



# Charging for permits for flood risk activities: Environment Agency response and final decision

Version 1 - December 2016

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

Acting to reduce the impacts of a changing climate on people and wildlife is at the heart of everything we do.

We reduce the risks to people, properties and businesses from flooding and coastal erosion.

We protect and improve the quality of water, making sure there is enough for people, businesses, agriculture and the environment. Our work helps to ensure people can enjoy the water environment through angling and navigation.

We look after land quality, promote sustainable land management and help protect and enhance wildlife habitats. And we work closely with businesses to help them comply with environmental regulations.

We can't do this alone. We work with government, local councils, businesses, civil society groups and communities to make our environment a better place for people and wildlife.

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# Foreword

Following a review of feedback submitted during the consultation on charging for permits for flood risk activities from financial year 2016 to 2017, the Environment Agency have now finalised the charges to be implemented.

This document is an update to the publication "Charging for permits for flood risk activities: a summary of consultation responses". The next steps section has been replaced with the Environment Agency's response.

The Environment Agency's response gives details of the final decision in relation to charging for permits for flood risk activities from the financial year 2016 to 2017 and provides our reply to key themes raised by consultees.

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# Introduction

Regulation of flood risk activities was incorporated into Environmental Permitting Regulations (EPR) on 6 April 2016 to replace flood defence consents. The Environment Agency consulted on proposals for charges for new flood risk activity permits.

## Purpose of this document

The purpose of this document is to provide the Environment Agency's response to consultation feedback and confirm the final decision on charges for permits for flood risk activities from the financial year 2016 to 2017. This information is presented in the section called "Environment Agency's response" (that replaces the "next steps" section from an earlier publication called "Charges for permits for flood risk activities: A summary of consultation responses").

All responses received during the consultation have been fully reviewed and analysed by the Environment Agency. In addition to providing the Environment Agency's response, this document also describes how we carried out the consultation and provides a summary of comments received in relation to each of the questions. This focuses on points raised by multiple respondents, rather than comments submitted by only one or two respondents.

## Background

The consultation set out proposals for charging for flood risk activity permits for the financial year 2016 to 2017. We proposed the introduction of revised charges for flood risk activity permits as part of our Environmental Permitting Charging Scheme under section 41 of the Environment Act 1995.

The original charge of £50 for flood defence consents was set in legislation in 1991 and has not changed since. It did not cover our costs and we subsidised this work with flood defence grant in aid. The proposal in the consultation was to introduce charges that cover the costs of the Environment Agency's basic level of regulatory work under EPR from 2016/17.

In the consultation we proposed to introduce the following charges:

- an application charge of £170 for a single activity;
- an additional charge of £40 for each subsequent activity on the same application; and
- a charge of £70 for a compliance check.

EPR introduces some exclusions and exemptions from regulation for which there will be no charge. The proposed charges apply for all other applications and compliance work during 2016/17. They were set at a level to cover the cost of providing the regulatory service to determine a standard rule permit application and the compliance of permits for the lowest risk activities. This represents the minimum service every customer will receive.

The proposed charges would improve cost recovery compared with the original £50 charge, bringing charging for flood risk activities more in line with HM Treasury guidance and the majority of our regulatory regimes.

The Environment Agency previously received about 5,000 flood defence consent applications a year. In future, the Environment Agency expect to receive about 3,500 applications for permits for flood risk activities. Some of the low risk activities which would have generated flood defence consent applications are now excluded or exempted under EPR from 6 April 2016.

# How we ran the consultation

We ran the consultation from 15 January to 14 February 2016. We consulted for 4 weeks because we were consulting on only one of our charging regimes and the proposals were simple and straightforward.

During this time we sought views on proposed changes to charges for permitting for flood risk activities, designed to better reflect the costs of providing this service.

We emailed over 500 external stakeholders to announce the launch of the consultation. We took papers to regional flood and coastal committees (RFCC) meetings in January to seek their views; we sent targeted communications to local authority, agricultural and water management contacts; and we promoted the consultation locally with partners and stakeholders.

