

Environment, Food and Rural Affairs Committee

Oral evidence: Work of the Environment Agency, HC 221

Tuesday 14 March 2023

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Members present: Sir Robert Goodwill (Chair); Ian Byrne; Geraint Davies; Rosie Duffield; Barry Gardiner; Dr Neil Hudson; Robbie Moore; Mrs Sheryll Murray; Derek Thomas.

Questions 76-171

Witnesses

I: Sir James Bevan KCMG, Chief Executive, and Alan Lovell DL, Chairman, Environment Agency.

Written evidence from witnesses:

[Environment Agency](#)

Examination of witnesses

Witnesses: Sir James Bevan and Alan Lovell.

Q76 Chair: Welcome to this sitting of the Environment, Food and Rural Affairs Committee. We are fortunate to be joined by the chief executive of the Environment Agency, who we hope is a bit demob happy and may talk a bit more freely than he would, as he is leaving after a tenure of nearly seven years; and the chairman, who is just starting his role, so will probably be looking to the future. It is a bit like the tsarist Russian emblem of the eagle looking in both directions. In that case, it was east and west; in this case Sir James will be looking to the past a bit more, and hopefully Alan will be looking to the future. Will you introduce yourselves briefly? We will then move into the questioning, which will include the chance to make some opening comments.

Sir James Bevan: I am the departing chief executive—running until the end of March. I am pleased to be here and will seek to be suitably indiscreet.

Alan Lovell: I am Alan Lovell, chair of the Environment Agency since the end of September.

Q77 Chair: I will start with Sir James. What are your reflections on your time as chief executive, and what has been the single biggest challenge you have faced? It's like an exam question, isn't it?

Sir James Bevan: Thank you, Chair. Let me just say a word about the past and then talk about the future challenges. We exist to create a better place for people and wildlife. If you think about our current strategy to do that, which is called EA2025, and measure what we have done over the last seven years, I think we have done pretty well. The headline goals of that strategy are to achieve: a nation that is resilient to climate change; healthy air, land and water; and green growth and a sustainable future. Let me go through them and tick them off. I should say right up front that all the credit, where we have had success, is down to the 12,000 staff of the Environment Agency, not me.

We have helped the nation to become more resilient to the impacts of the changing climate. We have done so by building and maintaining hundreds of flood defences up and down the country, including many in your own constituencies. We completed our last multi-year flood defence building programme in 2021—on time, on budget and on target; there are not many national infrastructure programmes that can say that. Our planning work has helped to create places that are more resilient to climate change, and better places to be. We have helped to reduce the extent of that



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climate change by running the UK emissions trading scheme and through our own drive to become a net zero organisation.

Overall we have healthier air, land and water than we did in 2015. Our regulation is stripping a lot of the most serious pollutants out of our air, and more people are alive today as a result. There is a lot of contaminated land in this country, and it ruins economies and health. There is a lot less of it now because of the work our teams have done over the last several years. Clean and plentiful water, which I am sure you will want to talk about, is the single most important thing there is for people and the environment. Although there is a massive amount more to do on that, many of our coastal waters and rivers are in a better state now than they were in 2015.

Chair: You wouldn't believe it reading the newspapers, though, would you?

Sir James Bevan: You wouldn't, Chair; I would like to unpack that in a moment.

We have helped to deliver green growth. We factor that into everything we do—from big projects like HS2, Hinkley Point and the Tideway sewer to local projects—and because everything we do is helping us to tackle the climate emergency and the biodiversity crisis, I think we are helping build a more sustainable future.

What are the lessons? I guess I have come out of this with three big ones. The first is that flood defence works. We cannot prevent all flooding, but with the right interventions we can substantially reduce its extent and impacts. What is really interesting is that although climate change over the last seven years has driven ever more violent rainfall and ever higher rivers, we have seen proportionately fewer properties flooded over that period as a direct result of the investment.

Q78 **Chair:** It must be quite frustrating when there is flooding and the houses that you protected are dry, but the BBC never films them.

Sir James Bevan: It is. Of course, flooding is a personal tragedy, so we do not want to minimise the impact on those who do get flooded, but let me just give you an example. In January, when we had some flooding on the Severn and in the Somerset levels, just under 200 properties were affected in some way, but over 5,000 properties did not flood because of the flood defences. Flood defence works.

The second lesson is that regulation works when you have the robust regulatory framework and the right resources and powers to give effect to it. For example, bathing waters are in a much better state now than they were five or six years ago, and certainly 20 years ago.

The third lesson is that we can achieve nothing that we want to achieve as the Environment Agency other than as partners—with MPs, the Government, local authorities, businesses and NGOs.



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What about the three challenges for the future? One is water. There is massive interest in it right now, as you said, Chair. That is a good thing. We all need to up our game, including the Environment Agency. We need to ensure that we have the debate on the basis of the facts and the evidence, not myth and assertion. We need to make sure that we focus as much on tackling farming pollution as we do on pollution from water companies, and that as much on ensuring water quantity—that is, that we have enough for the next 20 or 25 years—as we do on water quality.

The second challenge is flooding. Although, as I have said, flood defence works, flood risk is rising as the climate is changing. That means that we will need to spend more time investing in making communities resilient to flooding when it happens—because it will—as we are already spending on protecting communities from flooding. We will also have to recognise, as we have seen at Hemsby this week, that in the long term there are some communities, particularly on the coast, that cannot be defended successfully, and then the right answer will be to move those communities to a place of safety.

The final challenge is the climate itself. Even if the world stopped all carbon emissions tonight, the climate would still carry on changing for decades because of the carbon that we have already put out into the atmosphere. That means that we need to put as much effort into making ourselves resilient to the impacts of the changing climate, which will carry on changing, as we are putting into reducing the extent of that climate change.

Finally, if I may, I just want to say a word about the people of the Environment Agency. They are the best there is. They are dedicated public servants. They operate under high pressure with very tight resources and a lot of competing calls on their time. They work in difficult and sometimes dangerous circumstances. They are passionate about creating a better place and will always go the extra mile for the people and communities we serve. No organisation is perfect, including mine, but I would like to say that any failings on the part of the Environment Agency over the last seven years are my responsibility, not theirs.

I hope the Committee will agree that the staff of the Environment Agency deserve fair pay that reflects the importance of their work and in particular that they deserve the nation's support and thanks. They will always have mine.

Ian Byrne: Well said.

Q79 Chair: I want to go back to water quality and sewage discharges—storm overflows, obviously, but also discharges when there is not heavy rainfall. George Eustice, the former Secretary of State, argued: “The budget for monitoring licence conditions has always been fully cost recovered so it was an agency management failure not a lack of budget” that resulted in so many discharges, some of which had been happening for years without people really being aware of what was going on. How would you counter that?



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Sir James Bevan: I would say that he is wrong. I will give you the facts. One of the things he said was that monitoring of combined sewage overflows only began when he told the Environment Agency to begin that monitoring, and he was Secretary of State from 2020 to 2022. As the record shows, we actually began that monitoring in 2016; we then required all water companies to put monitors on all their CSOs by the end of this year, and that is almost done—so what he said was factually incorrect.

Mr Eustice was also factually incorrect to say that all the costs of monitoring water company compliance are recovered—or supposed to be recovered—by the EA through charges. Under Treasury rules, not all our environmental monitoring can be paid for with the income that we get from those regulatory charges. There has to be a component of Government grant in aid to reflect the pressures on the water environment that do not result in chargeable activities.

Although the charge income that we do receive from water companies—and it is a significant amount—does cover the costs of our routine compliance activity such as inspections, analysing data and so on, and some of the costs of environmental monitoring, it does not cover all the costs of doing that monitoring. Finally—this is a really important point—nor does it cover the costs of enforcing the regulations that protect our waters, which under Treasury rules must all be funded by Government grant. That Government grant, as this Committee knows, has been dropping over the last few years, and that has had an effect on our ability to enforce the rules.

Q80 **Chair:** We are going to have questions later about fines and penalties and further questions about the issue of raw sewage in water courses.

I turn to Mr Lovell—Alan. Having been in post for six months, what are your strategic priorities and vision for the Environment Agency? To what extent have capability, and capacity and funding constraints, affected those ambitions?

Alan Lovell: Thank you very much. Perhaps I could first give a few reflections on these first six months.

The first thing to say is that I have enjoyed it enormously. It is a very motivating and wonderful organisation, and it is a great privilege to be its chair. I have visited many sites during the six months—approximately one visit a week. I have been to the three barriers on the east coast: Thames, Ipswich and Boston. I have been to the Somerset levels, just before they were flooded in January, and went to the Norfolk coast at the end of last week. I have also been to Sellafeld. Wherever I have gone, I have found extraordinarily keen, dedicated and professional local teams and it has been a real privilege to be out with them.

I think my predecessor did a really good job for the agency and the country on some big national issues, including climate change. I greatly admire the brave stand that she and Sir James took in challenging the agency to achieve net zero by 2030, which set a very good example for

the rest of Government as well as a great challenge for the organisation itself. We are making good progress towards that. Certainly, our own carbon emissions are down by a third since 2019, so we are on our way.

I think it is my job to give a little more emphasis to operational capability and reporting. There will be more visibility of key operational issues at the board—for example, real, tough, cost-performance data on flood schemes and, an issue that we will probably discuss later, the delays on permitting. Issues like that should be addressed by the board, and action should be taken on them.

For my first six months, my essential focus has been on water—as James says, both resources and quality. I am sure we will come back to that, but at this stage I would like to say that I am very pleased with the plans that are in draft for the next AMP, the next five-year period, which looks to have a significant increase in the level of spend on resources and quality. I believe that to be appropriate. I am now turning my attention more to other factors, as well as to water, particularly waste and waste crime, and the other areas that we regulate.

Finally, at this stage, perhaps I can say that we have been engaged in an exhaustive and very professional process for identifying and selecting a new chief executive. I am happy to say that the choice is made, and we hope to be able to announce that very shortly.

Q81 Chair: You talk about additional resource being made available. Will that mean that your ambitions are not constrained by funding, or will you still be making a case for additional funding for your organisation?

Alan Lovell: First, I am very happy that we have received additional funding over the past year. Our total staffing has increased from about 10,500 to 12,250 over the past year. About half of that increase is on our increased flood programme, and the other half on activities such as permitting, agricultural inspections and other areas that had been specifically identified.

We will never have all the funding that we would like to achieve all that we could do, but we recognise the constraints placed upon Government and that it is incumbent on us to do our very best with the resources that we have. Certainly, as the Committee is aware, on the one hand, there has been a reduction in environmental permitting core funding over the past few years, but on the other hand we have had additional funding for specific purposes. That has enabled us to do a job in specific areas that I think has been beneficial.

There are one or two areas where I shall certainly be looking for increased funding but, broadly, the Government have shown good support for the work that we do by encouraging the recruitment over the past year. I also think that our team has done a good job in challenging circumstances in making such an increase in the staffing numbers.

Q82 Chair: Looking at your mission plan, the current five-year plan—EA2025—was written by your predecessor at the height of the pandemic. Given the



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new Environment Act 2021 targets and the environmental improvement plan, is now the time to set out a new five-year plan and to get that work under way?

Alan Lovell: The previous five-year plan is still doing its job for us. James gave a view of that. Generally, we have done a very good job on our flood work—I think we have made the nation considerably more resilient to climate change. It is never enough, and over the next five years we shall be continuing to seek to prevent flooding of more properties, but we have made good progress.

In the other areas generally, progress is in hand. Oddly, that does in some ways include the area of water, although I grant that the media coverage at the moment is certainly adverse, and we shall address that further. Generally, however, the five-year plan sets out our objectives well. There are some additional things that have come out of the environment improvement plan that we shall give some focus to, but the essential story is the same.

Q83 **Chair:** Are you in effect saying that EA2025 is not written in stone and is seen as work in progress, rather than completing that and then having a fresh one?

Alan Lovell: I am saying that it is in stone and we shall keep measuring ourselves against that, but to the extent that other issues arise then of course we shall be adaptable and do what we can on those as well.

