

**Rt Hon Keir Starmer MP**  
**Prime Minister**

**Date:** 16 January 2025

**Rt Hon Rachel Reeves MP**  
**Chancellor of the Exchequer**

**Rt Hon Jonathan Reynolds MP**  
**Secretary Of State for Business and Trade**

10 Downing Street  
London SW1A 2AA

Dear Prime Minister, Chancellor, and Secretary of State,

## **A NEW APPROACH TO ENSURE REGULATORS AND REGULATIONS SUPPORT GROWTH**

Thank you for your letter of 24 December 2024.

The Environment Agency was created in 1995 with a dual mission to protect the environment whilst supporting sustainable development. Helping the Government sustainably deliver its mission-driven approach to growth is core to our purpose.

We welcome this opportunity to contribute to the Government's growth mission. Close collaboration between policy and operational experts will be essential to driving progress. There are three main channels through which our work can contribute to growth:

- We can play a key role in driving the acceleration of private sector investment by providing a more certain and predictable investment environment with lower transaction costs whilst maintaining high standards of environmental protection. Whether you want a permit for an industrial installation or planning consent for a new home, we are committed to ensuring our processes are clear, fast and responsive. As part of that we can help Government steer investments to places where there is clear environmental capacity, such as sufficient water availability. We will continue working closely with other regulators, including Natural England and Ofwat, to create simpler, more consistent regulation for business.
- We can be instrumental in transforming the UK into a centre for the technologies of tomorrow – particularly in areas such as clean energy and the circular economy – by setting out flexible and transparent regulatory regimes that can make the UK the best place globally for innovators. Our track record of working with partners on new approaches to carbon capture and storage and hydrogen production demonstrates how we can support this exciting opportunity.
- We can continue to keep people, businesses and property safe and help reduce the worst economic impacts which arise from climate change. The average insurance

claim following Storms Clara and Dennis in 2020 was £32,000; and we estimate that across the winter floods that year, flood defences prevented over £9 billion in damages.

There are also three areas where Government can help us to better support growth:

- Increased flexibility, agility and a reduction of the complexity of the legislation we implement. We would never advocate any lowering of environmental standards. But we could streamline our approach to deliver outcomes for both the environment and the economy. There are opportunities to reduce barriers where there are competing demands and to act more quickly to support the innovations needed to meet the challenges of net zero, circular economy and growth. We would welcome the opportunity to work on this together.
- Strong support as we reform the current delivery model for many of our services, which rely on outdated systems and manual processes. We need to continue to work collaboratively with HM Treasury and DEFRA officials on the steps needed to resolve this. We cannot deliver the economy of the future with IT systems that have not kept pace with technological change - some of our systems date back to the 1990s.
- Your help to put our funding on a more certain footing through enabling cost recovery for our activities.

Over the next 12 months, our organisation is committed to driving sustainable growth in five key areas. We commit to:

1. Improving our land use planning services
2. Making our permitting services more efficient and effective for key growth sectors, such as water, net zero, and waste
3. Creating a more transparent data system for our regulation
4. Supporting the Government's approach to strategic spatial planning
5. Working with Government to reform the regulatory framework

### **To support sustainable growth in 2025, the Environment Agency commits to:**

#### **1. Improving our land use planning services**

As the Environment Agency, we recognise the vital importance of the Government's ambitious target for building 1,500,000 new homes in the next four years. We support this by inputting into more than 10,000 proposed developments each year, ensuring new homes are built with adequate flood risk protection, supply of drinking water and sewerage services. We estimate that for every pound we invest in our planning advice on flood risk, we avoid at least £12 of future flood damages. Last year we also responded to over 350 consultations about nationally significant infrastructure projects.

We will take the following steps to improve the timeliness of our advice and respond to 95% of planning applications within 21 days from September 2025 onwards.

Firstly, we will invest in the development of a replacement for our legacy planning IT system "DPS3", which currently undermines our capacity to meet our target timescales.

Secondly, our newly created National Infrastructure Team will support key priority sites contributing to housing and clean energy priorities. They will provide dedicated senior input

to help unblock some of the thorniest issues, cascading learning quickly and assuring delivery.

Finally, we also need to put our funding on a more certain footing. Our ability to improve our planning performance would be enhanced by being able to cost recover for planning advice for applications made under the Town and Country Planning Act. We would be grateful for your support on this in 2025.

## **2. Making our permitting services more efficient and effective for key growth sectors, such as water, net zero, and waste**

Our permitting services have an important role to play in supporting developments for water, waste and net zero. Every year, we determine around 12,000 permits. Good permitting provides clarity to operators on expectations, reduces legal risk and helps drive long-term outcomes. It is a vital tool for environmental and social protection. There are five steps we intend to take this year to improve matters, building on progress over the last year.