We asked whether consultees supported our proposals for 2016/17 to:

- introduce new charges for applications and compliance, and
- introduce flat charges for all permit applications and for compliance.

In total we received 104 responses to the consultation. The best represented sectors were environmental and other Non-Governmental Organisations (NGOs) and local government. Flood and coastal erosion risk management and land management partnerships were also represented, as were land and environment managers. Seven responses came from RFCCs. 26 respondents opted not to choose a sector from the list provided. These consultees included representatives from RFCCs, flood and land management partnerships and local government.

The following table summarises the number of consultation responses by sector.

**Table 1: Number of responses from different sectors**

Sector	Number of responses
Business / Commerce	1
Consultant / Contractor	3
Environment / NGO	16
Farming / Land management	4
Local government	13
National government	1
Leisure / tourism	4
Transport / navigation	1
Utilities	4
Individual	22
No sector given	26
Other	9
Total	104

# Key findings from the consultation

The number of consultees responding in support or not for the application and compliance charge proposals and in support or not for the introduction of the standard flat fees are shown in the table below:

**Table 2: Summary of responses to the ‘yes or no’ questions 1, 2, 5 and 6**

	Q1 Support application charge proposals?	Q2 Support flat charge for applications?	Q5 Support compliance charge proposal?	Q6 Support flat charge for compliance?
<b>Yes</b>	40	30	34	24
<b>No</b>	38	51	36	49
<b>Don't know or no answer</b>	26	23	34	31
<b>Total</b>	104	104	104	104

Overall, support and opposition of proposals for the application and compliance charges were quite evenly matched (questions 1 and 5 respectively). At least a quarter of respondents said they didn't know or gave no answer under both of these consultation questions. The difference in opinion was more clearly marked in responses to the questions about flat charges (questions 2 and 6), where about half of respondents were against the proposals. Flat charges are a standard charge that would applied across all permits, no matter what the activity is.

Responses in support of the proposals recognised that the:

- original £50 charge for flood defence consents is outdated and in need of revision;
- benefits of such a regulatory regime are clear;
- need to better reflect costs in charges and move towards full cost recovery; and
- regulatory service should be more effective and better resourced as a result of increasing charges.

From a sector perspective, the largest representation was from the environmental and NGO sector (16 responses). Whilst around half of this group supported the proposals for the application charge, they did not support the compliance charge or flat charges. Local government was the second most represented sector (13 responses). The majority of respondents from this sector supported all the proposals.

Support also came from the utilities sector (4 responses), with respondents in favour of the application charge proposals but not the flat charges, and also from the national government and transport sectors.

Respondents from the following sectors did not support the proposals: farming and land management (4 responses), leisure and tourism (4 responses), consultants and contractors (3 responses) and business and commerce (1 response).

Those in the ‘other’ category included some Regional Flood and Coastal Committees (RFCCs) and other flood and land management partnerships. Whilst there was some support for the proposals from this group, the majority of respondents from RFCCs were opposed.

The most frequent comments from respondents in opposition to the proposals were:

- they thought flat charges might have an unfair impact on non-commercial organisations;

- a suggestion that charges should be waived or reduced for certain groups including charities, not for profit organisations and those carrying out flood repair or works for wider environmental benefit; and
- a concern that charges may create a 'negative incentive' and deter people from carrying out environmentally beneficial or maintenance works.

Other responses from fewer consultees included:

- they felt the timing of the consultation and new charging proposals was insensitive, occurring so soon after winter storms and severe flooding in some areas; and
- they thought the proportion of the proposed increase in charges was too high.

## Summary of responses to each consultation question

In total the consultation included 9 questions. For questions 1, 2, 5 and 6 we sought 'yes or no' answers. A narrative response was encouraged for other questions. Not all respondents kept to the consultation response format, or answered all the questions.