Q84 **Dr Hudson:** Thank you, Sir James, for all that you have done for the EA. As a Member of Parliament representing a part of the world that is very much in the frontline of flooding, I echo your sentiments and put on record my thanks to the EA for all that they do in terms of flood protection and mitigation, and to help people with anxiety up to flooding and then with the trauma when it comes. Thank you very much for all that you and your staff do on that.

Can I quickly follow up with Alan? You talked about the new arrangements for Sir James's successor and that you will be able to announce those in due course. Do you have a start date for the new chief executive, and what will be the interim arrangements if there is a bit of a gap between the two?

Alan Lovell: We expect the new chief executive to start on 1 July. We do have a clear plan for an interim arrangement—although we have not published that yet—and we believe that it will be very effective for the period.

Q85 **Dr Hudson:** Will you be publishing that—

Alan Lovell: We will, at the same time as we announce the new appointments.

Q86 **Dr Hudson:** You will be saying what the interim arrangements will be in that period between the end of this month and the beginning of July. That is helpful.



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Defra said last month that it now had no plans to undertake large-scale reform of its arm's length bodies, thereby ending the review process started in last March's Green Paper. What is your reaction to that decision, and does that mean that the EA should carry on as before?

Alan Lovell: Perhaps I should start, and then James can take over.

First, I said when I started that I was open-minded on the subject of ALB reform. I remain open-minded on that subject, but it is worth saying that what I have seen of the work that we do on the ground does make me feel that to split out the flood work of the agency into a separate organisation would not be the right thing to do. The reason is that I have been very impressed with the integrated work that the local teams do, which is both helping our water resource and quality work, but at the same time is providing further flood defence.

It would be a retrograde step to have an operation entirely focused on flood, because it would risk a reversion to more use of concrete as opposed to the natural flood management and nature-based solutions that we are trying to promote, which are much better for the environment in all ways. There is more likelihood of that being achieved with an integrated team.

Q87 Dr Hudson: You have said we should keep flooding in-house, and I very much take that on board. But you have been on record as saying that you did not think you would do it as the EA is currently set up. Were you disappointed in the decision to have no restructuring, or do you think, after in six months in post, "Yes, I am comfortable with the set-up. Yes, we can tweak, but we do not want large-scale restructuring." Is that what you are saying?

Alan Lovell: I am saying that. I am comfortable with the shape. The other aspect that was considered was merger with other arm's length bodies. We are working very well with some of the other arm's length bodies and we can do that with closer co-operation as effectively as we could with a formal combination.

Q88 Dr Hudson: I guess you have a different perspective now, six months in. You have considerable experience from your previous life: you were a turnaround specialist, so you were appointed when there was a possibility of major restructuring. Now, six months in, are you going to have to hold yourself back from making big change?

Alan Lovell: No, I am not going to have to hold myself back. Yes, I have had some restructuring experience, but in the private sector that does not always mean that you are changing the corporate structure. It implies a whole range of experience and skills, such as prioritising, here and there reducing costs, and maybe here and there increasing costs. It is about doing what is necessary to improve performance. I don't think that experience will be wasted, even if there is not a structural change.

Q89 Dr Hudson: Okay, fair enough. After six months, are you confident that the businesses and individuals you have spoken to, which interact with



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the EA on a daily basis, are satisfied with how the EA is performing? Do they have any thoughts about how it is structured?

Alan Lovell: They do not have any thoughts on the structure that I should report to you. Are they all satisfied with our performance? No, I must say that they are not satisfied with our permitting performance, which is why we have been working so hard over the last six months, and we have made considerable progress. Our partners working with us on flood and water schemes are generally happy with the work that we are doing, and are happy to support us on that.

Q90 **Dr Hudson:** Finally, Sir James, in terms of that line of questioning about the structure of the EA, as you are leaving, are you comfortable saying, "If it ain't broke, let's not fix it. Let's keep going broadly as we are. Yes, we can refine and improve"? Are you comfortable that your successor is taking on something that you think doesn't need to be radically changed?

Sir James Bevan: First, can I just say thank you for what you said about Environment Agency staff? It matters greatly. We try to regard MPs as part of team EA, and we are grateful when you feel that you are. I should say that Cumbria in the first week of December 2015—including your constituency—was my first experience as chief executive of what a major flood does. It taught me that it destroys lives, livelihoods and wellbeing, and it made me very passionate about protecting your constituents and others against it.

The status quo is never an option. All good organisations are constantly seeking to change, evolve and improve as the circumstances change outside them. We are no exception, so we must constantly be looking to innovate, improve and do better for the people who pay our wages and our customers. I don't think we should be precious about the current structure of the Environment Agency. No organisation is perfect; there are bound to be some defects. In the whole of this debate, the test is outcomes: what will deliver better outcomes for the people we serve?

Actually, I agree with Alan. There are two reasons why I would keep the Environment Agency basically structured as it is. The first is that underlying the flood side of the business and the environment side of the business is one central thing, which I am sure you will want to talk about in a minute—water. Essentially, it is all about managing water. Water gets everywhere. It affects the environment. Too much is bad, too little is bad, and the wrong contents are bad. The thing that unifies the Environment Agency is the management of water in all its aspects.

Since nature is an integrated system and water is an integrated system, it makes much more sense, and it is more efficient, to have one organisation dealing with all those aspects than to have two, three or four, so there is a conceptual reason why it makes sense.

There is also a very practical reason. I have been around government long enough to see a whole bunch of machinery-of-government changes, and every civil servant will tell you not to do it. It takes a lot of time, costs a lot of money, carries a lot of risk, and often you don't end up with any



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better outcomes. Rather than pull apart the Environment Agency to create two or three new organisations, I and the 12,000 people I lead would much rather be getting on with protecting your constituents and everyone else's constituents. We would much rather spend any money available on outcomes, rather than on new IT or new email addresses. I don't think machinery-of-government changes should be done unless there is a really good argument, and I don't think there is a strong enough argument for doing it to the EA.

Finally, as Alan said, we mustn't be complacent, and we must keep innovating. Permitting is a great example: we want to move to digital permitting, which will be cheaper, more efficient and better for our customers. That is the kind of area I would prefer to focus on, rather than a structural change.

Dr Hudson: That is very clear; thank you.

Chair: I echo what Neil said about the amazing work that EA staff do when there are floods. When I was appointed floods envoy by David Cameron, I went to places such as Cockermouth, and it was amazing how people really went the extra mile; it was literally all hands to the pumps. It reflects what Alan said about not fragmenting the organisation, because you can then concentrate the activity there. I would certainly echo that.

Q91 **Barry Gardiner:** May I also extend my thanks to you, Sir James, for all the work you have done, and echo what you said about your staff and their being deserving of decent pay in recognition of all the work they do? Thank you for saying that.

I want to focus on the environmental improvement plan and the Environment Act targets. You will know that the Office for Environmental Protection said in January that the Government's progress was not "demonstrably" on track for any of the 23 environmental targets in that original 25-year plan. How do you view the recently updated plan? Do you think those targets will be achieved, and what is your role in making damn sure that they are?

To throw in a sort of rider to that, do you share the concern of some agencies and NGOs that the discretionary nature of the review means that in practice, the Secretary of State is marking her own homework?

Sir James Bevan: We have a suite of nested things, haven't we? We have the 25-year environment plan that came out in 2018. Stemming from that, we have the Environment Act 2021 and the environmental improvement plan announced in January. The Environment Agency helped to design all those things, and we will play a central role in delivering them. They are essentially good things. The headline objective of the 25-year environment plan—that we will be the first generation to leave the environment in a better state than we found it—is exactly the right ambitious target. It is incredibly ambitious, but we can all get behind it.

We have helped DEFRA to draft the targets in the environmental improvement plan and we will help to deliver those targets. As Alan has



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said, there is fortunately a lot of congruence between EA2025 and the work that the Environment Agency is already doing, and most of the main targets in the environmental improvement plan. We can go through those if you want. In the EA, we have already mapped all the targets to activities that we are already doing or will need to do to hit those targets.

Q92 **Barry Gardiner:** Just so I am clear: you said there that you have looked at those 23 areas where the environmental targets are demonstrably not on track; you have identified why they are not on track; and you have a programme to deliver to ensure that they come to be on track. Is that correct?

Sir James Bevan: I did not say they were off track. What I said— no.

Barry Gardiner: No, you didn't; the Office for Environmental Protection said that.

Sir James Bevan: What I said is that we helped to design these targets. They are stretching; we can argue about whether they are stretching enough, but they are stretching and we wanted them to be. By definition, a stretching target may sometimes not be met, but it is right to have ambitious targets.

What I am saying is that not only did we help DEFRA to design those targets, but we are now putting together a plan that will ensure that the EA knows what it has to do to give us the best possible chance of hitting each of those targets. Whether we hit them will depend on a whole range of things, some of which we do not control.

Q93 **Barry Gardiner:** Just to be clear, do you disagree with the assessment of the Office for Environment Protection that 23 of the targets are "demonstrably" not on track?

Sir James Bevan: I would not want to, as it were—

Q94 **Barry Gardiner:** I should not have said "demonstrably not on track"; I should have said "are not demonstrably on track". There is a big difference there.

Sir James Bevan: I think that must be true. Some of these targets are very ambitious. They will require a lot of work and investment, not just by the Environment Agency but by a whole bunch of other actors.

By definition, if you set ambitious targets, you may not hit some of them. Some of them are clearly going to be a stretch, and some of them may not be hit, but I still think it is worth setting ambitious targets and doing all we can to get there.

Q95 **Barry Gardiner:** So you do not disagree with the Office for Environmental Protection. That was my question.

Sir James Bevan: I agree with the Office for Environmental Protection that there is a risk that we will not hit these targets. I think it is good that there is a risk; the reason there is a risk is that we have set ambitious targets, and we will do everything we can to hit them.



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- Q96 **Barry Gardiner:** Their statement was not about risk; it was about fact. It seems to me that you are not being quite as indiscreet as you promised the Chair you were going to be.

Sir James Bevan: I am trying very hard to be indiscreet. I am really not trying to split words. When you set a whole bunch of targets, some of which are naturally going to be very difficult to achieve—we can talk about water in a minute—you may not hit them.

For some of those targets we are manifestly not on track. A classic example would be ecological status in rivers, where we know that we are at 14% instead of the 75% we want to be at. That is a massive stretch. I am recognising that: all I am saying is just because it is stretching, and just because we may be off track, it does not mean that they are not good targets and we should not do everything we can to hit them.

- Q97 **Barry Gardiner:** I am not trying to nail you to a tree. Given current resourcing levels, what level of confidence do you have that the EA will be able to deliver against the Environment Act targets and the updated 25-year plan?

Sir James Bevan: That will depend on future resource decisions that have not yet been taken.

- Q98 **Barry Gardiner:** I said given current resourcing levels.

Sir James Bevan: It is fair to say that at the moment, as this is a multi-year plan, we do not yet have guarantees that we will have all the resources we will need to deliver our parts of all these targets. That is a built-in fact of the way that Government allocate money; we have to wait for the next Government or the next spending review, which may take a different view.

What we do know is that we currently have adequate resources to put EA action behind each one of these targets. That is what we are doing, and we will drive them as hard as we can.

- Q99 **Barry Gardiner:** Neatly sidestepped again. Let me try once more. What I am trying to ascertain is: what if the current resource level continued? I accept that we cannot predict the future and what the Chancellor is going to do tomorrow and in future years, but given maintenance of current resourcing levels, what level of confidence do you have—not, “Are you confident?” or “Are you not confident?”—that you can achieve all that?

Chair: I think we might be straying slightly to Sheryll’s next question.

Sir James Bevan: The honest answer is that we will do the best we can with the money we currently have. If we do not get more resources on top of that current budget over the next few years, I am not confident that we will hit these targets—in fact, I do not think we will.

- Q100 **Barry Gardiner:** Thank you. Your assessment is that you will need an increase in resources in order to meet those targets. Could you quantify what that might be?



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Sir James Bevan: I do not think I can quantify it. What I will say is that these are ambitious, and they will require more work by a whole bunch of people, not just in the Environment Agency. The way to do tough stuff is to do it together. A lot of the delivery of this will be in the hands of other partners, and a lot of it will be in the hands of the private sector as well as the public sector. We will all need to contribute.

