

'Rebuilding Britain' to 'Kickstart Economic Growth': Impacts of recent Government announcements on Planning and the Environment in London



Introduction

Recent announcements on issues relating to planning and the environment contained in the Government's 'Plan for Change' will bring good news for London. This briefing note discusses these recent announcements in light of topics including space constraints, energy consumption, the drive for data centre construction, support for airport expansion, and the drive to achieve net zero targets in the capital.

Effective planning is a key driver for development across the capital. Housebuilding efforts endeavour to keep up with the needs of its high-density population. Infrastructure developments, including data centres, sustain economic resilience, whilst airport expansion plans strive to maintain London's status as a global city. It is therefore understandable why planning is so heavily focussed in recent Government announcements on national economic growth.

Sustained fast-paced development in London continues to exert pressure on the surrounding environment, including amenity space provision, flood resilience, air and noise pollution, energy and water use, and transport network. There is also the need to ensure social delivery alongside the economic benefits from development.

Striking a balance between accommodating developments to maintain the economic resilience of London and preserving the natural environment is a critical challenge for London's future.

Recent Government announcements

The Government's 'Plan for Change', the 'Milestone' of 'Kickstarting Economic Growth', through 'Rebuilding Britain'

The Government has set out a 'Plan for Change'¹, which sets out 'milestones for a mission-led Government'. Some of the milestones set out by the Government relate to 'Kickstarting Economic Growth', through 'Rebuilding Britain'. The Government states that there has been a reduction in housing developments obtaining planning permission and regards planning for economic infrastructure development to be 'slower and more costly' than other major countries.

*'The failure of the planning regime has not just left us without the homes we need. Britain also lacks other key infrastructure that we should be able to rely on such as transport and energy, or gigafactories and data centres needed for industries of the future.'*¹

The Government states it will 'reform the planning system to be pro-growth' and promises to 'rebuild Britain, delivering new homes and the critical infrastructure that underpins economic growth', 'fast-tracking infrastructure delivery and home building'. The Government has set itself the challenging target of delivering **1.5 million residential units** in England and to fast-track **150 planning decisions** on major infrastructure projects by the end of this Parliament. On the latter, Sir John Armitt, National Infrastructure Commission Chair, stated 'this is a huge undertaking, but essential given the sheer magnitude of transformative infrastructure the country needs'².



Proposed reform of the planning system to deliver on the 'Plan for Change'

In January 2025, the Government published an article entitled 'Government goes further and faster on planning reform in bid for growth'³. This article included information about the sweeping planning reforms necessary to *'provide the powers to accelerate the infrastructure and homes needed to deliver on the Government's ambitions – and fast track critical infrastructure such as wind farms, power plants, and major road and rail projects'*. These reforms will form the basis of the Planning and Infrastructure Bill promised for publication this Spring.

The article continues into the Government position for reform for Environmental Impact Assessment (EIA) and the move to an outcome-based approach which the Government claims will provide for a simpler and clearer means of assessment than the present voluminous, costly and often legally challenged approach.

The Government has said it will publish a roadmap for new Environmental Outcome Reports (EORs) – to replace EIAs – in the coming months, and will partly be based on its Working Paper on Development and Nature⁴ published in December 2024. This introduces the idea of a Nature Restoration Fund that developers would be able to pay into to allow them to discharge relevant environmental obligations for protected sites and species in order to start construction.



Rachel Reeves’ speech to ‘Go further and faster to kickstart economic growth’

On 29th January 2025, Chancellor of the Exchequer, Rachel Reeves, gave a speech in Oxfordshire on the topic of economic growth⁵. The overarching theme of her speech was focused on delivering new developments and infrastructure projects. Reeves touched upon the slowness of the planning system, raising house building targets across the country, opening up the planning system to build new infrastructure, such as data centres to drive the ‘AI revolution’, and the speeding up of infrastructure delivery. She also confirmed the Government’s priorities for the Planning and Infrastructure Bill:

... to rapidly streamline the process for determining applications...

... to make the consultation process far less burdensome...

... and to fundamentally reform our approach to environmental regulation.