- Questions 1, 2, 3, and 4 were in relation to application charge proposals.
- Questions 5, 6, 7 and 8 were in relation to the compliance charge proposals.
- Question 9 was an opportunity to provide further comments on the proposals.

Responses to questions 1 and 3 were fairly balanced (with similar numbers in favour and not in favour) across the sectors, apart from local government who gave more support to the application and compliance charge proposals.

Respondents in the environment and NGO sector most strongly challenged the fairness of the flat charges (questions 2 and 6). This sector also provided the most responses suggesting that charges should be waived or that charges might act as a negative incentive.

All responses submitted during the consultation have been reviewed by the Environment Agency and comments relating to each of the questions are summarised under the headings below. Note that this summary focusses on key themes raised by respondents

### Question 1: Do you support our proposal to introduce new application charges, for flood risk activities under the Environmental Permitting Regulations?

There was no overall agreement amongst consultees regarding the proposal to introduce new application charges. Marginally more of the respondents who answered this question were supportive than against. A quarter of respondents said that they didn't know or gave no answer.

The sectors that responded with the most support were local government and utilities.

**Table 3: Summary of responses to consultation question 1**

Answer to question 1	Number of responses
Yes	40
No	38
Don't know or no answer	26
Total	104



## **Question 2: Do you support our proposal to charge everyone the same flat charge for an application, based on the cost of the service we provide to determine permits for standard rule activities?**

Almost half of the respondents were against proposals to charge everyone the same flat fee because the activities vary. Just over a fifth of respondents said that they didn't know or gave no answer.

Respondents from the environment and NGO sector were most strongly opposed, whereas the majority of respondents from local government were in favour of this proposal.

**Table 4: Summary of responses to consultation question 2**

Answer to question 2	Number of responses
Yes	30
No	51
Don't know or no answer	23
Total	104

## **Question 3: If you do not support our application charge proposals, can you please tell us why?**

Many responses to question 3 recognised that the original statutory charge for flood defence consents is inadequate and out of date.

Some consultees said they thought higher charges would be off-putting to individuals and small agencies, potentially leading to an increase in those not applying for permission to carry out works. This response was given by more than half of respondents from environment and NGOs and farming and land management sectors, and those who selected "other" or hadn't selected any sector.

A lot of respondents said they thought a flat rate charge (aimed at full cost recovery for the minimum effort required for any applicant in 2016 to 2017) was unsuitable and that minor and low risk works should not pay as much larger or higher risk works. A few of the respondents said the flat rate was acceptable for the first year of charges but expected to see a tiered system in future years.

A number of respondents voiced their concerns about charges for work required to correct flood damage or for flood protection. A few consultees mentioned that it was insensitive to increase charges following the recent floods caused by storms Desmond and Eva.

Some consultees responded by saying they felt the proposed increase in this charge was too big. Others said they thought that regulatory work should not be charged for or should be covered by general taxation.

Many of the responses suggested changes they thought would improve the proposals. These focused on reducing or waiving charges for particular groups or organisations such as charities, NGOs, local authorities and projects that worked in partnership with the Environment Agency. Some respondents said they thought environmental improvement works that contributed towards Water Framework Directive (WFD) objectives should not incur charges. Suggestions for which type of applications should have their charges waived or reduced tended to vary between responses from the different sectors.

A few respondents asked for greater clarity regarding how the Environment Agency derives its charges and said they'd like to know more about ongoing efforts to minimise charges.

#### **Question 4: Please tell us if there is anything you would like us to take into account when developing application charging proposals in future?**

Many of the responses to this question had previously been covered in answers to question 3.

The main suggestion was that fees for certain groups, for example those working in partnership with the Environment Agency, NGOs, local authorities and charities should be reduced or have their charges waived.

Some consultees said they thought proposed charges may cause disparity between the Environment Agency's charges and those of lead local flood authorities (LLFAs), leading to inconsistency in regulatory activity on main rivers and ordinary water courses. A number of these respondents suggested the flood risk regulatory activities of local authorities should also be included in future charging proposals.