Clearly, some of the things we need to achieve on water, for example, will require more activity by the EA for which we are not currently funded. We will hope that in the next spending review we can have that funding.

Chair: Sheryll's question leads on directly from this. I will then come back to Geraint for the end, because it follows straight on.

Q101 **Mrs Murray:** It does. I want to concentrate on your expected performance during 2022-23. Of the Agency's 11 targets relating to the Environment Agency 2025 goals, three are forecast to be red at the end of this financial year, and three are forecast to be amber. Are you satisfied with the agency's performance this year? Because of the nature of my constituency, I am looking specifically at "flood and coastal risk management assets at or above the target condition". You have got that target down as red. There are a couple more.

Chair: Biodiversity and net zero, basically.

Mrs Murray: Could you expand on those, please?

Sir James Bevan: First, our corporate scorecard, which you are referring to, is updated every quarter. We publish it, because sunlight is the best disinfectant—we want to be held publicly accountable.

As we were just saying to Mr Gardiner, we deliberately set challenging targets for ourselves each year. If all of these indicators for the end of the year were green, that would tell me that we hadn't set strong enough, challenging enough targets. The way this looks, with some reds, some greens and some amber predictions, is how I would expect it to look, if we had set challenging targets in a tight resource envelope.

We are obviously particularly focused on ensuring that, whatever we do, we have regard to life and limb, first and foremost. I have been to south-east Cornwall. I know a lot now about the flood risk out there. Obviously, we are doing a lot in terms of building new defences in your part of the world.

On the flood defence metrics, we measure ourselves against two key indicators. The first is how we are doing with building new flood defences. The second is how we are doing with maintaining existing ones.

On the first, we are green for this year. We set ourselves a target that by the end of the second year of the new multi-year flood defence building programme, we would have better protected at least 60,000 extra homes and businesses. We think, touch wood—hopefully it doesn't rain too much over the next two weeks—that we will slightly exceed that. We think it will



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be about 61,000 in the first two years. That is good, but we need to ramp that up over the next few years, so we are not going to be complacent.

The red one that you are referring to is the status of maintenance of our flood defence assets. The challenge of maintaining our flood defence assets has grown a lot over my time. That is, first, because we have built a lot more, so there are more to protect and maintain, and that costs more money; and, secondly, because quite a lot of them are ageing. A lot of them were built in the sixties, and they cost more to maintain. But mostly, it is because climate change is giving them all a much bigger kicking, not just storms but drought—it is all affecting the state of our defences.

The standard target that we set ourselves is that 98% of our key assets will be in the desired condition at any given time. That 98% is a Treasury-endorsed best-value percentage. You don't want 100%, because you are then spending too much, as it were, but you don't want much lower than 98% because otherwise you are not ensuring the right level of protection. 98% is the gold standard for the percentage of our major flood assets that we want in the desired condition.

We are currently at 94%. The reason for that is that we didn't get all the funding that we sought in the last spending review. That meant that we have not been able to afford all the people and all the running costs that we need to get to 98%. We were clear about that at the time. We were clear that in later years, in order to recapture 98%, we are going to need more investment. That is a decision for the future.

I think the key point for you, Ms Murray, and other parliamentarians is that just because we are at 94% on our asset condition, it does not mean that we are putting any communities at significant extra risk. Where we have not been able to do the maintenance or the permanent repair that we may need on a particular asset, we will put in place a temporary mitigation that will seek to ensure the same standard of protection. Nobody should lie awake worrying about this, but we do need to make sure that we invest properly in the maintenance of our defences as well as in the construction of new ones.

Q102 Mrs Murray: I have one of the most flooded coastal towns in my constituency, which has not had protections put in place. I thank the Environment Agency for the work that you are doing with other local organisations to try and move that forward.

How would you address the shortcomings during 2023-24? Presumably, once you get another budget, you will be able to look to address some of the things that you have not been able to.

Sir James Bevan: We always apply a risk-based approach. Obviously, the maintenance that needs doing on particular defences where there is a potential risk to life and limb will be done first. The first answer is that we are going to prioritise. The second answer is: we work very closely with local authorities, including in your part of the world, and with other local partners to see whether there are ways they can help us with the



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maintenance, and sometimes the construction, of flood defences. How do you do better in a time of resource scarcity? You do it together. That is a second intervention. Thirdly, we are talking to the Government already about future years and the level of investment that may be needed to get us to the standard that we would like to be at.

Q103 Mrs Murray: May I ask Alan about that as well? Presumably, as chairman, you will be ensuring that the new chief executive will take these plans forward.

Alan Lovell: I will. It is an area of some concern, certainly to RFCC chairs. I think that maintaining the good condition of our assets needs to be a very high priority, even at the expense of some capital expenditure.

Q104 Mrs Murray: Finally, starting with Alan and then moving to Sir James, do you think that the Environment Agency's customers have a positive view of your organisation? I know the assistance that you have given other bodies in progressing particular schemes to the final design stage in my constituency has probably given a very positive view in certain areas. But do you think, overall, that the Environment Agency's customers have a positive view of your organisation?

Alan Lovell: I think they generally do, but I acknowledged earlier that there are some less-than-positive views about our performance on permitting. I think the agency has done a very good job, over the last six months, of catching up on that. By the end of March, we expect to be back on target for all water resource and water quality issues. By the end of June, we expect to be on target for waste and major installation permitting. Once we are on target, we shall challenge and improve the targets and, as James mentioned, seek to modernise the process, so that we give a better service to our customers.

Q105 Mrs Murray: Do you have anything to add to that, Sir James?

Sir James Bevan: I think so. The first thing I will say is that on the flood side, I think you are right. For example, I was in Bewdley last week. There are very big flood defences and temporary demountables there. We are now constructing a new defence on the other side of the Severn. Our teams like going to Bewdley because people thank them and give them free coffee when they are putting up these defences. They love knowing that they are protecting this community. That will be true all over the country. Generally, on the flood side, we do get good customer reaction.

On the regulatory side, it tends to be good—it can always be better—and the permitting does need to improve. We are on that case. The way I would characterise it is that we have good relationships with the large organisations that we regulate when we can have them. Our relationship is pretty good with nuclear plants or big industrial installations.

Relationships are scratchier with some of the smaller companies, particularly in the waste sector. That can partly be if they think that we are imposing additional costs on businesses that are really operating at the margin. We do have to have regard to keeping businesses going, but it



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can be partly because we have come to tell them that they actually need to abide by the law. I do not mind being unpopular if we are making a decision or telling an organisation that it has to do something if that is about keeping people or the environment safe.

Q106 Mrs Murray: Chair, if I may ask a tiny supplementary, I have mentioned flooding, in particular, and we are very clearly looking at countering flooding by controlling the water flow upstream. The Environment Agency has responsibility for licensing some river fisheries. How much effort do you put in to making sure that you have fish paths where you have dams across rivers and things like that? I know that it is not mentioned in the brief, but it would be interesting to hear a little bit about the progress on that, particularly where we are going to be looking possibly at controlling water flow in this way in the future.

Sir James Bevan: First, I think you are absolutely right: our thinking needs to change faster than the climate. Increasingly, the interventions will not be pouring concrete and building walls; they will be planting trees to slow the flow and making space for water, so that it can accumulate somewhere where it does not threaten a community. We need to take the opportunity, as we do those things, to unlock rivers that have been locked up by interventions over the last 200 years. Another example from last week is that I was in Worcester—in Diglis, just outside Worcester—where, working with the Canal and River Trust, we have just completed what turns out to be Europe's biggest fish pass. That is part of a fantastic project called "Unlocking the Severn". It means that, for the first time in about 250 years, the whole of the Severn catchment is now open for salmon and the twaite shad, which I now know is an important and rare fish. That is just as much an important part of what we do—creating a better place—as is the flood defence or the regulation. We are doing those fish passes as and when we can all over the country.

Alan Lovell: I was out a month ago with Tony Juniper looking at a nutrient neutrality site, and similarly a very nice fish pass was designed there. It is regularly part of the work that we do.

Chair: Certainly, the maintenance of assets is very important, and I hope that in your tour of the country visiting various flood barriers, you will have a look at the Foss barrier. It was not that it did not do its job; the Foss barrier was there to protect the Foss from the Ouse when it rose, and the opposite thing happened. That certainly demonstrated very clearly that when something does not do its job or fails, there can be major problems. Geraint has a supplementary on this issue.

Q107 Geraint Davies: I have a couple on targets, if I may. Can I give my thanks to the Environment Agency? I was working with the Environment Agency as chair of flood risk management in Wales up to 2010—that is, the Welsh Government's money through the Environment Agency—so I have a close relationship historically with the agency and think it does a fantastic job at every level.

That being said, on the flood risk management issue, there is a feeling



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that there is too much concentration of the money on new capital projects as opposed to maintenance. I know that Sir James has mentioned this issue. Something like 4% of the assets do not pose a significant risk, but there are issues where there is a need for mitigation. To what extent is there a need now for a rebalance? Everyone likes to see big structures, but there is a risk that we have an increased size of flooding due to climate change and that those defences that have not been properly maintained may give way and put people at risk. Is there a case to rebalance between maintenance and capital, and indeed to look at natural flood risk and resilience rather than more and more of these big projects?

Sir James Bevan: First, we have a very good relationship with Natural Resources Wales, and a very practical relationship. For example, the management of the Severn and flood risk we obviously have to do in lockstep with NRW and the Welsh authorities, and that works very well, so thank you for what you said.

I am an ex-diplomat. If diplomats are offered a choice of two things, they want both. I think that what the country deserves is enhanced investment both in building new flood defences and in maintaining the ones that we have. Both of those interventions are massively good value for money. On average, for every £1 that building a new flood defence costs, it will save the country at least £10 in measurable damages and innumerable cost and heartache in terms of the effect on wellbeing, physical health and the cost to the NHS. Building new flood defences is a good investment, and I would like to do more of them. Maintaining the ones that we have is absolutely vital, because, as you say, there are risks.

Ultimately, this is a political decision. We get ringfenced money from the Government for capital, building new projects, and maintenance—maintaining the old ones. We argued, in the last spending review, for enhanced grant for both. We got some enhanced grant, but not as much as I would have liked. We will make the case again in the next spending review.

Q108 **Geraint Davies:** Alan, you suggested that you would be putting pressure on the Government, in essence, to rebalance and ensure the existing maintenance codes of practice were in good condition and fit for purpose. Is that right?

Alan Lovell: I agree entirely with what James said. We shall seek enhanced spending for both these areas but, if push came to shove, I think it is the maintenance that is the very high priority.

Q109 **Geraint Davies:** On targets, Sir James, you mentioned that you thought these targets were stretching. In terms of biodiversity, the target is that we should allow a further decline of biodiversity until 2030, as I read it, and we only have to make some progress by 2040. Do you feel we should be tracking the level of biodiversity decline and taking action now to improve things until 2030, not waiting? It strikes me that a lot of these targets are on the never-never, and another Government will come in



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and the one that set this up won't be blamed.

Sir James Bevan: In my seven and a half years, I have gradually come to see things that weren't clear to start with. Gradually, it became apparent to me that the climate emergency was at the heart of everything that we are doing. If we could tackle that successfully, everything that we were trying to achieve as an organisation would flourish, and, if we couldn't, nothing would work.

In the last couple of years, I have become increasingly conscious that there is a parallel emergency, which is the biodiversity crisis. They are interrelated, but they are different. I think you are right to emphasise the biodiversity issue, because it is just as critical that we tackle it as climate.

You can argue about whether the biodiversity goals in the environmental improvement plan are sufficiently ambitious. They are pretty ambitious. They are about improving species abundance, reducing the numbers of species on the extinction risk levels and massive restoration or creation of new habitat. You can argue about whether we should be trying to achieve those by 2030 or 2040, but the important thing is that that is goal No. 1 of the environmental improvement plan—rightly, because this is so important.