In terms of the environment, she also stated:

...we are reducing the environmental requirements placed on developers when they pay into the nature restoration fund that we have created...

...so they can focus on getting things built, and stop worrying about bats and newts.

Furthermore, Reeves set out the Government’s position which supports a third runway for Heathrow Airport, stating that it would unlock new opportunities for economic growth as the UK’s only hub airport. She also acknowledged the Sustainable Aviation Fuel mandate becoming law.

Great British Energy Bill

Introduced to Parliament in July 2024 and currently under consideration in the House of Lords, the Great British Energy Bill⁶ includes a provision to establish Great British Energy (GBE) as a publicly owned and operationally independent energy company aimed at advancing the deployment of low carbon, ‘clean’ energy, defined as energy not sourced from fossil fuels. GBE has the primary objectives of facilitating, encouraging and participating in:

- The production, distribution, storage, and supply of clean energy
- The reduction of greenhouse gas emissions from energy produced from fossil fuels
- Improvements in energy efficiency
- Measures for ensuring the security of the supply of energy

The Government has subsequently made amendments to expand GBE’s scope to include community energy initiatives through support and engagement in projects that involve or benefit local communities.

Main environmental concerns in London

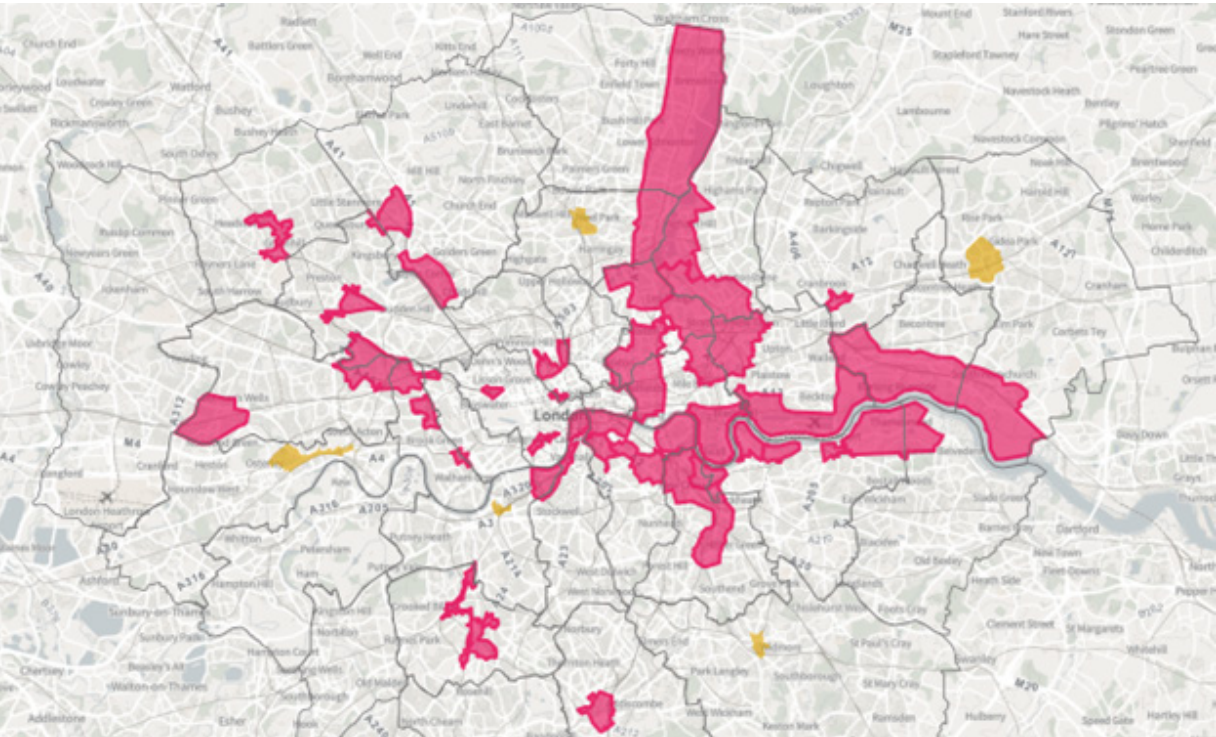
The management of environmental sustainability challenges in London is becoming increasingly critical, with many environment and sustainable development policies included in the London Plan 2021⁷. The figure below shows some of the main environmental concerns in London, many of which are interconnected.



