



LIFE10 ENV/UK/175
CLEAR Info – Company Level Environmental
Accountability Reporting and Information

Identifying the regulatory data burden on business

Action 1.4

July 2012

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Identifying the Data Burden on Business

CLEAR Info Project Report

Action 1.4

1. Introduction

CLEAR Info preparatory action 1.4 is to identify the data demands that are most burdensome to business and to make recommendations for delivering a reduction in burden.

Drawing on work which has been carried out since our project bid was written, this report identifies the areas of environmental regulation that are most burdensome to business, and the approaches which can be used for addressing them.

2. Background

Environmental regulations have a vital role to play in protecting the environment and creating a level playing field for businesses. However sometimes the regulations or the system for implementing them become complex, bureaucratic and even a barrier to business growth.

The Environment Agency aims to apply Better Regulation principles in order to combat these problems. The CLEAR Info project will contribute to this agenda by aiming to deliver a reduction in the burden to business from regulatory data demands.

Since the bid was submitted to Life+ there has been a range of initiatives developing by the UK Government and the Environment Agency, to address the issue of regulatory burden on business. This covers a wider range of impacts than data burden alone, but there is significant overlap.

It was initially proposed that we would complete a preparatory study by asking business for information on which regulations are most burdensome, and organising a focus group style workshop. However, the body of evidence now available from the other projects that have occurred in the meantime, means we have sufficient information to understand which regulations create most burden on business.

This following report sets out the evidence that has been gathered recently and the options for addressing regulatory burden that have been developed. It then sets out how the CLEAR Info project can contribute to this agenda, and the next step we will take.

3. Regulations which are most burdensome for business.

The issue of regulatory burden has been on the agenda of the UK government for some years and a number of reviews have led to programmes of improvement. (see Annex 1)

Of these initiatives, the Red Tape Challenge has been a useful source of information for identifying the areas of environmental regulation which business find to be burdensome. The Red Tape Challenge ran a consultation asking for views on burdensome regulations, with one consultation focussing specifically on Environmental Regulations (see Annex 2 for more details).

Table 1 shows those regulations which were thought to be burdensome to business, out of the regulations enforced by the Environment Agency.

Table 1. Burdensome Environmental Regulations identified by the Red Tape Challenge (excluding those not regulated by the Environment Agency)

Regulatory Area	Specific aspect that is burdensome
Waste Transfer Notes	System for recording
Hazardous Waste	Complicated paperwork
Waste Carriers, Brokers and Dealers	Registration of micro businesses to transport own waste.
Producer responsibility obligations	Reporting and administration for small businesses
Environmental Permitting	Complexity: Number of permits, and implementation
Emissions Trading Scheme	Complexity of the system
Implementation and Enforcement	Needs to be more targeted.

Conclusions can also be drawn from the Environment Agency Improving Regulatory Data project. This project has carried out an assessment to estimate the burden on business for each type of regulatory data collected and reported. The calculations are estimates but the results indicate that certain regimes have a much higher burden than others. Some regulations have the most burden on business overall, and others have the highest burden on individual businesses, and this is reflected in Table 2 and 3.

Table 2: Top 3 regulatory data requirements by burden across business

	Regulatory data collected and reported
1	Site Regulatory Returns: READ Pollution Inventory Waste returns Hazardous Waste returns Producer Responsibility - WEEE data returns Producer Responsibility - Packaging data returns Producer Responsibility - Batteries data returns
2	WEEE Producer Responsibility - EEE Producer Registration Data
3	Carbon Reduction Commitment registration and participation

Table 3: Top 3 regulatory data requirements by burden per business

	Regulatory data collected and reported
1	Batteries Producer Responsibility - Batteries Producer Registration Data
2	WEEE Producer Responsibility - EEE Producer Registration Data
3	Site regulatory returns: READ Pollution Inventory Waste returns Hazardous Waste returns Producer Responsibility - WEEE data returns Producer Responsibility - Packaging data returns Producer Responsibility - Batteries data returns

4. Approaches that are being used to address regulatory burden.

In order to reduce the burden of these regimes, some would require a change to the Regulations, which can only be delivered by the Government. The Carbon Reduction Commitment, WEEE Regulations and Waste Batteries and Accumulators Regulations are currently subject to legislative review by the UK Government departments. The number of permits required under Environmental Permitting is also being reduced through a programme integrating some types of permit under the Environmental Permitting regulations.