We will play a big role in that. We play a big role in creating and restoring habitats, which is one of our corporate targets that we measure every quarter. We do that with our flood defence building programme and in our work to enhance nature, for example where we restore the sinuosity of streams that the Victorians engineered into straight drains, which has a biodiversity benefit. The regulation that we do obviously helps protect the air, water and soils on which biodiversity depends.

Q110 Geraint Davies: So we are clear on this, the targets are that we can allow biodiversity to get worse until 2030 and then we only have a biodiversity target in 2042, which compares that back to 2022. We could decline up to 2030 and then keep on declining until 2041, when we could suddenly wake up and say, "Oh, we haven't done very much." Shouldn't there be interim targets and a trajectory of how we are going to focus in now on endangered species, rather than letting them die by 2030?

Sir James Bevan: I certainly do not think that we should work on the basis that it is okay to let species die or diminish, because often when they are gone, they are not coming back. I think it is sensible to have a long-term target for ensuring that species abundance is better than it is now. We can debate whether that target should be 2042, which it is, you are right, in the—

Q111 Geraint Davies: There could be an interim target, couldn't there, for instance?

Sir James Bevan: There could be, and it may well be that as part of the work that we want to do with DEFRA and Natural England over the next several months, we conclude that that might be a helpful staging post. I guess that what I am saying is that the headline target—that we have to



restore species abundance and restore nature, not just slow its decline—is something I am on board for.

Q112 Geraint Davies: Similarly, the air quality target for PM2.5 levels of 10 micrograms per cubic metre is 2040, when there is a whole body of evidence that suggests we could deliver that in 2030 if we pulled our finger out. I know it requires much more than is in your armoury—obviously, local authorities, the private sector and fiscal strategy all have to play their part—but don't you feel there could have been a more ambitious target for air quality? I am not suggesting we should do this, but there was a suggestion that we could achieve it everywhere but London. Why wasn't the target everywhere but London by 2030, and then London by 2035, or something?

Sir James Bevan: First, it is really important that we do have clean air targets, because thousands of people die unnecessarily every year because the air is not sufficiently clean.

Secondly, it is perfectly fair to debate whether the headline targets are sufficiently ambitious. We think they are ambitious, and we will play a big role in trying to hit them. You are right that local authorities have a big role and you are right that Government has a big role, but the fact that the EA regulates most of the industries that put out most of these dangerous chemicals means that we are a big player, and we are effective.

To give you some numbers, since 2010, from the sites that we regulate, which is most of the industrial sites in the country, the emissions of some of the worst air pollutants have all gone substantially downwards. Nitrogen oxides are down by 72% since 2010, sulphur oxides are down by 90% and small particulate matter, which is the nasty stuff that gets into your lungs, is down by 52%. Any amount of it is too much, but I do think that the EA's regulation is playing, and will continue to play, an important part in getting to the target.

Q113 Geraint Davies: If we were in the EU, we would be required to deliver the 2030 target they have set for every country in the EU. Being dirty Britain, we have decided to leave it at 2040. Do you think that if the Government told you, "It's 2030," you could play your part and help to ensure delivery, alongside the other agents?

Sir James Bevan: We would always want to be at the ambitious end of the scale, whether we are talking about biodiversity, air quality or water quality, because that is what we do: we want to create a better place. We would want to ensure that we had targets that were ambitious, because we should be stretched. We would also want to ensure that we had targets that were achievable, because you don't want to set yourself a target that is completely out of sight, and we would want to ensure that we had the resources and powers to deliver those targets. I think that, overall, what we have in the environmental improvement plan ticks most of those boxes.

Q114 Geraint Davies: Would you like to be more ambitious, Alan?



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Alan Lovell: Perhaps I could pick up the point about biodiversity. Part of the explanation for that is the same as for climate change: it is in the mix and therefore you cannot immediately turn around. But we do have a target to create or restore 20,000 hectares of priority habitats by 2030, which I think is a legitimate interim target of the type you described. As you see, we are a bit short on our target for this year, but it is certainly something that we manage quarterly and we shall be seeking to be very ambitious on that subject.

Q115 **Barry Gardiner:** I have a very small piggy-back question arising from what you said about the investment in flood defence and the rate of return, which I entirely agree with—I think it was £8 or £9 for every £1 spent. There is a problem with that, though, Sir James, which we have discussed before, and that is that it can sometimes lead the Environment Agency to approve schemes such as would safeguard buildings in Chelsea, where people have built bedrooms or kitchens in their basements, and where the property values are high, but where the number of people who are affected by those schemes really would not merit it in human terms. Sometimes, simply using that metric of £8 or £9 for every £1 spent will lead to a bias—unconscious, perhaps—to protect more affluent areas rather than areas that might have more people living in them and might be better protected.

Alan Lovell: Can I jump in on that? I have seen this in action and I can tell you that we are very alive to the risk of giving favourable treatment to parts of the country that are more affluent and better able to speak for themselves. We are rigorous about trying to be fair and to do the right thing. I have seen that in action.

Barry Gardiner: It would be very good—and I think perhaps the Committee would appreciate it—if you could give us a note about what the guidance is for those who are preparing those schemes to ensure that that takes place, particularly in areas where people have been told not to build in their basements because of the flood risk.

Q116 **Geraint Davies:** Can I just say that, in Wales, they have changed the metric so that it is more biased towards people than property values, for the reason that Barry gave? Is that something you could look at? It is completely outrageous, as has been pointed out, that hundreds of people could be flooded just to save a few expensive buildings in London.

Sir James Bevan: This is Government policy, and that is what we are implementing when we decide where, how much and under what conditions we are going to invest in flood defence. As you know, the key question of Government policy is what number of properties we can protect. It is not the value; it is the number of properties. What that means is that in urban areas it is much easier to construct a business case for doing it than it might be in a rural part of Cornwall or Cumbria. That is a problem, and we have to work around that. Usually, the answer is then finding partnership funding to make up the difference, but the key test is how many properties are protected. As I say, that is the Government's policy.



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There is a factor that helps us, on deprivation. We are allowed, if we are talking about protecting a deprived community, to spend more money than we otherwise would, so that part is actually a progressive policy. That helps us in some of the deprived areas we want to support.

The final thing to say is the policy now is that if people build somewhere, they will not get money from the agency, because the policy excludes new builds in areas at flood risk deliberately, to disincentivise that—the point you are making.

Chair: Thank you for that point, because we have had some issues, certainly in my constituency. We have a steep street, and No. 1 and No. 3 may get flooded, but No. 17 up the road is the same postcode, so the insurance companies think it is liable to flood. Thank you for providing reassurance to the insurance companies on a number of occasions that those properties may be in a postcode where there has been flooding, but they are certainly not at risk of flooding.

I would now like to ask Ian Byrne to ask some questions on penalties and fines. Alan, you fell into a bit of a bear trap on this a little while ago, so this is your opportunity to put the record straight.

Q117 Ian Byrne: I will keep within the parameters of the question because we have question No. 7 on discharges, and I do not want to go into that. There has been some misunderstanding between fines and penalties. Would you like to explain the key differences between them?

Alan Lovell: I would. Fines are imposed by a court, either a Crown court or a magistrates court. Penalties, particularly variable monetary penalties, are imposed by us. What a court levies is entirely up to the court, and we would certainly not seek to have any limit on that. The variable monetary penalties are an issue that we feel would make a considerable difference to both the speed and the sharpness of our teeth. At the moment, we have a £250,000 limit, but it is not available in relation to a breach, unless the breach is also an offence. It is not available for environmental permitting regulations offences. It also requires a criminal standard of proof. For all of those reasons, it has been relatively little used by us, and I think that is most unfortunate. We do have penalties on a civil standard of proof—that is, the balance of probabilities—for specified breaches of climate change regimes. The Environment Act 2021 does provide for the extension of these to breaches under the EA waste regime, so that will be an important change.

In contrast, Ofwat has unlimited civil penalties for breaches of its licence conditions. We are looking at and discussing four possible changes with DEFRA, which I think would make a material difference to us. The first is making penalties available for EPR offences. The second is applying a civil standard of proof. The third is a higher limit. The fourth—the offer that the Chancellor has made, which we thoroughly welcome—is hypothecation in order for us to be able to use those penalties, with proper governance processes and approval back in the business, to do our work better.



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Q118 **Chair:** When is that likely to happen? I know it was announced in February.

Alan Lovell: We are in discussions with DEFRA on all four of those points at the moment, and we hope they will come into place during next year.

Q119 **Ian Byrne:** Just on No. 4, are there any concerns that if the fines go back to the Environment Agency it will affect the guarantee of funding from the Treasury?

Alan Lovell: We have not worked out the detail of this, but I do not think that the fines go back to the Environment Agency directly. I think they will go back to DEFRA, and that is important. We must balance the need to still prosecute in the case of very serious issues. That is an issue on which we need to have proper governance controls, including some sort of external judgment.

The point where a bear trap was set was in relation to the limit. I was not talking about limits on fines; that is up to the courts. The previous Secretary of State suggested that the limit on penalties should increase from £250,000 to £250 million. That is a number that I believe to be higher than should be given to us for a penalty that we can impose. Apart from anything else, I think it is important that there is a distinction between a less serious issue, which we deal with using a penalty, and the time-consuming but ultimately visible and vital process of taking things through the court and asking it to levy a fine. Thank you for the opportunity to explain the difference. We are in discussion with DEFRA on what that limit should be. I do not know where it should fall at the moment, but it does not need to go up to anything like £250 million. It needs to be enough to hurt.

Q120 **Ian Byrne:** That is a good question. What is enough to hurt? If you consider that £2 billion has gone out to shareholders since privatisation, there is money there. What does hurt them?

Alan Lovell: I think anything in double-figure millions is going to hurt them, granted that, for very serious offences, we will still prosecute.

Q121 **Ian Byrne:** You will still prosecute?

Alan Lovell: Of course, and, as you know, we are engaged in a very serious investigation at the moment of all water companies, which started 18 months ago. It is a very long-term process—that is the trouble. That is why I think some quick and sharp teeth would make a really significant difference to our ability to regulate effectively.

Q122 **Ian Byrne:** Just touching on what Sir James said before about water being the No. 1 priority for the EA, we are talking about potentially levelling fines of up to £250 million against companies that look after the water for this country. Within the country at the moment there is lots of unhappiness about the way it is run; we are probably going to touch on that with question No. 7. We are talking about a sector that many people say is completely broken. In your opinion, can it be run for profit, or should it be run for public good? Is the model completely broken?



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Alan Lovell: I do not believe that the model is completely broken. I believe that, with proper regulation by ourselves and Ofwat, it can be run properly. I also believe that the shareholders can be and are, at the moment, a source of funding for the major capital expenditure that is required over the next 20 years. It is clearly a political decision, and it is not for me to comment on the rights and wrongs. I will say that I do believe that Ofwat and we can regulate the industry, and we will do so.

Geraint Davies: Can I ask something?

Chair: You have had quite a lot of supplementary questions.

Geraint Davies: I was down for one.

Chair: Go on—one quick point.

Q123 **Geraint Davies:** Very quickly, Alan, you have just said that we could rely on shareholders to provide the investment needed, but am I not right in saying that the water companies have not only taken billions of pounds in profit, but built up billions of pounds of debt? Obviously, if it was a publicly owned industry, we wouldn't be able to fine them, but don't you at least feel, given they are accumulating debt and giving out lots of money, that we really do need to have quite big sticks to hit them with? Would you like the courts, at least—you have differentiated between the Environment Agency and the courts—to have the power to fine £250 million?

Alan Lovell: They have; there is no limit on what the court can levy as a fine, and nor should there be.

Q124 **Geraint Davies:** And what should your limit be?

Alan Lovell: I have already indicated that we are in discussions on that. I think it should be in double figures of millions. My personal view is in the £10 million to £25 million range.

Geraint Davies: I will leave it there.

Q125 **Dr Hudson:** Just quickly on this, I think we all agree that some of the players in the industry have been behaving in an unacceptable way and that there are unacceptable levels of sewage being discharged into our waterways. I asked you both about this the last time you were before us. Alan, you have talked about the teeth—you are asking DEFRA for the teeth to be sharp enough. Can you give us reassurances that the teeth will be sharp, but that you will use those teeth to keep these industries in check to ensure that our waters are kept clean?