A few respondents indicated that a simpler and faster system for making applications would be expected if the charges were to be increased.

#### **Question 5: Do you support our proposal to introduce a new compliance charge for flood risk activities under the Environmental Permitting Regulations?**

There was no overall agreement amongst consultees regarding the proposal to introduce a compliance charge. A similar number of respondents answered in favour and against this proposal. Almost a third of respondents said they didn't know or gave no answer.

As with question 1, consultees from local government responded with the most support for this proposal. More than half of individuals who responded also said they were in favour. Responses from other sectors were reasonably balanced, except the farming and land management sector where all 4 respondents said they were against this proposal.

**Table 5: Summary of responses to consultation question 5**

<b>Answer to question 5</b>	<b>Number of responses</b>
<b>Yes</b>	34
<b>No</b>	36
<b>Don't know or no answer</b>	34
<b>Total</b>	104

#### **Question 6: Do you support our proposal to charge everyone the same flat charge for compliance, reflecting the cost of the level of regulatory service that we carry out for the lowest risk permits?**

Almost half of respondents were against proposals to charge everyone the same flat charge for compliance. These responses were mainly from the environment and NGO, farming and land management, or leisure and tourism sectors.

Nearly a quarter of responses were in favour of this proposal (mostly from local government or individuals) whilst the rest of the respondents said they didn't know or gave no answer.

**Table 6: Summary of responses to consultation question 6**

Answer to question 6	Number of responses
Yes	24
No	49
Don't know or no answer	31
Total	104

### **Question 7: If you do not support our compliance charging proposals, can you please tell us why?**

As with question 3, the main issue raised by consultees was in relation to proposals for introducing a flat rate for compliance charging (aimed at full cost recovery for the minimum effort required for any permit holder in 2016 to 2017). These consultees thought the flat charge was inappropriate and felt larger and higher risk works should be charged more than minor works.

Some respondents suggested the increased charge would be off-putting to individuals or small agencies and said this may deter habitat improvement and flood protection works or lead to an increase in non-reported activity.

A number of consultees made suggestions about how they felt the proposals could be improved. The most frequent comment was from respondents saying they thought that compliance fees should be reduced or waived for certain groups. Examples included those working with the Environment Agency, charities, non-governmental organisations (NGOs), local authorities and projects contributing towards WFD objectives.

As with question 1, a couple of respondents said they thought local authority flood risk activities should also have been included in the proposals for new charges (to avoid inconsistencies between charges for activities on main rivers and ordinary water courses).

Some consultees questioned the proposal to separate compliance charges from application fees. They said they'd prefer charges to be combined into a single consolidated payment. Other points mentioned by fewer consultees in response to this question were also discussed in more detail in the responses to question 3 (and to a lesser extent in responses to questions 4, 8 and 9). These included some suggestions that fees should be waived where work is required for flood protection or to repair damage caused by recent storm events Desmond and Eva, challenges around the scale of cost increases, queries about whether the Environment Agency should charge for regulatory work, and comments that a one size fits all approach wouldn't suit local needs. Others questioned why any additional charge was necessary and asked if multiple compliance checks could be undertaken at the same time to reduce the costs.

### **Question 8: Please tell us if there is anything you would like us to take into account when developing compliance charging proposals in future?**

Respondents to this question focussed on the suggestion that charges should be reduced or waived for certain groups including those working with the Environment Agency, charities, NGOs, local authorities and works to repair flood damage or that contribute toward WFD objectives. Many of these respondents said they thought a flat charge was inappropriate because they felt larger and riskier works should pay more than smaller ones.

Some suggested that charges for commercial activities should be set at a higher level to allow lower charges for non-profit organisations undertaking environmental improvement works. A few of the respondents suggested that higher charges would be off-putting to individuals and small agencies, which could deter habitat improvement and flood protection works or lead to increases in non-reported activity.