The Environment Agency works closely with government departments to share what we have learned from implementing regulation, and provide evidence and advice to support improvements to regulations.

As a project for regulators, CLEAR Info needs to focus on those areas that are within the Environment Agency’s power to change and improve. In particular we are able to address Implementation issues identified.

Implementation issues:

- Data systems,
- paperwork,
- registration requirements,
- reporting,
- complexity and
- targeting inspection and other regulatory activities.

It is also important to identify areas where a change to implementation would continue to provide the desired protection for the environment and for responsible business. CLEAR Info will review the need for data and publish a report in March 2013. This will help to identify opportunities to streamline and reduce data collection.

A range of initiatives which address these implementation issues, are already being developed or imbedded by the Environment Agency. Further details of the specific projects in these groups are given in Annex 2. They can be broadly grouped into 4 streams:

I. Communication Actions

These involve increased opportunities to get input and feedback from the businesses we regulate, and improvements to the guidance we give to make regulatory compliance simpler for business.

II. Actions to target high risk business

Targeting is being achieved by removing lower risk activities from regulation, simplifying permits for lower risk activities, reducing inspections for good performing businesses, and making our regulatory approach more tailored according to business sector.

III. Actions to reduce data and reporting requirements

Data reductions are being explored through reviewing the Pollution Inventory and REPI data requirements, reviewing Radioactive Substances permit requirements, and introducing Regulatory Position Statements, which allow us to address regulatory barriers by stating how we will manage the regulation until the legislation is changed.

IV. Actions to improve mechanisms for reporting

These include creating web based reporting systems to allow online reporting, and allowing operators to share their own data management systems directly with us.

. A number of trials are being undertaken with sample groups or specific business sectors. Few of these projects introduce comprehensive change, and further opportunities for improvements continue to come to light.

4.1. Targeting the most effective interventions

When the Environment Agency prioritise which regulatory areas to target for change, we have also taken in to consideration which improvements would result in the biggest burden savings.

The Environment Agency project “Improving Regulatory Data” has assessed the regulatory reporting requirements on 15 regulated business sectors, and identified those where either streamlining data requirements, or improvement to reporting mechanisms, can offer the biggest reduction in burden across business. It has also identified “Quick wins” where improvements can be achieved fairly simply. This analysis will help the Environment Agency prioritise change in those areas where it will be most effective.

FAR Sector	Big Win or Quick win?
Nuclear	Neither
Non-nuclear	Neither
Water Companies	Big win
Water users	Big win
Combustion	Quick win
Refineries and Fuel Production	Quick win
Metal Production	to be confirmed
Cement and other minerals	Quick win
Chemicals	Big win
Landfill	Big win and Quick win
Bio waste treatment and use	Medium Big win
Waste storage, treatment and transfer	Big wins in some subgroups
Food & Drink manufacture	Medium Big win
Agriculture	Big win

4.2. Approaches that are transferable to other EU regulators

Other Regulators could ask business which regulations they find create most burden, or review existing information on this topic. They can then consider whether there are opportunities to change or streamline the associated data requirements whilst still protecting the environment and creating a level playing field for business.

They could use a similar methodology for calculating the financial burden of areas of regulation both across all businesses, and cost per business, to identify those which have the biggest impact.

They should consider which improvements they have the power to change, and understand which require changes to the legislation.

There may be opportunities for reducing regulatory burden in all of the 4 categories identified earlier:

- Communication Actions

- Actions to target high risk business
- Actions to reduce data and reporting requirements
- Actions to improve mechanisms for reporting

They may be able to identify the regulations where use of the above 4 approach either individually or in combination, would have the most effect, and target improvements in those areas.

5. Implications of a move to mandatory Company Environmental Reporting

In the UK, the government announced in June 2012 that companies listed on the London Stock Exchange would be required to report their greenhouse gas emission from April 2013. This may also be extended to all large companies in 2016. Defra selected this approach after consulting on the regulatory options, and deciding this was the option that created the lowest regulatory burden on business. It should be noted that this creates a new burden for those businesses not currently reporting under a voluntary scheme. In 2010, only 62% of all share FTSE companies reported quantified figures on climate change or energy use ², so the requirement will create a new burden for a significant number of listed companies.