Alan Lovell: Absolutely. We will certainly do that. I think that we have been doing that with the prosecutions we have taken. I also think there are areas where our activity has increased. For example, on the contribution of agriculture to dirty waters, our efforts have increased. Data on that is that, in 2019-20, there were 300 visits to farms; this year, our target is 4,000, thanks to some additional funding. I think we shall be there or thereabouts on the 4,000 at the end of March. A very



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considerable number of those required some improvement actions, which were placed. The agricultural community has been good at picking those up, but a lot remain. Where they are not, we shall certainly be very active in taking action. This is a classic case of carrot and stick. The ELMS structure provides for some good carrot—for key areas where farmers can improve their performance on environmental grounds—but where they choose not to take that up, or, for other reasons, are still not complying with proper regulations, we will have no hesitation in taking appropriate action.

Exactly the same applies to the water companies. As I said earlier, the water companies do have a plan over the next five years to invest very considerable sums compared with what they have done previously. I do think that will have an impact, both on resource and on quality. But to the extent that they are not complying with the law, we shall be rigorous in taking appropriate action against them.

Chair: Thank you. More on water companies, Rosie.

Q126 **Rosie Duffield:** We are moving on to sewage discharges—this section is me and Barry Gardiner. I have to confess I have a big interest in this because my coastal constituents' lives are blighted daily by really frequent sewage spills. It is not just because of big incidents; sometimes it is because of a thimbleful of rain. Sir James, do you accept that self-regulation by the water companies of sewage outflows and permit compliance was a mistake?

Sir James Bevan: The first thing to say is that, while there are still unacceptably large frequencies and volumes of sewage discharges after rain, and sometimes not after rain, I do think we should recognise that we have made a lot of progress in improving the quality of our bathing waters. That is down to two things essentially: tough regulation of the kind Alan was just referring to by the Environment Agency, and a lot of investment by the water companies to improve matters. Is it good enough? No. But is it significantly better than it was? Yes.

On marking their own homework, we do not let water companies do that. What we do have is a system called operator self-monitoring, which is what I think you are rightly challenging us about. Operator self-monitoring is not unique to the water companies; it is used across industry. It is a standard regulatory tool, and the clue is in the name: the operator monitors what they are doing and reports the data to the regulator—in this case, the water companies report to us.

We require water companies to monitor and report on a whole bunch of things, including effluent quality and the storm overflow data that you have rightly raised, and to tell us whenever they cause a pollution incident. We require them to self-report if they do other things out of kilter with their permit. First, we check this data, so we do not just take it literally. We audit the data. We also have the monitoring systems that the water companies use to audit themselves, so we know that they are



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reliable, and we go and check if we think that there is a reason why we need to query the data.

So the first point is that we are not letting water companies mark their own homework. If we did, it would be a bad thing. The second point is that with those appropriate checks and balances, operator self-monitoring is a good thing. Why do I say that? First, it costs a lot of money and the polluter should pay. The water company should be paying the cost of protecting us and your constituents, and part of the cost is them investing in monitoring so they know what is going on and can tell us what is going on.

The second reason why it is a good thing is that I want water companies to feel that knowing what is going on in the environment and what they are doing to it is just as an important part of their business as knowing how much money they are making or how much water they are providing the public with. The fact that they have to monitor themselves, they have to report to us how we mark it and every year we grade those companies publicly, in terms of how good they are on self-reporting, helps embed in the water companies a sense that the environment is just as important as anything else. It is a good way to operate, provided there are checks and balances—and we do have some pretty rigorous checks and balances.

Q127 Rosie Duffield: In theory, that sounds great, and I have absolutely no doubt that you are coming from a really good place, but it just seems that you are placing an awful lot of faith in the companies—a lot more faith than my constituents, who have to live with our sailing clubs not being able to be used and dogs not being able to be walked. The air smells, and it is just really unpleasant. It is affecting our economy so badly as a big tourist place, so the general feeling in my constituency is certainly that the Environment Agency do not have enough teeth and they are definitely not sharp enough yet. That really is the perception, so even though the theory might be right, the people living in the area definitely do not feel that way. I just think I ought to tell you that.

Let's move on to the next question. You told the Committee last May that "until recently", the agency did not have "very good data" about sewage dumping at treatment works. However, the ENDS report said that the Environment Agency knew in 2012 that such dumping was being carried out by United Utilities at their Cleator site and five other plants, and that a whistleblower said that the agency had "knowingly permitted" such illegal activity "to continue". How would you respond to that?

Sir James Bevan: They are both important. On the first point, it is clear that your constituents are suffering from what is happening. I am very keen that we do all we can to work with you and your constituents, and any other MP who is in the same position, to see what we can do with the water company and the local authorities to make things better. There are good examples of where we have made things better, and I would be very keen, offline, to see what we could do for you and your constituents. On your second point—sorry, remind me.



Q128 Rosie Duffield: It was about the Cleator site and the ENDS report.

Sir James Bevan: Okay. Don't believe everything you read. ENDS is right about 45% of the time. The reality is that until 2016, when we required the water companies to start putting eventuation monitors on all their 15,000 combined sewage overflows, we did not have a good sense of the frequency with which those were spilling. You can argue about whether we should have done—we probably should—but at least we woke up to the issue and did something about it.

By the end of this year, every single one of those 15,000 will have monitors, and all of that data will be published online. It has already been published online, and as I said earlier, sunshine is the best disinfectant. I think that is already putting pressure on the water companies to improve, rightly.

We have gone further, now. We have also required all the water companies to put monitors on all their sewage treatment works—at the start of the process. That is already halfway through, but it will be done by 2025. We are also talking about another 4,500 monitors on 2,400 sewage treatment works. That, too, will give us data that we will use, and publicise, so we have a better understanding as we go forward.

We are using that data, both to target our day-to-day interventions with water companies—because if we think something is going wrong, we will go and tell them, and we will go and get them to stop it—and as part of the massive investigation, which Alan referred to, into all the water companies. If we find that there has been lawbreaking, we will take appropriate action.

Rosie Duffield: Thank you. Barry has a question.

Q129 Barry Gardiner: I want to pick up on that. I think, in responding to my colleague's question there, Sir James, you elided the 2016 imposition of the event duration monitors with the information that you had back in 2012. Now, the information that you had back in 2012 was not from the self-reporting monitors; it was from site inspections that the Environment Agency itself had carried out. I appreciate that you were not actually the chief executive at that time, but, none the less, there were nine inspection reports—I think that may be nine plus the one at the United Utilities site at Cleator, or it may have included the UU site. Five of those nine inspections found similar issues with breaches of permits.

It would help the Committee if you provided us with the inspection reports from those sites, from 2012, so that the Committee can make its own mind up about exactly what information you did know, what information you perhaps should have known, as an organisation at the time, and what the correct action to take would have been. Are you happy to do that?

Sir James Bevan: If I could just say, I think what we are talking about is a growing perception and understanding over the past 10 years that there

was a major problem that we did not realise. Maybe we should have clocked it earlier, but we are on it now.

I just want to say that, whatever happened in 2012—we will look at what we can share, and, by and large, we do already publicise a lot of our reports on individual operations that we regulate—there are many forms of permit breach. There are very accidental ones, with no significant environmental harm, which we would deal with through a reprimand, if you like, and there are major and deliberate breaches that cause massive pollution, where we would prosecute.

Q130 Barry Gardiner: And that is why it is important that we see them—for that distinction.

Sir James Bevan: Exactly. And my point would be that I suspect that what we saw in 2012-13, although we will go and have a look, were essentially fairly minor breaches that were dealt with by our local staff, in exactly the way that we would expect our enforcement policy to run, which is an appropriate sanction. I would not need to know about it; it would have been dealt with locally. However, over time, as it became more apparent that we had this nationwide issue, you will have seen the leadership of the organisation clock it and take the measures that I have identified.

Q131 Barry Gardiner: Listen, I have no doubt that, over the past period of time—which is what I want now to go in and look more carefully at—things have improved. There is no doubt about that, and we welcome it.

The reason it is important to establish this in relation to 2012 is that there is of course a suspicion, which does lead us into politics, that, because of the austerity measures at the time—because of the financial constraints that the EA was operating under at that time—a conscious decision was taken to ignore the discharges that were taking place. That was the accusation made in the ENDS report, in effect, and that is why it is important to bottom it out.

Sir James Bevan: I agree, and that is why I am encouraging you not to believe everything that you read, particularly in ENDS, because, to be honest, that is not how the 12,000 women and men who work for this organisation are. They are passionate about protecting the environment and about protecting water. They are very good regulators. If you can give me an example of a company that is doing damage to the environment, we will nail them. We will not ignore it. I just want to be clear: that is not our policy, and that is not how the 12,000 people who work for me behave.

Q132 Barry Gardiner: I understand your defence of the agency, and that is entirely appropriate and proper. That is why I think it is important that this Committee can actually see the raw data for itself. Let's do it under confidentiality, if needs be, but then we can actually inspect it for ourselves and make a genuine assessment of it.

I have the privilege of sitting on not only this Committee but also the Environmental Audit Committee, where we cross swords on occasions as



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well, Sir James. In May last year, you told this Committee that the EA had only become aware of the sewage spillages 12 months previously, in May 2021. You said: “the water companies came to us and said, ‘We think that, when you look at this data, you will find that we are not compliant’, and it was that understanding, which only came to us, frankly, within the last 12 months, that led to the investigation that the Environment Agency is now running, involving all of those water companies, about which I cannot say too much, but it is a very serious investigation”. That appeared to suggest that when you told the Environmental Audit Committee in June 2021 that “the overall performance of water companies is improving, including reducing serious pollution incidents” and “more water companies are now at the highest level of performance”, you had not been made aware, and indeed were ignorant of, the very serious breaches prior to June 2021.

In October 2022, before the Lords Industry and Regulators Committee, you stated that the spills “became apparent a couple of years ago”—that is, in October 2020—and that you had been aware of them before citizen scientists and NGOs brought them to your attention. Yet in February 2021, Professor Hammond had made a presentation to senior Ofwat and Environment Agency staff. Before that, in July 2019, he had done the same in Birmingham at the Ofwat headquarters, and in March 2021, there was a peer-reviewed paper revealing almost 1,000 spills.

Your evidence to this Committee, to the Environmental Audit Committee and to the Lords Committee seem to be at serious variance with each other as to precisely what you knew when and what was the instigation for you taking the action that you subsequently did when you became aware. You told the Lords Committee that it was not in response to citizen science and so on, but you had all that information from citizen science before you stated you became aware of it.

Chair: Barry has certainly done his homework.

Sir James Bevan: He has.

Barry Gardiner: Well, it is a letter that you already have in your possession, Sir James, and you will recognise its source, but it has not been responded to.

Sir James Bevan: If we have not responded to any of your letters, that is—

Barry Gardiner: It is not my letter.

Sir James Bevan: Okay. You have quoted everything I said. I think I would stand by everything you have said, and I think they are mutually consistent.

I have always sought to be frank and honest with this Committee and others about what I knew when. The short version, as I recall it, is that, as we were already discussing, there was growing concern beginning around about 2012 to 2013 about CSO performance and growing public concern, rightly, about frequency of CSO spillage, leading to the Environment

Agency requiring all the water companies to fit event duration monitors on all CSOs starting in 2016. That process is ongoing.

As that data started to flow, we saw that the problem was serious. It gave us evidence that there was even more frequent spillage than we had thought. That led us to require the companies to fit so-called flow to full treatment monitors, which go on the sewage treatment works themselves, in 2020 or 2021. It was that—as I told you, and I am happy to tell others—that led certain water companies to come to us and say, “We think that when you look at some of this data, you will find that we are not compliant with our permits.” It was that which led us to initiate the now potentially criminal investigation in which we are engaged. All those things are true and sequential, and I do not think they are contradictory.

