

## 4.8 Permit Compliance

Past experience of regulating sites with environmental permits has taught us that the compliance record of the operator means we have to vary the amount of regulatory effort that we deploy to the site. The more compliant an operator, the easier it is to assure ourselves that activities are controlled and potential impacts on people and the environment are minimised. Sadly, the opposite is also true. To ensure that we look after the environment, we need to be able to put more of our effort into the non-compliant operators.

OPRA is the current risk assessment tool that helps us do this for installations and waste operations. OPRA provides an assessment of the environmental risk of operating these activities.

Our baseline charges take account of the nature of the permitted activity, the scale of the activity and for applications only the location of the activity (who or what is in the vicinity that may be affected).

Our charges should, however, also respond to the variable costs of subsistence. For waste activities and installations, we intend to continue to apply compliance band multipliers in order to recover costs associated with regulatory interventions applied to sites which are in OPRA compliance bands.

In addition we propose to provide for some of this variability by levying time and materials charges for exceptional events that occur in-year at all EPR sites.

We propose, as an interim measure, to retain the existing compliance system that is already in place in our regimes in EPR (for example installations and waste), pending roll-out of a new approach and further consultation.

### Flood risk activities

Due to the broad range of regulated flood risk activities, although we use the Compliance Classification Scheme for flood risk activities, we have not and do not intend to charge subsistence based on OPRA compliance bands. Instead, we have developed tailored subsistence categories for these activities.

#### 4.8.1 Our arrangements for compliance (installations and waste activities only)

Under our existing OPRA based charging scheme, we modify the charges that we levy for waste and installations permits based on the compliance band. This enables us to recover most of the costs for the regulatory activities incurred, in responding to permit non-compliances.

As set out in section 5 of the Guidance our Compliance Classification Scheme records breaches of permit conditions and converts this to a score. The cumulative scores for permit non-compliances recorded over a calendar year enable us to place each site into one of six 'compliance bands' A to F. The following year's subsistence charge is modified to reflect the compliance band, as follows:

Compliance Band	Impact on charge	Comment
<b>A</b>	Discount of 5% on baseline subsistence charge	Good compliance
<b>B</b>	No impact	
<b>C</b>	10% increase	
<b>D</b>	25% increase	

<b>E</b>	50% increase	
<b>F</b>	200% increase (3x baseline charge)	Poorest compliance

Sites with poor compliance cost more to regulate, so we propose to continue to apply the existing OPRA compliance bands and compliance multipliers that our waste and installations customers are familiar with.

When unplanned compliance activity also occurs at these sites (i.e. the exceptional events outlined in section 4.6.1) the additional cost incurred can significantly outweigh even the modified charges generated under Band F. For this reason we propose to apply both cost-recovery mechanisms.