

1. About this consultation

1.1. What we are consulting on

We are consulting on proposals to make changes to a number of our charging schemes, setting charges for the period 2018-2023. The changes proposed aim to: sustain and improve our customer services and regulatory activity; move to full cost recovery for our work; implement a simpler, fairer and more transparent charges scheme; and deal with elevated environmental risks.

We would like to seek your views and analysis so that we can understand the impacts and benefits, as you consider them, of the proposals. This includes if you consider these proposals to have any significant economic impacts or perceive any barriers to market entry. If there are significant impacts, we would like to hear from you about any mechanisms you think could be used to mitigate these effects. Please include this information in your response to any relevant consultation questions. We would also like to hear any suggestion on how we can improve these proposals.

The consultation seeks views on charging proposals for the majority of our regulated regimes.

We are significantly simplifying the way customers work out their charges for regimes within the Environmental Permitting (England and Wales) Regulations 2016 (EPR), including waste, water discharges and installations. Our current system is very complicated and done in a different way for different regulatory regimes. The new one will be much the same for everyone. In addition, to ensure that we have a mechanism to recover the cost of activities over and above expected levels we have proposed to enable charging for this work on a time and materials basis. We also propose that for customers wishing to receive additional services for advice and guidance we will also charge them on a time and materials basis. We are making sure everyone pays for the service they receive and this will cause some changes in costs for some businesses.

Changes to charges are also being proposed for some other regimes including the Waste Electrical and Electronic Equipment (WEEE) Regulations, discretionary Planning Advice, Control of Major Accident Hazards (COMAH) Regulations and the EU Emissions Trading System (EU ETS). As with the EPR proposals the proposals are focussed on ensuring that charges cover the costs of our regulatory activities. This will lead to an increase in charges for some customers regulated within these regimes.

We are also seeking views on the principles we intend to follow when we fundamentally review our Navigation charges. We intend to consult on Navigation charges in 2018.

For abstraction charging, we have set out our plans and aspirations for a future reform of our abstraction charging scheme that will accompany the forthcoming reform of the abstraction licensing regime. This is in addition to proposals to amend certain water abstraction charges from 1 April 2018. We welcome comments on this in advance of a future consultation.

The changes proposed can be implemented without a change of legislation in Parliament. We have existing legal powers to make charging schemes in relation to our environmental permitting, and other functions which cover the present proposals. These powers are in sections 41 to 43 of the Environment Act 1995 and require charging schemes to be subject to public consultation and to be approved both by the Secretary of State and HM Treasury, before being made. If approved by the Secretary of State, Department for the Environment, Food and Rural Affairs (Defra), we will publish them and the majority of them will come into effect on 1 April 2018.

1.1.1. Background

We have not undertaken a review and set of proposals on this scale before. While some of our charges are relatively new, others have not been fundamentally reviewed in 25 years. Whilst delivering efficiency has enabled us to absorb some of the increases in our costs that have happened since charges were previously set, this is no longer feasible on such a large scale. A

review is necessary now because some of our charges are not cost reflective as they could be and do not fully cover the costs of our activities. We also think the structure of charges could be improved to be simpler and more flexible.

As part of this review we have undertaken an assessment of our regulatory activities to understand how we can be more effective and provide a greater benefit to business. This includes getting the right balance across our regulatory activities including permitting, site-based compliance inspections and off-site assessment and support.

We have followed HM Treasury's Managing Public Money and Classification of Receipts guidance when calculating the costs of our regulatory services and setting our charges. We structure our charges to balance simplicity of use with precision of charge level. Our approach has been based on assessing full cost recovery, identifying efficiencies and exploring opportunities to improve the service we offer.

Environmental Permitting Regulation (EPR) permits

The Environmental Permitting Regulations apply to a range of activities covering: waste management; industrial processes; discharges of treated effluents to the water environment; flood and coastal risk management; and radioactive substances.

Across these activities there are over 100,000 permits that have been issued, of which 70,000 are within scope of this review as they are ongoing, chargeable operations.