A move towards wider mandatory environmental reporting is not currently proposed by the UK Government, but if it were to happen this would increase the burden of regulation on business even more.

It could also reduce the value of the CLEAR Info outputs, because if businesses are forced to make their own data public this will allow comparison of a greater number of companies than current Environment Agency data will, and therefore it would be of more interest to investors than EA data. But we think that our company reports would still be valuable as a tool for talking to companies about their performance because they will have wider content than carbon alone.

Annex 1

Key UK Government Initiatives reducing the burden of regulation.

Reviews	Description
Hampton Review 2007 & 2009	Following Hampton Report in 2005, the EA has undergone two audits of our performance as effective regulators, aiming to reduce the burden for business. In 2007 they found that better regulation was in the EA's language but not in our culture. In 2009 we were found to have embedded better regulation in the business and named as a "good practice regulator". This shows that the EA has been working on better regulation principles for some time.
Defra. Simplifying the business environment: driving burdens down 2009	Gives an update on Defra's delivery against better regulation agenda, and a plan for 2009/2010 for further simplifications resulting in savings for business. Included reductions from Environmental permitting programme, NetRegs & Waste protocols.
Environmental Permitting Regulations 2010	Streamlined PPC Installations, Waste Management, discharges, groundwater activities, radioactive substances and mining waste (11 EU directives) into single set of Regulations: Environmental Permitting Regulations. Resulting in reductions of burden to business.
BIS Discussion paper "Transforming regulatory enforcement" 2011	Consultation finished Sep 2011. Govt response published Dec 2011. Set out a number of commitments for how regulations will become more light touch and risk based. Moved Local Better Regulation Office into govt BIS dept as Better Regulation Delivery Office. Promoted earned recognition (e.g. 3 rd party audit), More use of sunset clauses (regulations are given a date for review). One in One out approach to regulations. Higher profile for Regulators Compliance Code. More assessment of the cost of new regulations.
The Government Review of Waste Policy in England 2011	The findings of this review included a government commitment to reduce the burden of regulation and enforcement on legitimate business. The Action plan as a result includes simplifying Producer Responsibility regimes, reviewing the data reporting requirements, integrating reporting mechanisms, assessing options for earned recognition schemes in the waste sector, risk based permitting and compliance and review of various waste regulations to reduce the burden on business
Treasury review of data 2011	Defra asked the EA collect info for this review, on what data we collect for reporting and whether we need it. EA Evidence team gathered this information and identified some potential areas for reducing data collection. Where it is within our power, the EA will refine and implement these opportunities through our Improving Regulatory Data project.
Red Tape Challenge 2011 - 2012	See description below.

"Red Tape Challenge"

In 2011-12 the Cabinet Office, in UK Government is running the Red Tape Challenge, which will review the entire stock of UK regulation in order to identify

opportunities to remove or simplify it. The objective is to reduce the regulatory burden on business and tackle any barriers restricting the growth of business.

As part of this process an open consultation as been published online, seeking comments from businesses and the public on the regulations they think could be removed or improved. Of particular relevance to CLEAR Info are the comments gathered on environmental regulations and regulatory enforcement/implementation.

The consultation on Environment regulations was open for consultation between April and September 2011. It received 3,500 crowd sourced comments, and also sought views from environmental organisations, business representatives, a panel on business and a Sounding Board.

The Environment Theme proposals report ¹ identifies the key areas where open consultation has identified that the burden of environmental regulations needs to be addressed, and sets out proposals for the government to address them.

The scope of the Environment Theme was wider than that of CLEAR Info so only some of the findings of the Red Tape Challenge Environment Theme are of relevance to the project. An overview of the relevant findings is given in the table below. (NB the Red Tape Challenge focus on Water regulations and focus on enforcement have not been completed at the time of writing, and the CLEAR Info team will monitor the outcomes for any further recommendations relevant to the scope of our project)

Summary of relevant findings on the Red Tape Challenge, Environment Theme.

