-to-face discussions through tours of farming communities.<sup>62</sup> The Environment Agency told us it is reviewing whether the lowest risk category 1 and 2 permits could be replaced by an automatic registration system which would reduce the need for advice and guidance and could reduce the number of permits it issues by 10%.<sup>63</sup> Defra told us that the Department for Business and Trade has started a review on the clarity of guidance available to businesses.<sup>64</sup> Defra stated that it has identified the 10 most-used pieces of guidance and revised five of them.<sup>65</sup>
- 25.** Natural England told us it has made progress in improving its guidance through adding real-life case studies so that businesses can understand what they need to do to comply.<sup>66</sup> Defra also explained it has piloted the use of AI tools such as chatbots to help farmers locate the right guidance more easily.<sup>67</sup> Natural England stated that it is also simplifying written guidance, and seeking to give its customers more autonomy and self-control, with less reliance on and interaction with Natural England processing. For example, it is seeking to give ecologists the accreditation to issue certain licences to customers on Natural England's behalf, so that Natural England no longer needs direct involvement with the customer.<sup>68</sup> A pilot of a 'lead environmental regulator' approach to developments involving multiple

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58 Qq 60- 61

59 Q 66

60 Defra, A New Vision for Water, [CP 1490](#), 20 January 2026

61 Q 53

62 Q 55

63 Q 55

64 Q 24

65 Q 42

66 Q 56

67 Q 71

68 Q 57

regulators is also assisting Natural England in understanding the processes and requirements of other environmental regulators, and how these can be better co-ordinated for a single development.<sup>69</sup>

## Nature Restoration Fund

- 26.** The Planning and Infrastructure Act is a wide-ranging reform of the planning system, intended to accelerate housing delivery and remove barriers to infrastructure development across England. The Act introduces the Nature Restoration Levy, a mechanism which allows developers pay into to the Nature Restoration Fund to discharge their environmental obligations when building, housing and infrastructure developments affect protected sites or species.<sup>70</sup> This is an optional fund: developers can choose to do site-specific environmental mitigation on their development.<sup>71</sup>
- 27.** Defra told us that the Nature Restoration Fund is an innovative solution which will unblock developments and also deliver better outcomes for nature.<sup>72</sup> It explained that the Fund will allow it to take a wider view of actions it can take to restore nature, rather than the current site-specific solutions which may not benefit the economy or nature as well as they could. Defra told us this approach will be faster and more certain for developers, and the pooling of money from developments allow it to do more ambitious restoration or protection of the environment.<sup>73</sup>
- 28.** The first step in implementing the Nature Restoration Fund is to produce Environmental Delivery Plans which will set out the nature and scale of mitigation needed in the location where a development happens.<sup>74</sup> Natural England told us it is working on the first set of these plans.<sup>75</sup> Government expects to publish the first Environmental Delivery Plans in the Spring and Summer of 2026. Natural England will lead the implementation of the Fund. It will be responsible for preparing the plans, designing the Nature Restoration Fund, and recommending the rate at which the levy should be set.<sup>76</sup>
- 29.** Natural England is not meeting its current demands effectively, and new responsibilities it is taking on, such as responsibility for the Nature Restoration Fund, are substantial.<sup>77</sup> Capacity and skills gaps are long-

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69 Q 56

70 [Planning and Infrastructure Act 2025](#), part 3, para 62

71 [Planning and Infrastructure Act 2025](#), part 3, para 63

72 Qq 39-40

73 Q 30

74 [Planning and Infrastructure Act 2025](#), part 3, paras 62-63

75 Q 38

76 [Planning and Infrastructure Act 2025](#), part 3, para 82

77 Q 41

standing challenges for the regulators, with Natural England having shortages of some key skills and expertise.<sup>78</sup> Natural England told us that it particularly struggles to recruit and retain people with planning skills.<sup>79</sup> In February 2016, Natural England had 15 vacancies in its planning policy reform programme, a vacancy rate of 16% compared to its approved headcount.<sup>80</sup> Natural England told us it is concerned about this gap given its new responsibilities from the Planning and Infrastructure Act.<sup>81</sup>

