

Environment Agency charge proposals for materials facilities

April 2024

We are the Environment Agency. We protect and improve the environment.

We help people and wildlife adapt to climate change and reduce its impacts, including flooding, drought, sea level rise and coastal erosion.

We improve the quality of our water, land, and air by tackling pollution. We work with businesses to help them comply with environmental regulations. A healthy and diverse environment enhances people's lives and contributes to economic growth.

We cannot do this alone. We work as part of the Defra group (Department for Environment, Food & Rural Affairs), with the rest of government, local councils, businesses, civil society groups and local communities to create a better place for people and wildlife.

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# Foreword

The Environment Agency carries out a wide range of regulatory services. They are fundamental to how we protect the environment. These include flood and coastal erosion risk management, regulation of water quality and abstraction, waste, pollution prevention and navigation.

We know it works - England is a much cleaner, greener place because of our activities.

We charge the businesses we regulate for the work we do to regulate them. We are committed to making sure our charges are fair and transparent. We want them to reflect the full cost of the chargeable services we provide.

To achieve this, we propose to amend the additional subsistence charge for materials facilities operations at waste permitted sites to make sure we fully cover the cost of our activities.

# Introduction

Materials facilities are regulated waste operations that receive over 1,000 tonnes of waste a year and separate it into specified output material such as glass, metal, paper, or plastic to allow this material to be recycled by other facilities or persons.

For operators of a materials facility, we propose to:

* amend the additional subsistence charge for materials facilities operations, so it better reflects costs of regulatory activity
* change how we bill customers for the additional subsistence charge for materials facilities operations, so billing takes place in advance in March for the following financial year

This consultation sets out our charges proposals for materials facilities operations at waste permitted sites and invites you to share your views.

We seek to recover the full cost of our services through charges. We have reviewed our charges to address changes in the cost of delivering our services, inflationary pressures and incorporating the cost of our duties under the new regulations for materials facilities which are due to come into force on 1 October 2024.

The new regulations for materials facilities will:

* better meet recyclable material quality objectives
* explore connections between materials facility data reporting and extended producer responsibility for packaging

## 1.1 About this consultation

We would like you to share your views on our proposed updates to the additional subsistence charge for materials facilities. The consultation is made up of this consultation document setting out proposed updates to our charging scheme, and supporting documentation including a guide to explain how we calculate our charges. This supporting document is available on our consultation website, Citizen Space.

## 1.2 What we aim to achieve

We have reviewed our charges against the need to fulfil our current and new regulatory duties. We know our charges can affect those we regulate so we have considered our proposals carefully. We are always interested to hear how you think we can regulate more fairly, while safeguarding the environment more effectively.

Our aim is to achieve a consistent and transparent approach in how we charge for regulating materials facility operations at waste permitted sites.

#### Our powers to charge

We have powers to charge for materials facility operations at waste permitted sites under section 41 and 42 of the Environment Act 1995. Our current charging scheme is [The Environment Agency (Environmental Permitting and Abstraction Licensing) (England) Charging Scheme 2022](https://assets.publishing.service.gov.uk/media/62fa3271d3bf7f4c641d0ee7/Environment_Agency_EPR_and_Abstraction_Licensing_Charging_Scheme_2022.pdf#page=20).

Under [Managing Public Money](https://assets.publishing.service.gov.uk/media/65c4a3773f634b001242c6b7/Managing_Public_Money_-_May_2023_2.pdf) guidance, we have a responsibility to recover the costs of our regulatory activity by setting charges for the work we do at the appropriate level. Our charges allow us to recover the cost of the work we carry out to regulate materials facility operations at waste permitted sites. This includes services to customers such as:

* risk profiling and prioritisation
* desktop and site-based audits and other compliance assessment work
* data processing
* query management, stakeholder engagement, communications, and guidance

## 1.3 Inflationary increase to charges

We propose to update our charges annually in line with inflation so that we maintain full cost recovery. The annual additional subsistence charge for materials facilities under the environmental permitting and abstraction charging scheme will be updated annually on
1 April. The Office for National Statistics’ measure of Consumer Price Index (CPI) inflation as of 30 September in the immediately preceding year will be used. Any increase to the additional subsistence charge for materials facilities will be equal to or less than this measure. Increases will be less if we believe our increased costs do not equate to the CPI measure. We would round the charge to the nearest pound.