Firstly, we are going to introduce bespoke “tracked” services for the most complex applications, starting with a trial in the first quarter for applicants for major projects (nationally significant infrastructure projects but also major growth sites).

Secondly, and with benefits for the simpler permit applications, we will continue to enhance our digital services for applicants. In 2025, we intend to roll out our Permitting Portal to cover paper, cardboard and plastics; waste mattresses; healthcare and medical waste; materials recycling; waste transfer stations; tyre shredding and chipping; end of life tyres; and dredging.

Thirdly, to support innovation we have – with support from DESNZ – established a Hydrogen and Carbon Capture Utilisation and Storage Programme to provide projects in this sector with better guidance and advice to ensure that permitting is not delaying roll out.

Fourthly, we will launch a “standard rules” approach for research and development work at industrial installations in 2025. This will make trialling and scale up of new technologies easier and should help boost investment and productivity. It is the closest equivalent to a “sandbox” in our regimes.

Finally, we will continue to work with Government on reform in the environmental permitting regulations and charging mechanisms. This will help to resolve issues and unintended consequences for growth and the environment, across all sectors.

## **3. Creating a more transparent data system for our regulation**

A key priority for the EA is achieving greater structural levels of data and information transparency. Greater transparency helps regulated businesses understand our decision making; reduces uncertainty; promotes consistency; and enables communities to understand their local environment and take appropriate action. It also helps us save money as we receive around 45,000 FOI requests a year, many of which could be resolved if the data was proactively published. We will take two steps this year to achieve progress.

Firstly, we commit to start proactively publishing online Compliance Assessment Reports (CAR) for the sectors we regulate under the Environmental Permitting Regulations 2016.

Secondly, we will continue to build data platforms modelled on our recent work on water data that can provide geospatially-mapped, interactive access to environmental and regulatory information.

#### **4. Supporting the Government's approach to strategic spatial planning**

A key barrier for many high-profile growth projects is failure to consider environmental limits and solutions from the outset. The Government has learned lessons from the past and is seeking to proactively avoid this. We want to support that effort. There are three specific next steps for 2025.

Firstly, we will deliver a fully updated "Check My Flood Risk" online service to the public, using our newly released modelling. Later this year we will publish our next Long Term Investment Scenarios, setting out where the nation will need to invest if it wants to keep losses from flooding to homes and businesses constant.

Secondly, we will be proactive in helping the Government identify the best growth and housing sites. That includes the work we are already doing to support MHCLG's key priority projects: Sir Michael Lyons' work on New Towns; the Housing Accelerator Programme and developments in the Oxford to Cambridge Arc. In all three projects we strongly advocate early identification of solutions, particularly to provide drinking water and sewerage for new homes in catchments under particular pressure. We would welcome your support in reaching constructive agreements.

Thirdly, with DESNZ-funding, we are providing technical advice on the environmental capacity for growth in industrial clusters, namely Humberside, Teesside and Merseyside, and are recommending a more strategic approach to long-term industrial planning. More joined-up planning, environmental infrastructure such as water supply, wastewater treatment and waste management can create the services and headroom for investment and innovation. We believe injecting that expertise into local and regional strategic spatial and growth plans as well as the forthcoming work on the National Infrastructure Strategy will create real, tangible benefits.

#### **5. Working to reform the regulatory framework**

2025 will be a critical year in the development of environmental law in the UK. As your statutory advisor on pollution, there are several upcoming changes where our expertise and knowledge can add value.

The 2021 Environment Act creates a framework for considering outcomes as the objectives for environmental regulation. But as the Office for Environmental Protection (OEP) has found, mapping activity to deliver those outcomes can be challenging. The OEP is publishing today their latest assessment of progress towards the goals of the 25 Year Environment Plan. There are a number of changes that the EA would advocate to strengthen the regulatory framework.

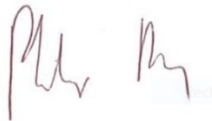
Firstly, we are expecting the findings of Sir Jon Cunliffe's independent review of water regulation. We are providing evidence and technical input to Sir Jon's work. This will build on work we are already doing to enable growth through the next Water Industry National Environment Programme, which requires water companies to invest significantly in UK infrastructure, for example, through upgrades to sewage systems.

Secondly, we are looking forward to the findings from the Circular Economy Taskforce. We are providing evidence and technical input to the Taskforce. For example, the regulatory framework currently acts as a barrier to brownfield redevelopment with little environmental benefits. Regulatory reform could unlock this and drive sustainable growth.

Finally, across several areas of the regulatory system there is scope to enable more strategic assessments between competing objectives, including tackling climate change and protecting particular ecosystems. We would welcome discussions with you on how we might resolve this with greater clarity.

I look forward to discussing our commitments with you further.

Yours sincerely

A handwritten signature in red ink, appearing to read 'Philip Duffy', is positioned above the typed name.

**Philip Duffy**  
Chief Executive, Environment Agency