Some respondents said that local authority flood risk activities should be included in proposals for new charges. They felt this was necessary to avoid inconsistency between charges for activities on main rivers and ordinary water courses.

Other comments from fewer consultees in response to this question (discussed in more detail in responses to questions 3 and 4, and to a lesser extent in questions 7 and 9) suggested the jump in cost was too big, that fees should be covered by general taxation rather than charging for regulatory work and that better costing should be provided to clarify the overall cost for individual circumstances. Some respondents also questioned why additional charges were required and others said they would like projects requiring multiple consents to be considered flexibly, or would prefer compliance and application charges to be combined.

### **Question 9: Please tell us if you have any further comments on our charging proposals for the financial year 2016 to 2017.**

Responses to question 9 frequently reflected the comments discussed under previous questions 1 to 8. A mixture of different opinions were given including some positive statements recognising that the original statutory charge of £50 is inadequate and out of date, or saying that the proposed charges appeared reasonable. However, the most frequent response to this question was a suggestion that higher charges would be off-putting to individuals or small agencies and could lead to an increase in non-reported activity.

A number of respondents repeated the suggestion that charges should be reduced or waived for certain groups including those working with the Environment Agency, charities, NGOs, local authorities as well as habitat improvement or flood protection works. Others repeated the view that flat charges were inappropriate as they felt larger works should pay more than smaller ones. Some consultees felt the timing was insensitive given the impacts of recent flooding events. A few of these respondents said they thought that charges shouldn't be applicable where work is required for flood protection or as a result of damage that occurred during the recent storm events Desmond and Eva.

Some respondents felt that flood risk activities regulated by local authorities and inland drainage boards should also be included in the new charge proposals. A smaller number of respondents said they thought that clearer information on costing was required, that a simpler application system would be expected if charges were raised, that cost increases were too high, that regulatory work shouldn't incur charges or that they thought charges should be linked with payments for ecosystem services to take account of positive or negative effects on the environment or contributions toward WFD objectives.

# Environment Agency's response

Responses to consultation feedback and the final decision on the new charges are presented in this section.

## Final decision

The proposed charges for permits for flood risk activities will be adopted as consulted on, and set out below, with an exception for activities relating to recovery or repair work for damage caused by the storm events Desmond and Eva in the winter of 2015 to 2016. We will also be able to activate this charge exemption for an event of a similar exceptional scale and impact in the future.

The charges will take effect on and from 4 January 2017. EPR introduces some exclusions and exemptions from permitting, for which there will be no charge.

- an application charge of £170 for one single activity;
- an additional charge of £40 for each subsequent activity on an application; and
- a charge of £70 for a compliance check

These charges cover the costs of the Environment Agency's minimum level of regulatory services, which every customer will receive, and does not represent full cost recovery for all types of permits.

The above application charges will apply for all applications and from 4 January 2017, except for recovery or repairs work required for damage resulting from the storm events Desmond or Eva or other future events where the Environment Agency decides to treat it as such.

To allow for a transition period to introduce a minimum standard level of compliance, we will apply the compliance charge for those permits issued after 1 April 2017. A charge for compliance will only be invoiced after a compliance check has taken place. If there is more than one activity under a permit or more than one compliance check, there will only be one compliance charge within the same financial year.

## Our response to key themes raised by consultees

The Environment Agency's responses are provided under the following themes rather than for each of the consultation questions. This is to avoid repetition where similar comments were submitted in relation to various questions and consultees asked whether:

- charges could be waived or reduced for particular groups or sectors (sometimes linked to comments that the Environment Agency's work is a national resource and that its funding should be met through general taxation);
- higher charges might become a deterrent to applying for permits or implementing small scale flood defence maintenance or environmental works (with potential for detrimental results);
- the proposed rise in charges is too high and should therefore be phased in gradually;
- the timing of the proposal to raise charges was insensitive following recent flooding (as those affected might need to apply for permits for flood defence maintenance or repair works);
- the introduction of a flat charge is fair and if this might discriminate against small organisations and individuals or those with less capacity to pay;
- consultees could expect a better service as a result of higher charges; and
- a charge for compliance should be taken at the same time as the application charge.