The Regulations also effect some control over tens of thousands of other, generally lower risk activities by imposing controls on specific activities that are exempt from permitting and may be covered by 'general binding rules'.

Other permits and approvals covered by this consultation

Water abstraction: there are 1,684 water abstraction licence holders (from domestic households and Small to Medium Enterprises (SMEs) to multi-national companies) who pay annual subsistence charges in the Thames regional charging area (only those licence holders are affected by the proposed 2018 changes).

Control of Major Accidents and Hazards (COMAH): there are 640 COMAH sites in England. Of these an approximately 120 sites are involved in the refining, manufacturing or supply of fuels, 280 are involved in chemicals manufacture and 240 are involved in warehousing and distribution of fuels and chemicals.

European Union's Emissions Trading Scheme (EU ETS): there are 740 installations plus 140 aviation operators.

Waste Electrical and Electronic Equipment (WEEE): over 5,300 producers of Electrical and Electronic Equipment (EEE) are registered with the Environment Agency. Currently 29 Environment Agency-approved Producer Compliance Schemes are in operation in England. Of businesses receiving, treating and recycling WEEE there are 173 Approved Authorised Treatment Facilities (AATFs) and 51 Approved Exporters (AEs) in England.

1.2. What this consultation means to you

As a result of this review and ensuring our charges reflect our costs and our regulatory effort, most of our existing charge payers will see a change in their bill; some of them will see substantial changes. Consequently we think that this consultation will be of particular interest to:

- operators, trade associations and businesses that we regulate under the regimes described above
- other regulators, the public, community groups and non-governmental organisations with an interest in environmental issues

Throughout this consultation document there are specific questions which we welcome your feedback on.

1.2.1. EPR Permit holders/operators

If you hold an environmental permit please read Sections 3 and 4 of this consultation. Within those sections are subsections on applications for new permits, changes to a current permit, and transferring and surrendering permits. There are also subsections on subsistence charges. Following that are subsections divided into regimes and sectors. If for example you have a flood risk activity then please read the general subsections and then the specific subsection on flood risk activities.

You will also need to read the guidance to the EPR charging scheme and the charging tables which are divided out again into regime and sectors. Once you have found your activities you will then be able to see the charges for all types of application and the subsistence charges for it.

1.2.2. Other charging schemes

Please read section 5 of this consultation. This is divided into the specific areas covered by the scheme (see contents list for page number) with details of the charging proposals. Each section is followed by a number of Consultation questions.

1.2.3. Discretionary charged services

Section 6 covers services which we propose to offer as discretionary chargeable services. They are: EPR discretionary pre application service; Definition of Waste service; spatial planning advice; and marine licensing advice. Each section is followed by a number of Consultation questions.

1.2.4. Future charge proposals

Section 7 signposts future proposals.

1.3. Next steps and supporting material

This consultation is your opportunity to contribute towards the development of these charging proposals. Once we have considered all the consultation responses and made any changes we will produce a consultation response document. We hope to be able to bring the new charging schemes into force on 1 April 2018.

The EPR charging scheme and guidance

The Environment Agency (Environmental Permitting) (England) Charging Scheme 2018 (the EPR Charging Scheme) covers a number of complex issues and therefore draft supporting guidance has been produced. It covers the different types of operations that require a permit under EPR and what charges apply.

Both the EPR charging scheme and the accompanying guidance are included in this consultation.

The EPR charging scheme will include the Tables of Application and Subsistence Charges in a Schedule. For consultation purposes, the Schedule is included as a separate document.

Other charging schemes and guidance

The Environment Agency (Waste - Miscellaneous) (England) Charging Scheme 2018 (which includes the proposals for revised WEEE charges) and the Environment Agency (EU Emissions Trading Scheme) (England) Charging Scheme, are also included in this consultation.

Guidance relating to the WEEE and EU ETS proposals, as well as all the other proposals in this consultation, is within the consultation document and will then form the basis of webpage guidance on Gov.uk.