We have chosen the CPI measure as this is widely recognised, understood, and accepted as a measure of cost inflation. It is used by:

* economic regulators to set regulated charges
* government to set taxes and benefits
* employers in wage bargaining
* private sector companies to set payment amounts in business contracts

We therefore believe it is the most appropriate measure of the increases in our own costs. If we believe our charges need to increase by more than the CPI, we will commence another review, seek HM Treasury approval, and carry out a public consultation.

# Proposal to increase the annual additional subsistence charge for a materials facilities operation

The existing annual subsistence charge for materials facility notifications is set too low to fully recover the costs of regulation. When the new regulations for materials facilities come into effect, we will also be required to carry out additional work on compliance and data checks. The enhanced sampling and reporting requirements in the new materials facilities regulations are set out in the amending [Statutory Instrument](https://www.legislation.gov.uk/uksi/2023/1156/contents/made) and [associated guidance](https://www.gov.uk/guidance/materials-facilities-waste-sampling-and-reporting-from-october-2024). The number of customers who will have to notify and provide additional data for operating a materials facility will increase.

Our proposal to amend this charge includes the full cost of:

* the work we will be required to do to fulfil our statutory duties
* improvements to our digital system for customer reporting

We propose to set the annual additional subsistence charge for a materials facility operation at £4,154, to apply from the date when the new regulations for materials facilities come into effect (scheduled for 1 October 2024).

#### **Question 1:** To what extent do you agree or disagree with the proposed change to the additional annual subsistence charge for a materials facility operation?

* strongly agree
* agree
* neither agree nor disagree
* disagree
* strongly disagree
* do not know
* not applicable

Why do you think this?

# Proposal to change the billing approach for the additional subsistence charge for a materials facilities operation

The additional subsistence charge for a materials facility operation is currently billed in arrears for the preceding calendar year. The charge is calculated based on the number of quarters (3-month periods) that an operator was notified as a materials facility. We currently spend a significant amount of time manually processing these charges. This will further increase as more customers become subject to the more detailed requirements of the new regulations.

We propose to bring this charging into line with our usual approach to billing for other environmental permit subsistence, where customers are billed in advance in March for the following financial year. This approach will be more automated.

We will issue a pro rata refund should an operator withdraw their notification during the year, and for new notifiers, a pro rata advance payment will be requested at the point of notification.

This change to billing will create efficiency savings for us. These savings were included when developing our proposed annual additional subsistence charge for materials facilities.

#### Question 2: To what extent do you agree or disagree with the proposed change to our approach to billing for the additional subsistence charge for operators of materials facilities?

* strongly agree
* agree
* neither agree nor disagree
* disagree
* strongly disagree
* do not know
* not applicable

Why do you think this?

# Economic impact

Our regulatory role in tackling fraud in materials facilities provides a significant benefit to industry by making sure there is a level playing field. We need to be adequately funded to do this effectively. On analysing our environmental permit data for materials facility operations, these are mainly held by large (41%) and medium (35%) sized businesses. They tend to be national and privately operated facilities rather than smaller or local authority operated facilities.

The 1,000 tonne minimum threshold for receiving mixed waste reduces impacts on smaller operators. We expect some costs will be passed down to packaging producers through disposal costs for which they are liable.

Our customers are already familiar with the proposed approach to billing for subsistence charges, as this is the usual approach for other environmental permits. Therefore our proposed new billing approach should also be tolerable for materials facilities operators.

#### Question 3: To what extent do you agree or disagree with our view of the economic impact?

* strongly agree
* agree
* neither agree nor disagree
* disagree
* strongly disagree
* do not know
* not applicable

Why do you think this?

We are particularly interested to know if you think our proposed charges adversely impact small and medium-sized enterprise (SME) operators in any way. If as an SME operator, you have any evidence of likely adverse impacts, please share these with us.

Finally, we would like to give you the opportunity to provide us with any additional comments or thoughts about our proposals.

#### Question 4: Do you have any comments about our proposals for additional subsistence charges for materials facility operations?

# Future waste regulatory charges reforms

We are working to strengthen our regulatory role to tackle non-compliance, fraud, and serious waste crime. This will provide a significant benefit to industry and the environment. We plan to carry out further engagement on new charges and levies related to this work. We will consult on these later in 2024.

# Additional questions

We would like to keep you informed about the outcomes of this consultation.

**If you would like to receive emails acknowledging your response and or telling you when we have published the summary of responses, please select from:**

* yes, I would like to receive an email acknowledging my response
* yes, I would like to receive an email to let me know the consultation response document is published

If you have selected any of the above, please tell us your email address.