In addition to these key themes, we received a small number of comments that local authority flood risk activities should also have been included in the proposals for new charges. The Environment

Agency does not have control over the charges set by local authorities and so this was not possible.

The Environment Agency's response to comments submitted during the consultation are presented below.

## Waiving or reducing charges

Many consultees asked if charges could be waived or reduced for particular groups or sectors. This was sometimes linked to a view that the Environment Agency's work is a national resource and should therefore be funded through general taxation.

**Our response:** This view was a common response from individuals and across sectors. Sector based responses did show some bias towards their own sector, but certain groups or circumstances were frequently identified as being more deserving. These groups were charities, small organisations or clubs and environmental organisations, while circumstances identified were environmental works, partnership projects involving the Environment Agency, or applicants carrying out flood recovery work.

Although there are many deserving causes or circumstances for waiving charges, these permits do not cost any less to determine or compliance check unless the activity is excluded from regulation. HM Treasury guidance on "Managing Public Money" states charges should apply across all users. Waiving charges for certain groups or in certain circumstances could be considered to be an unfair advantage, create cross subsidies, or be unlawful under EU and domestic legislation on State Aid.

HM Treasury guidance also requires us to recover the cost of regulatory work from those that are regulated. However, Environmental Permitting Regulations (EPR) is a risk based regime that means some lowest risk activities don't need a permit. We have included some low risk environmental enhancement works in the exemptions for flood risk activities. There is no charge for exemptions and we estimate that it will lead to a drop in the overall number of permit applications from around 5,000 per year (for flood defence consents) to around 3,500 per year under the EPR regime that commenced on 6 April 2016. This means a large proportion of operators who would previously have had to apply for a consent can now undertake work without a permit or fee.

## Charges acting as deterrent for beneficial work

A number of consultees suggested higher charges may be off-putting to applicants and deter people from applying for a permit or carrying out beneficial flood defence or environmental improvement works.

### Our response:

Charges may act as a negative incentive or stop people applying for any regulatory regime, but there was also recognition in some responses of the need for regulation and for the associated



costs to be met. It is government policy to recover the cost of regulatory work from those being regulated rather than funding it from general taxation.

Registration of activities that pose the lowest flood or environmental risk and meet the requirements for an exemption will be free of charge. For those carrying out activities in this bracket, there will be a saving because no fee applies.

Habitat improvement works can often be considered low flood and environmental risk, and can therefore be exempted from the need for a permit, provided certain conditions are met. The following two exemptions are particularly relevant to these consultation responses:

- installing channel habitat structures made of natural materials, and
- placing stones or logs in a main river to enhance habitats

In contrast to the concerns about proposed regulatory charges acting as a deterrent for beneficial work, we also received consultation responses recognising the need for appropriate regulation to protect people from flooding and environmental damage. Environmental enhancement work will only be regulated where it is a defined flood risk activity, so despite the environmental benefits of such work we do need to regulate this work to manage flood risk and drainage impacts.

## The extent of the initial rise in overall charges

Some consultees commented that the proposed rise in charges is too high and should be phased in more gradually.

**Our response:** The original £50 application charge was set in 1991 and hasn't been increased since that time. We have to make more detailed assessment of environmental impacts and effects on wider flood risk management strategies now, issues which are much greater concerns than in 1991 when the charge was first set.

The move to risk based regulation means charges are not comparable as some activities will now be free from permit charges under an exemption.

The majority of the costs of this regime have been funded from grant in aid from government, although it is government policy to charge for the cost of regulatory work. We realise any rise in charges will impact applicants, however, the charges being introduced will only recover the costs of the minimum required level of effort and the subsidy from government will continue to cover the rest of our costs for some applications and permits. Therefore, these charges are a first step towards recovering the full costs of providing this regulatory service. We intend to propose further charge increases to move to full cost recovery for bespoke permits in the future, once we have had the opportunity to gather sufficient evidence about resource requirements (and therefore cost) of doing this work.