Consideration of the environment in London in light of the announced changes

Reforming the planning system so that it is pro-growth and pro-infrastructure has the potential to stimulate economic activity through attracting businesses and investments, leading to job creation and increased local revenues. By facilitating the development of new housing, aiming to build **81,000 homes**⁸ a year in London, housing shortages in London can be addressed and the affordability of housing may improve.

Opportunity Areas are identified in the London Plan 2021⁶ as key locations for new homes, jobs and infrastructure, many of which are linked to existing or potential public transport improvements.



Opportunity Areas in London. Pink shading indicates adopted boundaries and yellow shading indicates emerging boundaries⁹.

Considering the environmental challenges being experienced in London, how do the Government’s announcements for ‘Rebuilding Britain’ correspond with the city’s environmental priorities? The following environmental issues should be taken into consideration, including:

- Ensuring new developments do not encroach on parks, gardens or other green areas, valuable for biodiversity, recreation and community wellbeing in London. New developments can provide a great opportunity for the introduction of new green spaces through the incorporation of green spaces into their design
- Implementing flood mitigation measures. As London becomes increasingly densely urbanised, the location of new developments cannot be compromised without sufficient mitigation measures. In terms of flooding, due to the effectiveness of the Thames Barrier, surface water flooding (due to increases in impermeable surfaces) is the main concern in London. As such, the incorporation of adequate sustainable drainage systems (SuDSs), including use of attenuation tanks into new developments is essential

- Managing increased resource demand, including water supply use and energy consumption
- Managing waste generated by new developments and the encouragement of circular economy principles
- Effectively mitigating against air quality and noise pollution impacts of potential increased traffic as a result of new residential developments. Sustainable transport solutions and strategies such as the use of the Ultra Low Emission Zone (ULEZ) should continue to be high on the agenda as mitigation measures
- Designing new build houses to be climate change resilient

Many of the considerations listed apply to both increases in house building and to the fast-tracking of infrastructural developments. The construction of data centres to drive the ‘AI revolution’ are high on the Government’s agenda.



The Biddar Street Data Centre
Planning Application Submitted to London Borough of Newham in December 2023 by RPS

The construction of data centres in London brings with it both environmental considerations and opportunities, including:

- **Energy consumption** – data centres consume significant amounts of electricity for computing, cooling, and supporting infrastructure. This can strain local energy supplies and contribute to higher greenhouse gas emissions if the energy is sourced from fossil fuels. To mitigate environmental impacts, investing in and using renewable energy sources should be considered in addition to implementing advanced cooling techniques – such as free cooling – to reduce energy usage.
- **Energy management** – synergistic approaches are great opportunities, such as capturing waste heat generated by data centres for utilisation in district heating systems. The use of Battery Energy Storage Systems (BESS) is also being increasingly integrated with data centres as a means to reduce reliance on the grid through discharging stored energy during peak demand periods.
- **Water usage** – water usage for cooling systems can strain local water resources, so mitigation such as water recycling systems can help ease these potential effects.

Increases in energy consumption are relevant to both scaling up housebuilding and the speeding up of infrastructure developments, particularly in relation to data centres. These developments should have energy security, and the energy supplied should be low carbon so that net zero targets can be met. The operation of GBE, including its promotion of community energy initiatives, could be a good solution to the potential increases in energy consumption.

Airport expansion

The Government's support for a third runway at Heathrow has great potential to drive major economic benefits, including local benefits for London. Environmental precautions will be essential, particularly regarding carbon emissions and local air quality and noise impacts in London. The promotion of Sustainable Aviation Fuel (SAF) is a positive step for London's track to net zero by 2030¹⁰. Additionally, improving the efficiency of aircraft and their flight paths are key considerations for environmental sustainability to meet net zero goals. For example, the Government approved the planning application for a passenger increase at London City Airport in August 2024, with proposals enabling the use of a more modern fleet of jets that are more energy efficient and less polluting.