Topic	Sub-topic	Consultation feedback on burden	Defra's proposals to reduce burden
Waste	Waste Transfer Notes	It is burdensome for small business to fill in Waste Transfer Notes.	Seek to allow business to use other forms of evidence such as invoices. Introduce an electronic recording system to reduce admin.
	Hazardous Waste	There is too much paperwork on the disposal of hazardous waste, and the guidance is over complicated.	Seek to reduce paperwork by allowing direct electronic upload of hazardous waste returns.
	Waste Carriers, brokers and Dealers	Micro business should not need to register to transport their own waste, as currently required by the EU from next December.	Seek an exemption from the European Commission for micro businesses transporting their own waste.
	Producer Responsibility Obligations	Reporting and admin requirements of producer responsibility obligations are too burdensome for small business.	Seek to exempt small businesses from battery producer responsibility regulations, and simplify record keeping and reporting processes.
Environmental Permitting		Environmental permitting regimes need to be more streamlined.	<p>Seek to reduce the number of permits required by business, by including water abstractions, impoundment licensing, fish pass approval and Flood Risk Consents into the Environmental Permitting Regulations.</p> <p>The Environment Agency will introduce implementation improvements:</p> <p style="text-align: right;">Make customer processes, such as</p>

			<p>application forms, business facing</p> <p>Make further efficiency improvements leading to reduced charges</p> <p>Step up arrangements for electronic data reporting</p> <p>Turn around all except the most complex permits in 13 weeks</p> <p>Streamline guidance and better harmonise it with web communications</p> <p>Pilot an Environmental Permitting Assurance Scheme to trial third-party compliance checks and an Annual Compliance Statement by Directors</p>
Carbon Reduction	European Union Emissions Trading Scheme (ETS)	Find ways to reduce the burden of regulation for the ETS scheme.	DECC will consult on revised GHG regulations, with the aim of simplifying and improving them, and ensuring the measures within them are targeted, proportionate and effective.
Environment Agency and Natural England		The implementation of regulations on the ground needs to be improved, with enforcement targeted on high-risk, low performing businesses.	The Environment Agency will continue to improve the way it regulates (See Annex 2 for more details)

Annex 2

Environment Agency initiatives

The Environment Agency recognises the need to reduce the burden of regulation on business. We have made a commitment in our Corporate Plan (2011 – 2015), to improve how we work as regulators and to maximise environmental outcomes whilst minimising the cost to business. As a result we have a corporate scorecard measure to reduce the administrative burden we place on business and a target of £45 million reduction by the end of the plan period.

We are progressing a number of approaches in order to meet this target, and a central tenet of this work is to engage with business to improve the way we work.

Table 2.1: Summary of the current Environment Agency projects and initiatives to reduce regulatory burden.

Communication Actions	Targeting high risk businesses	Reduce Data requirements	Improve reporting mechanisms
Engage with business	Improving Regulatory data project	Review of Pollution inventory and REPI	National Site Data Returns system
Improve Guidance	Earned recognition	Radioactive Substance permit reviews	Operator Data portal
	Future Approach to Regulation	Regulatory Position Statements.	Generic Operator Returns (GOR)
	Standard rules permits		Edoc
	Exemptions		Integrated Regulation
	Waste Protocols		
	Third Party Assurance Schemes		

Engagement with business

Businesses are engaged by the Environment Agency through a number of routes:

- Directly as customers meeting our front line inspection officers.
- Through the Regulated Business Forum, a platform for industry representatives and trade bodies to discuss our regulatory activity with us including new initiatives.
- Taking part in trials and pilots.
- Director level Account Managers liaise specifically with the biggest waste companies.

Our programme of initiatives implementing ways to reduce the regulatory burden on business covers a wide range of options and approaches:

Improving Guidance

We have set up a central team to provide trusted and clear guidance to business. The team is working to streamline our guidance, improve our web guidance, trial new styles of guidance with customers, develop new routes for our guidance to reach customers, and use intelligence to target guidance at priority areas. Improving our guidance will reduce the time and effort required by business in trying to understand what they need to do in order to comply with the regulations.

Targeting High Risk Business

Improving Regulatory Data project

This project has reviewed the regulatory data we collect and identified priority business sectors for targeted action to reduce data burden. The priority sectors are those where large financial savings have been identified as a result of relatively quick and easy changes to data collection.

Earned Recognition

We use the Operational Risk Assessment (OPRA) methodology to assess the risk of a regulated site under the Environmental Permitting Regulations. Sites are banded from A to E and the frequency of inspection and annual fee are calculated as a result of the risk rating. Therefore if a site can improve its performance it may be able to reduce the costs of regulation and the amount of data required.