To reduce the extent of any future changes to these charges we will look at taking an incremental approach where possible.

## Timing of proposals after recent flood events

Some consultees said the timing of the proposals to raise charges was insensitive following recent flooding (given that those affected may need to apply for permits for flood defence maintenance and repair works).

**Our response:** We proposed that the new charges should be introduced during financial year 2016 to 2017 to align with the move to EPR. To ensure customers had the opportunity to comment on our proposals and inform our thinking it was necessary to consult on these charge proposals during the winter period of early 2016. Flooding can happen at any time of year, so any consultation or introduction of new charges could potentially coincide with an event.

In light of the consultation responses, we have introduced an exemption from charges for activities relating to recovery works or repair of damage caused by storms Desmond and Eva in the winter of 2015 to 2016. We will also be able to activate this charge exemption for an event of a similar exceptional scale and impact in the future. This is in line with other government recovery initiatives and will mean those affected by flooding will not be charged for flood risk activity permits for repair or recovery work if the application is submitted within 12 months of the last day on which the damage occurred.

We have introduced this exemption from charging because the link with recovery works or repair of storm damage is a particular case for this regulatory regime. It has been possible to introduce this because the exception applies equally to all applicants regardless of the type of applicant or their ability to pay.

## **Fairness of introducing the flat charges**

Some consultees commented on the fairness of a flat charge or if it might discriminate against small organisations, individuals and those with less capacity to pay.

**Our response:** The original £50 introduced in 1991 is a flat charge and needs to be updated to better reflect costs. The proposed flat charges cover our minimum level of required effort for applications and compliance and are intended as a first step towards recovering the full costs of providing this service. They are as low as they can be to recover these costs and will apply to all applicants and permit holders.

We acknowledge that to recover costs for applications of different scale and complexity that charges will need to be increased in the future. Our aim is to move to tiered charging in the future away from the basic flat charges. We plan to introduce different levels of higher charges for bespoke permit applications and compliance of higher risk permits. Moving to tiered charging is a fairer approach in the longer term because customers will pay for the costs of the type of permit they apply for or hold. The flat (single rate) charges will apply as an interim measure from the financial year 2016 to 2017. We will develop and consult on higher tiers of charges during next year and expect to be introduced from the financial year 2018 to 2019 onwards.

Tiered charges will be based on the flood or environmental risk posed by an activity, because this determines our level of work and therefore costs, rather than the type of applicant or their ability to pay.

To set these charges effectively we need evidence about our regulatory effort to inform future charge proposals, which we are collating since the move to EPR.

## **Expecting better service for higher charges**

Some consultees asked if customers could expect a better service as a result of the proposed higher charges.



**Our response:** Our aim is to provide the most cost effective and best value service to customers. We strive to keep our costs (and therefore our charges) to a minimum and will continue to do so by monitoring the effort taken to provide this service. Although we need to increase our charges, the proposed increase was less than would have been required if we had stayed with the out dated, non-risk based, flood defence consenting regime.

EPR enables us to take a more risk-based approach to regulation, focussing effort on activities with the potential to cause the greatest flood or environmental risks. In preparation for the move to EPR we developed improved, streamlined approaches to permitting and compliance.

## **Combining application and compliance charges**

Some consultees asked if the proposed charge for compliance could be taken at the same time as the application charge.

**Our response:** We looked into whether there was a way to make this possible before consulting on the proposed charges and unfortunately there was not. This is for a range of reasons.

When someone applies for a permit and pays the application charge we do not know if we will grant the permit. If we also took payment of the compliance charge at application stage, we would need to refund it if the permit was not granted resulting in additional administration costs. We are not legally able to compel someone to pay a compliance charge at the point of application and so there would be additional administration needed to monitor which applicants opted to pay their compliance charges at the application stage.