Gatwick Airport

Recently, the deadline for granting a development consent order (DCO) for the expansion of London Gatwick has been extended by 8 months, although Transport Secretary Heidi Alexander indicated that she was minded to approve the application¹¹.

EIAs, EORs and the Nature Restoration Fund

A move to an outcome-based assessment through EORs could deliver real benefits compared to the present EIA regime, although there is no clear understanding at this time what an outcome may be or what environmental topics it may cover. It is expected that the Secretary of State will consider the Government's environmental improvement plan (currently the 25 Year Environment Plan¹²), including its legally binding long-term and interim targets, when establishing these outcomes. Furthermore, despite EORs technically being a legal requirement through their implementation within the Levelling-up and Regeneration Act, the mechanism of how they are to be delivered is subject to future legislation.

The Nature Restoration Fund will shift mitigation measures from a project-by-project approach to a pooled strategy, funding larger, strategic interventions. The Government asserts that this fund will accelerate infrastructure projects and help developers meet environmental obligations more swiftly. While strategic approaches can effectively address certain landscape-wide challenges like nutrient pollution, they may not be as effective for environmental sensitivities such as the presence of protected species like bats, which are loyal to specific habitats that are difficult to replicate quickly. Successfully navigating these challenges, along with implementing long-term, transparent monitoring and governance, will be crucial for the Nature Restoration Fund's success.



Barbastelle Bat (*Barbastella barbastellus*)

A Protected Species

Environmental inequalities in London

Systemic inequalities in London are closely linked to negative environmental conditions including poor air quality, restricted access to green space, and increased vulnerability to extreme climatic events caused by anthropogenic climate change. In considering how the Government's announcements for 'Rebuilding Britain' correspond with the city's environmental priorities, there is a good opportunity to address environmental inequalities of residents living in the capital. It must be ensured that marginalised communities experiencing environmental inequalities in London are involved in decision-making processes when changes are being made to the planning system and environmental regulation.

London Plan

Can environmental and sustainable development focussed policies contained in the London Plan 2021⁶ be adhered to, whilst at the same time promoting economic growth through reforms set out in recent Government announcements? The next London Plan may be key to achieving compromises between sustainable development and economic growth, to the extent that they are not mutually exclusive.

The London Growth Plan¹³, published 27th February 2025, which sets out a 10-year ambition for growth in London, states *'growth cannot – and must not – come at the expense of our natural environment'*. Instead, economic growth should be used as an opportunity to better our environment.

Key takeaways

- Planning developments are essential for London. Housing developments address the needs of its high-density population, infrastructural developments support economic resilience, and the development of major airports maintain London's position as a global city.
- The Government has set out a 'Plan for Change', which includes milestones related to 'Rebuilding Britain'. The Government has put forward changes to deliver 'new homes and the critical infrastructure that underpins economic growth'.
- Increased housebuilding and streamlined infrastructure in London present both risks and opportunities, including pressure on environmentally sensitive areas (such as green spaces), heightened resource demands (like water and energy), surface water runoff, the necessity for adequate sustainable drainage systems, and concerns regarding air quality, noise pollution, and sustainable transport implementation.
- The drive to construct data centres to support the 'AI revolution' brings with it both environmental considerations and opportunities linked to energy consumption, energy management and water usage.
- GBE's operations, which focus on low carbon energy and community initiatives, could help address the potential rise in energy consumption from an accelerated planning system.
- The expansion of Heathrow and the recently extended DCO application for the expansion of London Gatwick would provide great opportunities for economic benefit for the capital and environmental precautions will be essential.
- The Government will release more information in the coming months regarding the planned replacement of EIA with EORs and the introduction of the Nature Restoration Fund, both of which provide an opportunity for positive change compared to existing regimes.
- Inequalities in London are closely linked to negative environmental conditions. Changes to planning and the environment as recently announced by the Government could present a good opportunity for these inequalities to be addressed.

References

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