30. Statutory biodiversity net gain (BNG) is an existing scheme requiring that developers' planning applications avoid harm to biodiversity as much as possible and more than offset any harms with biodiversity improvements. In this way, BNG has a similar overall objective to that of the Nature Restoration Fund. Defra has overall responsibility for statutory BNG, and Natural England delivered and administered aspects of it on Defra's behalf.<sup>82</sup> Defra prioritised a quick launch of BNG, but has not achieved take-up targets for local authorities, who are the core delivery partners for the policy alongside Natural England.<sup>83</sup>

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78 C&AG's Report, paras 4.5 and 4.8

79 Q 78

80 [Correspondence from Natural England](#), 13 February 2026

81 Q 78

82 C&AG's Report, Implementing statutory biodiversity net gain, [HC 729](#), 22 May 2024, para 6

83 C&AG's Report, Implementing statutory biodiversity net gain, [HC 729](#), 22 May 2024, paras 12 and 16-18

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# Formal minutes

**Thursday 19 March 2026**

## Members present

Sir Geoffrey Clifton-Brown, in the Chair

Mr Clive Betts

Anna Dixon

Rupert Lowe

Catherine McKinnell

Sarah Olney

Blake Stephenson

## Environmental regulation

Draft Report (*Environmental regulation*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 30 read and agreed to.

Summary agreed to.

Conclusions and recommendations agreed to.

*Resolved*, That the Report be the Seventy-fourth Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available (Standing Order No. 134).

## Adjournment

Adjourned till Monday 23 March at 3.00 p.m.

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# Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

## Monday 2 February 2026

**Paul Kissack**, Permanent Secretary, Department for Environment, Food and Rural Affairs; **Sally Randall**, Director General for Environment, Department for Environment, Food and Rural Affairs; **Philip Duffy**, Chief Executive, Environment Agency; **Marian Spain**, Chief Executive, Natural England [Q1-91](#)

EMBARGOED ADVANCE NOTICE: Not to be published in full, or in part, in any form before 00.01am on Wednesday 25 March 2026.

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## Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

ENR numbers are generated by the evidence processing system and so may not be complete.

1	Arbtech	<a href="#">ENR0011</a>
2	Buziuk, Hleb	<a href="#">ENR0003</a>
3	Community Planning Alliance	<a href="#">ENR0004</a>
4	Fisher, Professor Bernard	<a href="#">ENR0007</a>
5	Game & Wildlife Conservation Trust	<a href="#">ENR0014</a>
6	Greater Manchester Air Quality Officers Working Group	<a href="#">ENR0016</a>
7	Mineral Products Association	<a href="#">ENR0026</a>
8	Rider, Dr Gavin	<a href="#">ENR0005</a>
9	Riggs, Miss Samantha; and Willetts, Dr Anna	<a href="#">ENR0025</a>
10	SUEZ recycling and recovery UK Ltd	<a href="#">ENR0015</a>
11	Stormwater Shepherds UK	<a href="#">ENR0006</a>
12	The Moorland Association	<a href="#">ENR0024</a>
13	The Recycling Association	<a href="#">ENR0019</a>
14	UKELA (UK Environmental Law Association)	<a href="#">ENR0008</a>
15	URM UK Limited	<a href="#">ENR0017</a>
16	Walters, Mr Andrew (University of Aberdeen)	<a href="#">ENR0001</a>
17	Walters, Mr Andrew (University of Aberdeen)	<a href="#">ENR0002</a>
18	Water UK	<a href="#">ENR0027</a>
19	Wgnall, Mr Gordon	<a href="#">ENR0010</a>
20	Wine and Spirit Trade Association	<a href="#">ENR0022</a>