You make an important point about what I said about the overall performance of water companies. Their overall performance on CSOs is lamentable and has been getting worse, and the data show that. We need to nail them, but we measure water company performance by a whole bunch of metrics, including CSO spillage. We publish the results in an annual thing we call the environmental performance assessment, which ranks water companies against a whole series of metrics, including the number of serious pollution incidents they have caused.

On that metric, we raised the standards over the last few years. Some water companies are now doing better than they were; some are doing worse. My point is that on many things that are important, which are not CSOs, although they are important, we should give the water companies credit for reducing serious pollution incidents, for improving permit compliance, for improving self-reporting, for improving security of supply. I think these statements are all consistent, but the record speaks for itself.

Q133 Barry Gardiner: Thank you for that. The letter from Professor Hammond was copied to yourself and to the Chair of the Industry and Regulators Committee in the Lords on 26 November last year. Perhaps if you were to reply to that letter, which sets things out fairly comprehensively, and copy this Committee in, that would be extremely helpful.

Sir James Bevan: Professor Hammond has written us a series of letters. Some of the things that he says we agree with, some of them we do not recognise and some of the things he says we disagree with. He is a respected authority, so we should listen to him, and we will continue to listen carefully to his and other people’s views.

Q134 Barry Gardiner: I totally understand if you disagree; you must state that and say so, but if you could copy the Committee into the response, setting exactly that out in that letter, that would be really helpful.

Sir James Bevan: We have not yet taken a decision as to whether we will respond to his letter. We get lots of letters and we cannot respond to all of them. If we do respond, we will give you a copy.

Barry Gardiner: Okay.

Q135 Chair: Can I just pick up on something that you said earlier, Sir James?



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You said that around about 45% of ENDS reports are accurate. I think perhaps its editor might challenge that—I do not know the editor—but obviously what you say in this Committee is covered by privilege. Could you give us some evidence to support that, or is that just an off-the-cuff remark?

Sir James Bevan: I promised to be suitably indiscreet, didn't I? I admire the fact that ENDS cares about the environment, and it is written by people who do. I do not think that their reporting is balanced or accurate, and there have been several examples where ENDS has asserted things that have not been the case. If a major national newspaper asserts something that is wrong about us, we will correct it, but frankly we do not have the resources to correct every misrepresentation that we see in ENDS.

Q136 **Chair:** Okay; understood. By the way, it was widely reported that those of us who voted for the Environment Act, as it now is, voted to put sewage in our rivers. Is that true?

Sir James Bevan: *indicated dissent.*

Q137 **Derek Thomas:** Turning to data, I represent west Cornwall and the Isles of Scilly. We get a lot of data about sewage overflows, we get data from Surfers against Sewage, and get data from the Environment Agency, and it is very different. Which is accurate?

Sir James Bevan: It depends on what data, from whom and on what. The first thing to say is that we welcome the fact that there is lot of different data—Surfers against Sewage produce data, citizen scientists produce data, water companies produce data. We go out and do our own monitoring and that is data.

I think a challenge for the future is to be able to put together all that data, because none of us is as good as all of us, so that together we have a better understanding of what is going on in the water environment. Some of that data is very dodgy. An iPhone picture of a brown stream is not evidence of faecal contamination.

Q138 **Derek Thomas:** St Agnes.

Mrs Murray: Yes, St Agnes.

Chair: We have a lot of red ochre that runs down the streams on my farm, which looks like sewage—it is not.

Sir James Bevan: This is my point about evidence. On the Environment Agency data, we try to make our data good. We are an evidence-based organisation, and our ability to be influential and effective depends on our ability to have good data. We spend a lot of time and effort getting good data. On beaches, as you know, during the bathing water season, we go out and measure water quality regularly, and we report on faecal matter, E. coli and all the things that people want to know about it. I trust the EA



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data, but I do think we should welcome the contribution of others, while being a bit cautious about taking every bit of data that we get.

Q139 Derek Thomas: We have heard a lot in the last half hour about what may or may not have happened in previous years. Actually, what we are really interested in is how we solve this problem. Obviously, we want our rivers and seas to be clean.

There seems to be a huge emphasis today on suggesting that the water companies accept all responsibility. I wonder if that is actually a fair way of guiding the public in terms of the scale of the problem. For example, Cornwall has a lot of combined drainage systems, where rainwater and sewage water end up in the same pipe. On run-off, you hinted at the beginning that you had a concern about run-off, not just the role of the water companies. There is also consumer demand. The reality is that what comes out of the tap must go back in the drain at some point, even if that is not exactly in the same building.

Are you confident that we have a solution, and that the public are getting good information, along with all those that contribute to this problem, so that we can resolve the problem and we can get to a place where storm overflows do not end up in the coast around Cornwall and the rest of the UK? Alan, maybe you want to tackle that one.

Alan Lovell: I think you are aware that the CSOs are a medium to long-term problem. We are not going to achieve perfection on that in the short term. What we can do is to make a difference every year. I am very confident that the water companies, with our regulation, will do that.

It is not just a question of the way they behave—you are quite right. I completely agree that demand management is a crucial element in this. I favour water companies trying very hard on their objective of reducing consumption. The target, as you know, is to drop from somewhere around 143 litres to 110 litres. I think that is very important in all sorts of ways, including reducing the amount going down the drains, but also on the need to abstract less from some of our rivers. There is a human and public issue involved.

There is certainly pressure on developers to do better. The rules are now in place that developers, within the environs of their development, must separate sewage and rainwater and must find a storage area for the rainwater. That is essential. Over time, those steps, together with what we do in other areas, will make a difference.

Let me talk about some of the other areas. Agriculture is an important factor in this. The next one we need to take very seriously is urban and road drainage. That is not an area where we have the ability, or funding, to take action at the moment. It is an area where we would very much welcome the idea of being able to get engaged in that. Then the fourth area I would draw attention to is septic tanks. Steadily, we need to take on all four of those, and other matters, as well as focusing on educating people on the value of water, and encouraging them to use less.



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Derek Thomas: You have taken me on to the final point I want to raise. In Cornwall, and it may be true elsewhere in the country, we have had this peculiar problem where the Environment Agency has tightened up the rules for spreading human waste on land, which we obviously understand. That has led to septic tanks in homes, nursing homes and other commercial properties not being emptied, because the water company is not able to take the sewage that would otherwise have gone on the land, because of concerns about storm overflows. In that advice or strengthening of existing laws that stopped the practice of spreading human waste on the land, was the Environment Agency aware of the significant, immediate impact that it would have on residents, nursing homes and businesses across Cornwall and presumably across other parts of the country?

Sir James Bevan: In some cases, some of the reports that I have seen, we did not change the guidance; we told the operators what it was and asked them to apply it. Some of them had not been applying it, could not apply it and therefore we had the disruptions that you talked about. I do not think we should apologise for requiring the operators to apply the law or protect the environment, but I think there is an important learning point for us about making sure that if we go in and require compliance, that we have walked through with the operators and the customers the potential consequences of that. I think that the situation is starting to sort itself out now, but I accept that there was a bump because of that requirement.

Q140 **Derek Thomas:** Certainly the Environment Agency has allowed companies to store more on their sites. At times of heavy rainfall it is an immediate problem for the companies that are emptying septic tanks. The point is an important one, because the public and all of us quite rightly want to wrestle with the problem of storm overflows. I am not going to say that we need to be careful what we wish for, but there is an immediate impact on some people within our community who actually depend on systems that do not properly address the concerns that we have.

Sir James Bevan: Can I just say something unpopular? There is no easy fix for combined storm overflows. The obvious fix, the most effective fix, would be to completely separate the Victorian sewerage system which links, as you know, sewage and rainwater systems. I have seen various estimates—about £600 billion is probably not an unreasonable cost. In addition to the cost, which would be paid by the bill payers ultimately, there would be massive disruption, because most of those systems run under towns and cities, so you would be digging up every town and city for the next 25 years. We all have a duty to recognise that although this is a really important issue to crack, it will take a long time to do so and will take significant investment.

We are playing our part as the EA and we are obviously regulating CSOs and trying to make sure that the companies abide by the terms of their



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permits. We are doing things such as collaborating with Thames Water on the Thames tideway, which is a massive intervention, which will hugely improve water quality in the Thames and reduce storm overflows into the river. We are working with the water companies on their own long-term investment plans. I think everybody has got to take ownership of this. There is a role for us, the environmental regulator, a role for Ofwat, there is a clearly a role for the water companies in doing the right things and making the right investments, there is role for the Government in ensuring that the water companies are held to those commitments, and I think there is a role for all of us as citizens and humans. Each time we drop a wet wipe down the loo, each time we pour cooking oil down the sink, we are causing pollution that will have to be dealt with. Let us just remember that we all have some personal responsibility as well as organisational responsibility.

Q141 Mrs Murray: You may be able to correct me—obviously my constituency has a lot of tourism businesses. It is very unhelpful when we hear things in the press about weekly or frequent spills of sewage into the sea. It has a real impact on many businesses that rely on tourism for their livelihoods. With a lot of the beaches, and I am thinking particularly about Looe in my constituency and I am sure there are others, the details of the bathing water quality are published. Looe at the moment is actually classed as a two-star beach. I was just a bit concerned when I heard Rosie say that she has concerns. Would those details be available for Canterbury as well?

Sir James Bevan: First, I agree with you, and this is the point about myth and evidence, that most of our coastal waters are in a better condition than they have ever been, and we do not want people to be dissuaded from going to your beautiful part of the world—or whatever part of the world—by myths that it is all polluted. That damages the economy.

Secondly, all the data about the state of each of the 300 or 400-plus bathing waters we publish annually. They are better than they have ever been. Essentially, most beaches have passed the minimum standard; two decades ago, most beaches would have failed the minimum standard, so that is fantastic.

Q142 Chair: And they are higher standards now than they were.

Sir James Bevan: They are higher than they were—and, of course, there are fluctuations, because it does rain and that has consequences, so we also want to make sure that beachgoers and potential tourists can check for themselves, almost in real time, the status of a particular bathing water. We have a relatively new online service called Swimfo, which from May to September each year publishes up-to-date information on the water quality of many of our beaches—it might well include yours, but I don't know. People can look up the details and see for themselves. It will contain advice—not to swim—if there is a particular issue, but most of the time those beaches will all be fantastic places to be.

Q143 Barry Gardiner: Swim what?



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Sir James Bevan: Swimfo—perhaps not the best name.

Barry Gardiner: I am looking it up now.

Sir James Bevan: Good.

Chair: I knew this was the most contentious subject. Robbie Moore wants to come in as well.

Q144 **Robbie Moore:** Sir James, I want to pick up on one point, because you mentioned bathing waters. I represent the constituency for Keighley and Ilkley. We have the first river to have bathing water status. My question is about the increasing number of applications for rivers to have bathing water status: do you feel that the guidance associated with bathing water status is sufficient to deal with river systems? When originally brought out, it was to deal with coastal areas.

Sir James Bevan: The first thing to say is that I have met your campaigners—they are a fine bunch of people—and I think it is great that people demand better water quality, including for swimming places. As you know, we work closely with that action group and with Yorkshire Water to seek to do what we can to improve things at Ilkley. The same is true at Wolvercote Mill stream in Oxford, which is the second river after the one at Ilkley to be designated as a bathing water.

The test for whether a site is designated is not the state of the waters, but how many people use it. As you alluded to, there has been a recent Government decision—it is a decision for the Government—as to which additional river sites may in due course be designated. The key point to make about designation, however, is that while it will result in the Environment Agency putting in place plans to monitor, protect and as far as possible improve the bathing water—which is why people want it designated—and will be keeping the public informed of the water's condition, just designating it does not guarantee that the water will be safe to swim in. It can take a long time—including in Ilkley—before we are where we need to get to, but it is a great initiative and one that we support.

Q145 **Robbie Moore:** Coming back to my question, do you think that the guidance as it is at the moment is sufficient? The reason why I ask is that the River Wharfe in my constituency, for example, is rated poor, which is no surprise given that Yorkshire Water discharges into the river, and potentially there is agricultural run-off further upstream. All that the bathing water status does is to instigate the monitoring process, which happens constantly. As guidance sits, however, that is for a five-year period so, if the river is still classed as poor beyond that period, the bathing water status lapses and another application has to be submitted. So, to come back to my original question, is that the right mechanism to be utilising to clean up river systems? Also, is the guidance as it sits at the moment sufficient to meet that objective?

