



**Environment, Food  
and Rural Affairs  
Committee**

14 October 2026

**Marian Spain  
Natural England**

[by email]

**Subject: Natural England's Role in Nutrient Mitigation Markets and Nutrient Neutrality**

Dear Marian,

The EFRA Committee has received evidence concerning Natural England's role in nutrient mitigation markets and the operation of nutrient neutrality policy. While some of this evidence arises from a particular dispute between Natural England and a private sector provider, it raises broader questions regarding accountability, governance, transparency and the management of potential conflicts of interest within Natural England.

Natural England has stated that its Nutrient Mitigation Scheme operates to the same standards expected of the private market and that its intervention is limited to circumstances where there is market failure. However, stakeholders have argued that confidence in the market depends not only on the application of consistent technical standards, but also on transparent processes, regulatory certainty and equal treatment between public and private providers. The Committee wishes to understand what safeguards exist to ensure a level playing field and to prevent any actual or perceived conflict of interest.

The Committee is also interested in understanding the circumstances in which Natural England may revisit, suspend or withdraw support for a nutrient mitigation scheme after it has been approved. Predictability and regulatory certainty are critical if private organisations are to invest in developing innovative approaches and participate in environmental markets. It would therefore be helpful to understand what criteria, evidential thresholds and governance processes apply where Natural England considers withdrawing consent or changing its position on an approved scheme, and how affected parties are informed and given an opportunity to respond.

AME.

As well as its statutory responsibilities to advise on nutrient neutrality and environmental protection, Natural England operates the Nutrient Mitigation Scheme under government direction. Natural England has publicly rejected suggestions that this creates a conflict of interest and has stated that it intervenes only where there is market failure. The Office for Environmental Protection (OEP) has highlighted the risks that can arise where regulators also act as market administrators, including perceptions of conflicts of interest and an uneven playing field for private sector participants.

Given the growing importance of environmental markets to the delivery of government policy, it is essential that market participants have confidence that regulatory decisions are transparent, evidence-based and free from actual or perceived competitive advantage. Even where decisions are justified on technical grounds, the appearance of a conflict of interest can undermine confidence and investment.

The Committee would welcome Natural England's response to the following questions.

- How does Natural England ensure that private sector nutrient mitigation providers are assessed consistently against the standards applied to mitigation schemes operated directly by Natural England?
- What circumstances would lead to Natural England withdrawing consent for an approved scheme?
- Has Natural England undertaken any assessment of competition risks, market distortion risks or perceived conflicts of interest arising from its role as both adviser to government and participant in environmental markets? If so, please provide details.
- In light of the concerns raised by the OEP and other stakeholders, does Natural England believe additional safeguards are required to maintain confidence in the impartial operation of nutrient and wider natural capital markets?

The Committee recognises the important role Natural England performs in protecting the natural environment. However, the success of environmental markets is dependent on confidence, and for this to happen public bodies must act transparently and proportionately. The issues raised in evidence to the Committee make it important to understand how Natural England manages the potential tensions arising from its regulatory, advisory and market-participation functions.

We look forward to your response on these matters by 28 October 2026.

**Yours sincerely**

Yours NR

Alistair

**Alistair Carmichael MP**  
**Chair, Environment, Food and Rural Affairs Committee**