**Can we publish your response to this consultation?**

* yes
* no

If you answered no, please tell us why.

For further information on privacy and how we will use your information please refer to section 7 of this consultation document, ‘Responding to this consultation’.

To help us analyse and assess the consultation responses, we would like you to answer some questions about:

* you or your organisation
* your business

**Are you providing an individual or personal response, or a response on behalf of an organisation or group?**

Please choose one of the following:

1. responding as an individual
2. responding on behalf of an organisation or group
3. other

If you selected (b), what is the name of the organisation or group?

If you selected (b), please specify which one of the following options is applicable:

* you are responding as an existing materials facility
* you believe your organisation will be a materials facility under the new regulations for materials facilities which are due to come into force on 1 October 2024
* other

If you selected ‘other’ please explain your area of interest.

**How did you find out about this consultation?**

* from us
* from another organisation
* through an organisation, group, or trade association you are a member of
* press article
* social media, for example, Facebook, X
* through a meeting you attended
* other

If you selected ‘other,’ please tell us how you found out about the consultation.

# Responding to this consultation

## 7.1 How to respond

This consultation runs from Wednesday 10 April 2024 until midnight on Wednesday 5 June 2024. You can view the consultation and supporting documents on Citizen Space, which is the Environment Agency’s consultation website.

Please submit your response on Citizen Space, as it provides an easy and efficient way to respond. It will also help us to:

* gather all responses in one place
* summarise responses quickly and accurately
* reduce the cost of the consultation

### Respond by email

If you prefer, you can submit your response by email using the response form, which you will find under the related documents section of the consultation on Citizen Space. Please email your response form with the subject header of Charges consultation: materials facilities to: enquiries@environment-agency.gov.uk.

### Ask for a copy of the consultation document

Please contact us if you would like a copy of the consultation document sent to you.

You can do this by contacting our:

National Customer Contact Centre

Telephone: 03708 506 506

Minicom for the hard of hearing: 03702 422 549

Monday to Friday, 8am to 6pm

The consultation will close on XXXX. We will consider all responses received by this date before finalising our proposals to submit for approval by government.

## 7.2 How we will use your information

We will take into consideration the feedback and summarise this in a consultation response document and make this publicly available on GOV.UK after the consultation closes. We may include comments or quotes, unless you specifically request that we keep your response confidential.

We will not publish names of individuals or personal data, but we will publish the name of the organisation for those responses made on behalf of organisations. We will not respond individually to responses. If you have asked to be notified, we will contact you to let you know when the consultation response document is published.

In accordance with the Freedom of Information Act 2000, we may be required to publish your response to this consultation but will not include any personal information. If you have requested your response to be kept confidential, we may still be required to provide a summary of it.

## 7.3 Privacy notice

The Environment Agency would like to keep you informed about the outcomes of this consultation. If you would like to receive an email acknowledging your response and telling you when we have published the consultation response document, please provide your email address with your response.

By giving us your email address, you consent for us to email you about the consultation. We will keep your details until we have notified you of the response document publication.

We will not share your details with any other third party without your clear and full consent, unless required to by law.

You can withdraw your consent to receive these emails at any time by contacting us at: enquiries@environment-agency.gov.uk.

The Environment Agency is the data controller for the personal data you provide. For more information on how we deal with your personal data please see our [Personal information charter](https://www.gov.uk/government/organisations/environment-agency/about/personal-information-charter) on GOV.UK.

You can email our Data Protection team: dataprotection@environment-agency.gov.uk.

## 7.4 Publishing our consultation response

We will publish our consultation response document on GOV.UK within 12 weeks of this consultation closing and before we implement any changes. A link to this document will be added to the consultation page of Citizen Space.

## 7.5 Consultation principles

We are running this consultation in line with the guidance set out in the government's consultation principles.

If you have any queries or complaints about the way this consultation has been carried out, please email consultation.enquiries@environment-agency.gov.uk. Otherwise for all general enquiries about the content of the consultation and how to respond, please email our Enquiries Unit at enquiries@environment-agency.gov.uk.

# **Would you like to find out more about us or your environment?**

Then call us on

03708 506 506 (Monday to Friday, 8am to 6pm)

Email: enquiries@environment-agency.gov.uk

Or visit our website

[www.gov.uk/environment-agency](https://www.gov.uk/environment-agency)

## **incident hotline**

0800 807060 **(24 hours)**

## **floodline**

0345 988 1188 **(24 hours)**

Find out about call charges (<https://www.gov.uk/call-charges>)

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