Sir James Bevan: Is it the right mechanism for rivers? That is a fair question. The mechanism is based on the bathing waters directive, which



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was based on coasts, and coasts are different from rivers. There are some things about improving river health that are more challenging than for coastal. That is an open question, but it is never a bad idea to start with high standards and see where we get to. I would certainly want to aspire to the same standards for rivers as we have for coasts. That will take time. Our rivers are not managed for people to swim in; they are managed for the environment. It will require a lot of time and investment to get rivers to where many of us would like them to be.

Are the guidelines and classifications right? They are based, as I said, on the bathing waters directive. They divide water quality into excellent, good, sufficient, poor. I don't think we should dilute those standards; we should aim for the highest standards. As you rightly say, they are based on a four-year cycle of monitoring, and what happens in one year can affect what happens in future years. I would like to stick with that because it is a proven system that we have been running for several years. Overall, we have seen year-on-year improvement in bathing water quality, and I would like to stick with it for rivers to see how far we can get.

Q146 Robbie Moore: Can I just ask one further quick question? The reason I am questioning the timescale associated with that is that if you are water company and you want to set your investment strategy, running on a four or five-yearly cycle, what is the incentive to do that if you know that you are not able to improve the water quality in the period of time for which a bathing water status is set?

Sir James Bevan: The main incentive is reputation and public pressure. I know that Yorkshire Water and other water companies take very seriously the pressure they are under to ensure that the rivers people want to swim in are swimmable. Although the classification obviously depends on a four-year cycle, we publish data about when river quality is improving. We publish and share with the local community in your constituency the measures that we and Yorkshire Water are taking to improve water quality in the river, and that is definitely concentrating water companies' minds. Again, sunshine is the best disinfectant. We should welcome more public pressure on us and the water companies.

Q147 Chair: It is also presenting a challenge to local authorities, in terms of lifeguards. I don't know how many people die each year from swimming in polluted water, but 600 people a year drown, as we saw last summer during the hot weather. If we have swimming in areas where there is not adequate policing and supervision, we could end up with more drownings, which is not what we want to see.

The Public Accounts Committee said that "large parts of waste crime" have, in effect, been decriminalised, and that organised crime gangs, when they are caught, treat fines as a "business expense". Has the Environment Agency failed in that regard? Alan, would you like to come in on that? We all read these stories about people who have been getting away with murder for years.

Alan Lovell: It is a very difficult area. In general, the sites that we regulate are well regulated and are doing what they should be doing. It is



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very hard to reach some of the other activities. A month ago, I visited an appalling waste site in Sheffield. We finally got the perpetrator into court, and the magistrates court fined them £54. That feels like we need some education for the courts on the seriousness of this matter and the financial gains that the companies are making so that the punishment better fits the crime.

We have been given some money specifically for waste crime. We sought more under the spending review '21, and unfortunately didn't get it. We shall certainly be proposing that again, because it is the new narcotics, as James described it. This is an area that is increasing in public attention, and quite rightly too. We certainly need to get after it more intensively.

Q148 Chair: So you need more resources for yourselves and the Joint Unit for Waste Crime to be able to intercept these activities more?

Alan Lovell: Yes. You are right that having that joint unit has been very helpful, and we will continue to work with it. Equally, this crime is not taken as seriously as it could be by some police forces because their resources are stretched. Overall, the whole criminal justice system needs to get a better understanding of the problems of waste crime. Much of this was pulled out in Lizzie Noel's report three years ago. We are actively seeking to implement all elements of that, and we shall continue to do so. It is a very serious area. It is, as I have said, an area where we have sought additional funding.

It is, as I have said, an area where we have sought additional funding. That would be helpful and would certainly receive good payback.

Sir James Bevan: It is a really tough issue to tackle because, if you are a criminal and you fancy a bit of waste crime, your chances of detection are low, your rewards are high and, if you get detected, the penalties can sometimes be derisory, as Alan has just described. So it is an attractive area for criminals. That makes it tough to tackle.

As Alan said, we do it partly by working with others. We work with local police forces, HMRC, the criminal intelligence agency and a bunch of other agencies to pool data and target the criminals. That is proving more effective over time. We play the angles. A lot of these criminals are engaged in landfill tax fraud, so we work closely with HMRC. That was how Al Capone ended up in jail; it was tax fraud, not gang violence. We are pursuing criminals through the tax fraud route.

The Government have given us more powers here, which we are using. We should recognise that. We now have powers to seize and crush vehicles that are associated with waste crime. We have powers to block illegal sites to stop people bringing more waste on. We have powers of entry into known locations. We have powers of data collection, which we did not have and which we are using actively to target the criminals.



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When we do find a waste criminal, we will obviously press for the most severe penalties. It is worth recording that in 2016 we secured a record jail sentence against a waste criminal of seven and a half years. Frankly, it is only those heavy custodial sentences that will deter these serious criminals.

Q149 Chair: I was a little surprised recently to discover that I needed to register as a waste carrier. On my farm we have some plastic chemical containers and some bags that contain fertiliser, and we take them to a recycling place. I was told that I should register as a waste carrier. This is one journey per year. I have another friend who services plant at a local quarry and brings the waste oil back in the back of his van. He also had to register as a waste carrier. The process is very simple. No questions were asked; I just went on the website, put in my details and printed it off.

We seem to have a fairly scattergun approach. There are people whose business is waste, who are doing an awful lot of business and who, I presume, just have to do the same process. Do you feel that we should be reforming the way that waste carriers are registered—maybe even asking a few questions before the permit is allocated?

Barry Gardiner: I think a bit of retrospective enforcement is what is required here, Sir James!

Sir James Bevan: This is covered by parliamentary privilege; we can probably avoid jailing Sir Robert. You are right. The system is as it is because it was deliberately designed by successive Governments to be light on regulation.

Chair: The whole Committee could be licensed by teatime today without any problem.

Sir James Bevan: You are an honest citizen, Sir Robert, but the risk is that it allows people to register easily as waste carriers and then to use that as cover to commit serious waste crime. It is a problem. Should we reform it? Yes, and we are talking to DEFRA about how best we can do that.

Q150 Chair: Would part of that be a de minimis exemption for people who could still use the old process?

Sir James Bevan: It could be. What I would be saying is that I would like less, but more effective, regulation over the riskiest areas of waste. In particular, the default of the registration process is that it does not bring the Environment Agency any charges in income, so we cannot go and check whether you are a legitimate user or not. If we are going to regulate, we should regulate properly and have robust regulation with charges on those we regulate, which allow us the funds to go to check that it is being properly—

Alan Lovell: And the big waste companies are urging us to do that. They are thoroughly supportive.



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Chair: Robbie.

Q151 **Robbie Moore:** Thank you, Chair. May I declare that I have family members who have a plastic recycling business, although I do not benefit from it personally?

Chair: You should be proud of that; it is better than exporting it abroad, which is what happens to a lot of plastic waste.

Robbie Moore: Which brings me nicely to the theme of my question, which is plastic waste exports. Sir James, you have stated that a ban on all waste exports, including plastic waste, would be the best way to prevent export crime. Do you think the Government were wrong to reject the Committee's recommendation to ban all plastic waste exports by 2027?

Sir James Bevan: I can only speak for myself, not for the Environment Agency and certainly not for the Government, but I stand by what I said. Sending certain kinds of waste abroad is legal, but I am not convinced that it is right. Why do I say that? First, I do not think it is sustainable as a business model, because more and more countries are refusing to take waste from the UK. Secondly, when we see illegal exports of waste, that is causing environmental damage to other countries and I do not think that is right.

The Government have already said in their own resources and waste strategy that the aim should be to process more of our waste at home. I agree with that. All I am saying is let's set an objective to process all of our waste at home, which I think would also generate innovation and more business domestically.

Q152 **Robbie Moore:** To clarify for the record, are we talking about unprocessed plastic waste, or are you assuming it is processed and unprocessed?

Sir James Bevan: My personal view is that I would stop all exports of all forms of waste from this country.

Q153 **Robbie Moore:** Do you think that is likely to have an impact on those larger organisations that are involved in plastic recycling, where, when you have processed plastic, you effectively have a product that has a commodity value associated with it? If you ban the export of processed plastic, could that have a negative impact?

Sir James Bevan: All changes can have potentially negative consequences, so yes. When I said that, I got letters from companies saying, "That will affect our business model. Let's not go there." Again, my personal view—it is not the EA's view or the Government's view—is that if we were to ban all waste exports, of course you would want a lead time, so that companies had time to prepare and adapt. And I think they would; I think most companies have the capacity to do that.

Q154 **Robbie Moore:** Moving on to inspections, the Committee was told that the agency only carried out around 5% to 10% checks on waste



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shipments. That seems incredibly low. Why was the Environment Agency only carrying out up to 10% checks on waste shipments of exported plastic?

Sir James Bevan: It will be a combination of risk-based targeting—we cannot, and I do not think we should, try to open or inspect every single container going out of Folkestone and every other port, because they would never get anywhere. A lot of it is intelligence-led, so we will focus on the containers or the companies or the kind of waste where we suspect that there may be illegality. And part of it will be resources—we will not necessarily have all the resources that we would necessarily like in order to target a higher proportion of that waste.

Q155 **Robbie Moore:** When the inspections are carried out, all different types of plastic waste will vary in terms of the quantity or whether it doesn't contain any hazardous waste. Do you feel that the Environment Agency's guidance is up to scratch in terms of what the inspections are monitored against?

Sir James Bevan: We are pretty clear—the law is pretty clear, and our guidance unpacks it—what can be lawfully exported under what conditions. That is very clear. In our experience, when we catch illegal exports, it is not that someone has misunderstood the guidance but it is a deliberate attempt to evade the law and profit. For example, in one of the big cases that we prosecuted against one of the major waste companies a year or two ago, lawful waste, including some plastics, had been mixed with all sorts of unlawful waste. That did not happen by accident. I think the company knew, and the court agreed that the company knew, that that was illegal.

Q156 **Robbie Moore:** Do you think planned Government measures, including reform of the waste carrier, broker and dealer systems and the introduction of digital waste tracking, will help the Environment Agency's fight to stop illegal plastic waste exports?

Sir James Bevan: Yes.

Q157 **Robbie Moore:** Do you want to expand on that? I don't know if Alan wants to come in to explain why that will be so helpful.

Sir James Bevan: Part of the challenge is tracking waste from start of life to end of life, and being able to track waste wherever it is—and track it digitally, rather than with paper notes, which is the kind of 19th century system that we are using—will give us the real-time data that we need to be much more effective. So we completely support that reform.

Q158 **Robbie Moore:** Finally, we want to get as many organisations as possible, in whatever business sector, to sign up to recycling waste. To take farmers, for example, we have plenty of organisations, such as WRAP and the Green Tractor scheme that actively promote farmers and those involved in the agri sector getting involved in plastic recycling, yet enforcement by the Environment Agency is so weak—dare I say it—in terms of actively going against those farming business that are not signing up and disposing of their waste appropriately. Is that a hindrance



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to organisations getting involved in recycling as they should do?

Sir James Bevan: We would always want to support recycling and reuse, rather than disposal or export, for all sorts of reasons. There will be resource constraints on our ability to do everything we might like to do. When there is a significant waste crime in a rural environment, such as a massive fly-tipping incident—fly-tipping is a local authority lead, but if there is a big drop of fly-tipping that is causing significant environmental harm and/or we suspect that serious waste criminals are involved, we will get involved and play a role in seeking to identify who is behind it and do what we can to remediate the land.

Q159 **Robbie Moore:** Is that instigated by the local authority, with interaction with the Environment Agency, or is that something that the Environment Agency actively monitors and pursues?

Sir James Bevan: We have a very close relationship with the local authorities, so either they will spot something and tell us, and we will investigate and, if it is within our powers, deal with it, or vice versa.