# List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

## Session 2024–26

Number	Title	Reference
73rd	Financial sustainability of adult hospices in England	HC 1236
72nd	BBC World Service	HC 1299
71st	Government's use of external consultants	HC 1521
70th	Home-to-school transport	HC 1238
69th	Whole of Government Accounts 2023-24	HC 1243
68th	Excess Votes 2024-25	HC 1711
67th	NS&I's transformation programme	HC 1237
66th	Tackling fraud and error in benefit expenditure 2024-25	HC 1231
65th	Efficiency and resilience of the Probation Service	HC 1235
64th	Costs of clinical negligence	HC 1234
63rd	Increasing police productivity	HC 1239
62nd	Faulty energy efficiency installations	HC 1229
61st	Financial sustainability of children's care homes	HC 1233
60th	DWP follow-up: Autumn 2025	HC 1447
59th	Ministry of Justice follow-up: Autumn 2025	HC 1240
58th	Government services: Identifying costs	HC 1421
57th	Government services: Generating income	HC 890
56th	BBC Accounts and Trust Statement 2024–25	HC 1230
55th	Reducing NHS waiting times for elective care	HC 820
54th	Afghanistan Response Route	HC 1391
53rd	Cost of maintaining the FCDO's overseas estate	HC 884

Number	Title	Reference
52nd	Resilience to threats from animal disease	HC 885
51st	The UK's F-35 stealth fighter capability	HC 1232
50th	Local bus services in England	HC 892
49th	Administration of the Civil Service Pension Scheme	HC 888
48th	Smarter delivery of public services	HC 889
47th	First Annual Report of the Chair of the Committee of Public Accounts	HC 1300
46th	Improving local areas through developer funding	HC 886
45th	Improving family court services for children	HC 883
44th	Governance and decision-making on major projects	HC 642
43rd	MoD's oversight of Reserve Forces' and Cadets' Associations	HC 893
42nd	Water sector regulation	HC 824
41st	UK Research and Innovation	HC 826
40th	Collecting the right tax from wealthy individuals	HC 827
39th	Government's use of private finance for infrastructure	HC 821
38th	Increasing teacher numbers: Secondary and further education	HC 825
37th	Immigration: Skilled worker visas	HC 819
36th	Jobcentres	HC 823
35th	Introducing T Levels	HC 822
34th	Department for Business and Trade Annual Report and Accounts 2023-24	HC 818
33rd	Supporting the UK's priority industry sectors	HC 1070
32nd	The Future of the Equipment Plan	HC 716
31st	Local Government Financial Sustainability	HC 647
30th	Antimicrobial resistance: addressing the risks	HC 646
29th	Condition of Government property	HC 641
28th	Decommissioning Sellafield	HC 363
27th	Government's relationship with digital technology suppliers	HC 640
26th	Tackling Violence against Women and Girls	HC 644
25th	DHSC Annual Report and Accounts 2023-24	HC 639
24th	Government cyber resilience	HC 643
23rd	The cost of the tax system	HC 645
22nd	Government's support for biomass	HC 715
21st	Fixing NHS Dentistry	HC 648

Number	Title	Reference
20th	DCMS management of COVID-19 loans	HC 364
19th	Energy Bills Support	HC 511
18th	Use of AI in Government	HC 356
17th	The Remediation of Dangerous Cladding	HC 362
16th	Whole of Government Accounts 2022-23	HC 367
15th	Prison estate capacity	HC 366
14th	Public charge points for electric vehicles	HC 512
13th	Improving educational outcomes for disadvantaged children	HC 365
12th	Crown Court backlogs	HC 348
11th	Excess votes 2023-24	HC 719
10th	HS2: Update following the Northern leg cancellation	HC 357
9th	Tax evasion in the retail sector	HC 355
8th	Carbon Capture, Usage and Storage	HC 351
7th	Asylum accommodation: Home Office acquisition of former HMP Northeye	HC 361
6th	DWP Customer Service and Accounts 2023-24	HC 354
5th	NHS financial sustainability	HC 350
4th	Tackling homelessness	HC 352
3rd	HMRC Customer Service and Accounts	HC 347
2nd	Condition and maintenance of Local Roads in England	HC 349
1st	Support for children and young people with special educational needs	HC 353