Another key reason is that HM Treasury require us to charge for services in the financial year we do the work. Although compliance checks are likely to be carried out quite soon after a permit is granted, this may be in a subsequent financial year. The compliance charge may change in future years which could result in us needing to refund or re-invoice permit holders if paid ahead of time. For these reasons we are unable to offer the ability to pay both application and compliance charges at the same time as an application is submitted.

# Annexes

## Annex A: List of consultation questions

1. Do you support our proposal to introduce new application charges, for flood risk activities under the Environmental Permitting Regulations?
2. Do you support our proposal to charge everyone the same flat charge for an application, based on the cost of the service we provide to determine permits for standard rule activities?
3. If you do not support our application charge proposals, can you please tell us why?
4. Please tell us if there is anything you would like us to take into account when developing application charging proposals in future?
5. Do you support our proposal to introduce a new compliance charge for flood risk activities under the Environmental Permitting Regulations?
6. Do you support our proposal to charge everyone the same flat charge for compliance, reflecting the cost of the level of regulatory service that we carry out for the lowest risk permits?
7. If you do not support our compliance charging proposals, can you please tell us why?
8. Please tell us if there is anything you would like us to take into account when developing compliance charging proposals in future?
9. Please tell us if you have any further comments on our charging proposals for the financial year 2016 to 2017.

## Annex B: List of consultation participants

The following table names the organisations that took part in the consultation. (Individuals and anonymous respondees are not included in this table.)

**Table 7: Organisations that took part in the consultation**

<b>Organisation</b>
<b>AGMA</b>
<b>Aire Rivers Trust</b>
<b>Anglian (Central) Regional Flood and Coastal Committee (RFCC)</b>
<b>Anglian Northern Regional Flood and Coastal Committee (RFCC)</b>
<b>Anglian Water</b>
<b>Angling Trust</b>
<b>Blueprintforwater</b>
<b>British Canoeing</b>
<b>Broads Authority</b>
<b>Broughton Parish Council</b>
<b>Charnwood</b>
<b>CLA</b>
<b>Coastal Group Network</b>
<b>Confor</b>
<b>Cornwall Wildlife Trust</b>
<b>Cumbria Commoners</b>
<b>Dedham Vale AONB &amp; Stour Valley Project</b>
<b>Devon CC</b>
<b>East Riding of Yorkshire Council</b>
<b>English Severn &amp; Wye RFCC</b>
<b>Essex CC</b>
<b>Fishing London</b>
<b>Hampshire CC</b>
<b>Herts &amp; Middlesex Wildlife Trust</b>
<b>Historic England</b>
<b>Hull City Council</b>
<b>Institute of Fisheries Management</b>
<b>LGA Coastal SIG</b>
<b>Lincolnshire CC</b>

<b>Organisation</b>
<b>Mannpower Hydro</b>
<b>Mitchells Land Agency</b>
<b>National Association of Local Councils</b>
<b>National Farmers Union</b>
<b>Natural England</b>
<b>North West Regional Flood and Coastal Committee</b>
<b>Northumberland CC</b>
<b>Northumbria Regional Flood and Coastal Committee</b>
<b>Nottswt</b>
<b>NRPG</b>
<b>River Gipping Trust</b>
<b>River Kennet</b>
<b>River Nene Regional Park CIC</b>
<b>SEPA</b>
<b>South West Flood Risk Managers Group</b>
<b>South West Water</b>
<b>Southern RFCC</b>
<b>Suffolk CC</b>
<b>Sutton and East Surrey Water</b>
<b>Thames21</b>
<b>The Clancy Group</b>
<b>The Wild Trout Trust</b>
<b>Torbay Council</b>
<b>Upper &amp; Bedford Ouse Catchment Partnership</b>
<b>Volker Highways</b>
<b>Warrington BC</b>
<b>Waterdock Consultancy</b>
<b>Westcountry Rivers Trust</b>

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