Chair: The position of the Committee is clear: we have called for a ban on the export of plastic waste by 2027. We were very disappointed by the response we got from the Secretary of State. Had she said, “Well, 2030”, at least that would have been a target and given the industry an opportunity to gear up, get the equipment and make sure they have the correct mechanisms in place to do that. We will not be giving up, you will be pleased to know. Geraint, you wanted to make a quick point.

Q160 **Geraint Davies:** Assuming we were successful and got a ban on exports to Turkey, where they burn the waste, what would be the implications for incineration here? Should more be done to incentivise people to recycle plastic, rather than burning it, if we stop exporting it?

Sir James Bevan: That is a really important point. If we have to process all our own waste, that will have consequences for where and how we do it. The least good outcome is taking waste and burying it in landfill; the best outcome is reuse or recycling. Incineration—recovering energy from waste—is somewhere in the middle and is a lot better than landfill.

We regulate big incinerators, and local authorities regulate small ones. We have more of them in the UK than we have ever had—I think there are about 100 now, up and down the UK, with more coming on stream. When they are well regulated—I think they are well regulated by the Environment Agency—to ensure that they pose no risk to people or wildlife, they are a positive thing, because they do create energy from waste and we need domestic sources of energy. That is a better use of that waste than burying it in the ground and letting it leach out into watercourses.

Q161 **Geraint Davies:** Are you not concerned about the emerging evidence that while the filters that are used take out PM_{2.5}, some of the very small particles—the nano particles—get through? When 700,000 tonnes a year, say, are burned in one incinerator in an urban environment, are you not



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concerned that that will have damaging effects on people's health, such as leukaemia and other ailments?

Sir James Bevan: This is a bit like my answer to Mr Gardiner: the people who work for the Environment Agency are passionate about protecting the people and the communities that we serve and that they often live in. What is non-negotiable is the Environment Agency granting a permit to an incinerator or any other operator if we have any evidence that that permit would allow the operator to do things that would cause harm to human health, the environment or wildlife.

We think that with the best available technology—we are insisting that incinerators continue to improve their technology—we can continue to permit and allow incinerators to operate, including in some urban settings. But we are always looking for opportunities to ensure that the tightest possible standards are being applied, and we will increase those standards if that is technically possible.

Finally—and this may be another unpopular thing to say—I know how emotive incinerators are, because I get a lot of letters about them. If you are going to have incinerators that are producing energy from waste, it makes more sense, by and large, to put those in urban centres than it does to put them in the middle of the countryside, the reason being that you want that waste to be processed closest to where it is being generated. You do not want to be shipping waste from several different towns hundreds of miles across the country, burning carbon, putting out pollution and causing more lorry journeys. In my view, the right place for those incinerators, by and large, is in urban communities. Obviously, they have to be in the right place, and there is a planning process for that—that is the planning authority, not the Environment Agency—and obviously, they have to be safe; that is on us, and we work very hard to make sure that they are safe.

Chair: I was on the European Parliament committee that passed the large combustion plants directive, and the European Union has made a lot of progress compared with us on phasing out landfill but building incinerators. As you say, in Vienna there is one right in the town centre, and people point at it and say, "Isn't it marvellous? We're not throwing rubbish into the ground any more." Geraint is always very keen to follow the European Union, but it has actually made a lot of progress on phasing out landfill, and it has done that by building energy from waste plants, so it is a difficult one.

Q162 **Geraint Davies:** The public health impacts of this are still emerging. It is the case, is it not, that the very finest particles are more damaging, and those are the only ones that come through?

Sir James Bevan: We will always want to keep abreast of emerging evidence. We will always have regard to it, and we will always seek to ensure that the terms of the permit that we set for each incinerator pose no risk to human health or the environment.

Q163 **Geraint Davies:** Finally—you overheard me talking about this in the



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corridor, and we have covered it on the Committee—you will be aware of the mass death of crustaceans off the north-east coast. The Environment Agency has been involved in water quality. Do you agree that there is an onus on the Government to at least test all the dredging material that is being dumped into the sea for pyridine—

Chair: Briefly, because we have done this issue to death in the Committee.

Geraint Davies: I want to know whether you think the thousands of tonnes that are being dumped back in the sea should be tested for pyridine and other possibly toxic substances.

Sir James Bevan: We were part of that investigation with the MMO, the Government and other authorities. We entered into that in good faith. We are an evidence-based organisation, and we were part of the investigation that found no evidence of dangerous substances. The Secretary of State has responded to calls to reopen the investigation, and she has said that the Government are not going to undertake any further analysis. That is a decision for her. I understand that people want to know, but I also know from my own experience that sometimes, however much evidence you gather, you cannot get to a definitive answer about what happened. But if the Government decide to reopen the investigation, of course, we will play a full part in that.

Q164 **Geraint Davies:** So we should not test any of the stuff we are dumping in now.

Sir James Bevan: There has been extensive testing and a lot of evidence collected by a lot of very experienced people, including some at the Environment Agency. The Secretary of State has said what she has said, but if there is a decision to reopen the investigation, we will participate.

Chair: I want to finish by 5 o'clock. Ian has a question about staffing, which is very important indeed, so we should probably move on.

Q165 **Ian Byrne:** In 2021, the average EA worker's salary was 20% lower than it would have been if pay rises had kept pace with inflation since 2010, which is basically the equivalent of working one day in five for free. That was in 2021, so it does not consider where we are now with the cost of living crisis and everything else. Unison's survey of Environment Agency members found that over 60% of respondents could not say for certain whether they would be working for the agency in 12 months' time, with half saying they were currently looking for jobs elsewhere. Would you accept that there is a problem with pay at the Environment Agency, and does that pose an existential crisis for the organisation?

Sir James Bevan: Well, there is a problem with pay, and I alluded to it in my earlier remarks. This is not a problem unique to the Environment Agency—let us recognise that it is a problem for the whole of the public sector.

Ian Byrne: Yes, absolutely.



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Sir James Bevan: But I know about the Environment Agency, and as you rightly said, what is happening in the Environment Agency is that, because we are a public sector organisation and therefore have to follow the pay policy of the Government of the day, we have not been able to pay our staff for a decade or so pay that reflects the increase in the cost of living.

The net effect of that has been that people are significantly poorer if they work for the Environment Agency now than they were, and the net effect of that is that some people can no longer afford to work for us. So people have left us over the past year or two, almost always saying, "I really don't want to leave, but I can't afford to work for you any more," and I think that is wrong. I think it is bad for them, but it is also, of course, bad for the country, because these are the people who are delivering the outcomes, which we have been talking about for two hours, that benefit and protect communities. If the Environment Agency is not able to pay what we need to recruit, retain and motivate all the talented staff that we need, there is an issue. It is an issue for the country as much as it is for the Environment Agency.

We have had extensive discussions with the Government and the unions about this issue. What we are doing about it for this year is looking at whether we can make what is called a pay business case to the Treasury, which would propose various transformations that we might want to do in the Environment Agency in exchange, should it be successful, for agreement that we could pay our staff higher than whatever the Government ceiling is for this year. It is a big issue.

Ian Byrne: Just for the record—

Sir James Bevan: Some of our staff are using food parcels.

Ian Byrne: They are.

Sir James Bevan: I think that tells you a lot.

Q166 **Ian Byrne:** That tells you everything, doesn't it? They are not alone in that in the public sector.

For the record and the people watching this, if we have high vacancy rates within the Environment Agency and we cannot get skilled people to fill those vacancies, what impact would that actually have on day-to-day living? How would people feel that?

Sir James Bevan: The first thing to say is that, despite the challenges that we have had—we have been running very high vacancy levels. A year or so ago, we were running a 10% average vacancy level across the organisation. In some of our most skilled and technically qualified jobs, such as electrical engineering, it was a 50% vacancy rate, and that was starting to have an effect on our ability to operate all the things that we do.

The good news is that, because of a lot of effort put in over the past year, we have managed to recruit another 1,000-plus staff. I think they were



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attracted not by the wages, but by the chance to create a better place—that's fantastic.

Ian Byrne: Because they want to work there, absolutely.

Sir James Bevan: They are public servants; that's great.

Ian Byrne: But you can't rely on good will, can you?

Sir James Bevan: But these tend to be younger people or people who are coming in from different industries, and they need training and capacity building, and that takes time. Even though we are more or less back to the headcount that we would wish to be at, we are not yet able to deliver all the outcomes to the extent that we would want.

Q167 **Ian Byrne:** Absolutely. If you pay them, train them up and get them to a higher standard, it is easy for them to be picked off by other places that are going to pay more money, like the private sector.

Sir James Bevan: One of the challenges with delivering the new flood defence building programme has been that people who know how to manage big infrastructure projects get paid a very large amount more money in the private sector than they get paid if they work for the Environment Agency. People work for us because they want to create a better place—that's fantastic—but sometimes they want to buy a house or they want to put food on the table, so they are being forced to choose to go elsewhere.

Ian Byrne: Thanks for that answer.

Q168 **Derek Thomas:** On that last point, that will always be the case. When I was on the local council, we could never get the lawyers we wanted, because they will always get paid elsewhere. We almost need to stop using that argument and find ways of creating, as you said, a work environment in which you can hopefully provide some progression.

What I am interested in, in terms of the conversations about pay, is whether your organisation has the opportunity to contribute to the work that the independent pay review bodies do in the way that would be the case in other parts of the public sector. Are you big enough an organisation to contribute to pay review body work?

Sir James Bevan: No, we are outwith that process. We are essentially lumped in with parts of the public sector who are not part of specific pay review schemes.

Q169 **Derek Thomas:** What tools do you have, then, to make that point about recruitment, retention and progression?

Sir James Bevan: Despite the challenges—as I say, they are challenges for the whole public sector, so I am not asking for any special treatment—we have done well over the last year at recruiting, retaining and motivating the 12,000 people in the organisation. I know that because I have just seen the results of our latest staff survey, and they show an increase in motivation. It was already high, but it is high.



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You are right that there will never be a situation when the Environment Agency or, frankly, most other public sector organisations will be able to pay top dollar compared with the private sector, so we do have to find alternative solutions. That doesn't mean that people should not get a decent wage in the public sector. What we offer—what attracts people to the Environment Agency and keeps them there—is astonishing work and the chance to make the world a better place. People really will get out of bed for that. We offer a considerable degree of flexibility in where people work and how they work. That has actually improved productivity, not harmed it. We also offer astonishing colleagues. That is an attractive proposition. We have to market it robustly, and we will.

Q170 Derek Thomas: Can more be done to support the pensions side of things, or is that quite healthy as it is?

Sir James Bevan: The pension is good. It is important to note that it is not unlike the civil service pension, where the taxpayer pays it. The Environment Agency has its own pension fund, which is invested and produces its own good return. It is a good pension scheme, and that is an important part of the overall package. We also use the funds from that £1 billion-plus pension scheme to invest in sustainable businesses, so we are trying to improve the world as well as generate revenue for our pensioners.

Q171 Derek Thomas: You have just had a brilliant opportunity to set out why the Environment Agency is such a good place to work—well done.

Sir James Bevan: For anyone who is watching, can I just say that it is a fantastic place to work? Just to give you an illustration, there are two kinds of people who have come in in the last year as we have recruited more. There are the 20-somethings, for whom this is their first real job. They are just delighted to be in an organisation that is full of such great people who are committed to creating a better place. The other category is people in mid-career—mid-life—who have done one whole career. We have police chiefs and senior NHS people who have come in because they feel that this is an organisation that is in line with their values and they are treated properly and well. That is an attractive proposition, and we shouldn't be ashamed to talk about it.

Derek Thomas: I am glad that we ended on that note. Thank you.

Chair: Thank you very much indeed. This has been a really helpful session. I don't think you made too many indiscretions, Sir James. I was very pleased to hear what you had to say. We wish you well in your retirement, although I somehow suspect you will find things to do with your time. Thank you for your engagement today and in the past. When I was a Minister at DEFRA, we worked together there.

Alan, you are looking to the future. You are the future, as was once said in this building. We look forward to meeting you and your new chief executive in the future. Thank you very much.