Future Approach to Regulations (FAR)

We have developed FAR groups to split regulated organisations into sectors and tailor the regulatory approach to each sector. A Sector Intervention Plan is being developed for each sector, and some include focused trials to reduce burden in certain sectors e.g. 3rd party audit in cement and minerals sector, and operator data portals in landfill sector.

Standard Rules permits

The Environment Agency has introduced Standard rule permits, which simplify the permitting requirements for lower risk, more routine operations. We have produced standard rules permits for 57 activities. We have been able to do this as a result of provisions in the Environmental Permitting regulations. This helps us to be proportional and focus our attention on more high risk operations.

Exemptions

EPR has also allowed us to introduce a number of exemptions. These allow operators to apply to be exempt from needing a permit, for low risk activities.

3rd Party Assurance Schemes

We are running a pilot which involved a 3rd party carrying out the Environmental Management System Audits usually carried out by ourselves. The 3rd party may be a professional institute of professional auditor. This has to be supported by an

Annual Compliance report, but allows us to inspect less and reduce our annual charges for the permitted site.

Reducing Data requirements

Review of Pollution Inventory and REPI

We ran a public consultation from January to April 2012, to review the substances that major industry must report their emissions of, for the Pollution Inventory, and the resource use they must report for REPI. If this reporting can be reduced it will reduce the regulatory burden for business. Our response to the consultation will be published in June 2012.

We are also running a trial for self assessment of REPI.

Review of Radioactive Substances Permit requirements

We are seeking to rationalise the permit information requirements for radioactive Substances EPR Permits. We are working with Sellafield Ltd to determine how the sampling requirements for the permit can be rationalised.

Use of Regulatory Position Statements

Our modernising Waste Regulation Panel makes decisions on waste permitting issues in order to allow us to reduce the burden of regulation and focus on the higher risk activities. If the panel decides that the requirement for a waste permit is disproportionate to the activity, it will produce a regulatory position statement setting out how we intend to regulate a particular activity for a set period (for example until regulations are brought in or changed, or where a legislative review is completed).

Position statements are produced to ensure those carrying out an activity understand what is required of them, which type of permit they may need and how to get one. They are only produced where there is no current guidance covering the issue.

Improving Mechanisms for reporting data

Integrated Regulation

We have introduced an online registration service for waste carriers and brokers, and simple exemptions. This allows on-line payment by credit card. This project has consolidated and replaced several IT systems, and so in addition to improving the customer experience, it has also made us more efficient and saved money.

National Site Data Return System

We are piloting the use of a system for storing and analysing environmental monitoring returns from permitted sites. Initial trials are with Landfill sites, which have been chosen because they have to submit a large amount of data. This will be expanded to other sectors, and may be rolled out nationally. The advantage to business will be that we are able to more easily analyse their performance and may be able to reduce the amount of data we require from good performers.

Operator Data Portals

We have piloted an approach to data sharing, which allows Regulated sites to log their data on their own systems and then share those systems with us as the Regulator. This saved them time in submitting monitoring results to us. Following the pilot we are looking to expand the type of companies this approach is offered to.

GOR – Improving reporting systems

We have developed the online Generic Operator Returns (GOR) system to allow regulated site operators to submit monitoring data to us for

- Waste tonnages
- Water abstractions
- Water discharges
- Pollution Inventory reporting

This provides a cheap and easy mechanism for submitting data returns to us, and means we spend less time processing data from paper and emails. GOR also provides some automatic validation of data and therefore delivers an improvement in data quality.

Edoc

We are leading a partnership project with EU Life + funding, to modernise the collection of waste data in the UK. The project will create a national, internet-based system to monitor the waste journey from production to collection, transportation, treatment and disposal. This will reduce the data burden associated with the current paper based system, and improve the quality and availability of waste data.

Waste protocols

In a project with Waste Resource Action Programme (WRAP) we are defining the technical criteria for when a material ceases to be waste. Once it is no longer waste, it is no longer subject to waste regulations, and this reduces the burden of regulation and helps to create markets for waste materials. So far we have produced 10 Waste protocols, with measurable cost savings for business.

Bibliography

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