



Department
for Environment
Food & Rural Affairs

England Local Authority Environmental Permitting Fees and Charges Schemes consultation – summary of responses

August 2017



© Crown copyright 2017

You may re-use this information (excluding logos) free of charge in any format or medium, under the terms of the Open Government Licence v.3. To view this licence visit www.nationalarchives.gov.uk/doc/open-government-licence/version/3/ or email PSI@nationalarchives.gsi.gov.uk

This publication is available at www.gov.uk/government/publications

Any enquiries regarding this publication should be sent to us at

Control.Pollution@defra.gsi.gov.uk

Or by post to:

Industrial Pollution Team
Air Quality
Area 2C Nobel House,
17 Smith Square,
London,
SW1P 3JR

Contents

Executive summary	2
Who responded	3
Summary of responses	3
• Increase to Part B and Part A2 schemes fees and charges	5
• Charge for IED derogation work	6
• Amendment to Article 4 of the Part B charging scheme	6
• Revised risk methodology tool	6
• Reduced charge for aggregated combustion plant – EED only	6
Annex A – Full list of questions	7
Annex B - Organisations that responded	8
Annex C - Examples showing increases to fees and charges	10

Executive summary

This consultation sought views on proposals for changes to the Local Authority environmental permitting fees and charges schemes, in particular the consultation sought views on an increase in the level of fees and charges levied on permitted businesses and aimed at recovering the regulatory costs.

Government is committed to tackling air pollution and improving air quality. The government recently launched the UK plan for tackling roadside nitrogen dioxide concentrations which outlines how local authorities with the worst levels of air pollution at busy road junctions and hotspots must take robust action. Reducing air pollution is important for people's health, the economy and the environment. Air quality has improved over recent decades through the regulatory frameworks successive Governments have put in place; investment by industry in cleaner processes and the shift in the UK fuel mix away from coal towards cleaner forms of energy have been a key element in these improvements. Local Authorities (LAs) are key to achieving improvements in air quality. As the UK improves air quality, air quality hotspots are likely to become even more localised and the importance of local action will increase.

The Environmental Permitting (England and Wales) Regulations 2016 (EPR) provide an effective mechanism to prevent or minimise pollution to air, water and soil by requiring certain sites to meet pollutant emissions limits, environmental performance standards and Best Available Techniques.

Under EPR certain industrial installations must apply for and comply with an environmental permit to operate. These permits set out conditions which must be met – for example, limits on levels of allowable emissions of pollutants, and requirements to prevent dust during operation. In England, the regulation of these sites is split between the Environment Agency and LAs depending on the activity undertaken.

The installations which are regulated by LAs are split into 2 schemes:

- those which are subject to the requirements of the Industrial Emissions Directive (IED) with requirements to limit their emissions to air, water and land are regulated under the Local Authority – Integrated Pollution Prevention and Control (LA-IPPC) (known as 'Part A2' activities), these include the more potentially polluting and complex activities e.g. foundries and renderers, and
- those which are required to limit emissions to air only and are regulated under the Local Air Pollution Prevention and Control (LAPPC) scheme (known as 'Part B' activities) e.g. dry cleaners, mobile concrete crushers, vehicle refinishers, petrol stations.

Defra, as the appropriate authority under EPR, is responsible for setting and amending relevant Local Authority environmental permitting fees and charges with the aim that these should recover from businesses the cost of regulating them (the 'polluter pays' principle). Fees and charges have not been increased since 2010.

In the consultation we proposed:

- a 4.5% increase to the level of fees and charges to both the LAPCC and LA-IPPC schemes.
- a revised Risk Methodology used by LAs to determine the fees and charges applicable to a specific regulated facility (LAPCC only);
- Introducing charges for derogation applications under the Industrial Emissions Directive
- Amending Article 4 of the LAPCC (Part B) Scheme to allow wood processes to burn their offcuts without needing to obtain a second permit – an administrative simplification. (No amendment to EPR is required).
- A reduction in subsistence fees of small combustion plant which was brought into permitting by an amendment to Environmental Permitting Regulations in 2015 to transpose the Energy Efficiency Directive and where the only permit condition is to limit the hours of operation.

The consultation ran between 15 March 2017 and 13 April 2017.

In total 43 responses to the consultation were received. 38 responses were received through the Citizen Space online portal responding directly to the questions and 5 responses were received by email.

This document summarises the consultation responses by questions. A full list of questions can be found at Annex A

This consultation applied to England only.

Who responded

Of the 43 responses 35 were from LAs and 8 from industry consisting of 3 responses from individual businesses and 5 from trade bodies representing industry sectors.

The full list of organisations that responded can be found at Annex B.

Summary of responses

The following section gives a summary of the responses given to each of the questions.

Q1 - Do you agree with the proposed 4.5% increase?

Of the 43 responses 90% (38) supported the proposed 4.5% increase. This included all 35 LAs. One business and two trade bodies supported the proposed increase, one business and three trade bodies disagreed with the proposed increase and one trade body provided a neutral response.

A number of LAs pointed out that 4.5% would still leave the authority in deficit suggesting that ideally the increase should be higher. There were calls for further above inflation increases in future years until full cost recovery is achieved. However, respondents recognised that the impact on business needed to be considered. Some suggested that increases should ideally have been made over several years and that the level of fees and charges would need to be kept under review.

Two businesses agreed that the rationale and justification for a 4.5% increase was sound and supported the proposal. A trade body provided a neutral response urging that cost increases should be restrained but not challenging the proposed increase. Two businesses disagreed with any increase citing the impact of uncertainty for business caused by 'Brexit' and other increased costs impacting on businesses such as the Living Wage, new staff pension costs, energy costs, rent increases, etc. and called instead for further efficiencies to be made by LAs.

One trade body accepted that an increase to fees and charges is justified but challenged the rationale for 4.5%, considering the consultation document to be 'misleading' in basing calculations on 4 years of Consumer Prices Index (CPI)/wage cost data and including a projection for the coming year. The body called for an increase to be limited to CPI or otherwise to be phased in over a number of years. Another trade body provided a detailed response challenging the proposal, arguing that impacts of the increase had not been properly assessed and would disproportionately impact on their sector. They also pointed out that the LA cost and income data demonstrated that a 4.5% increase would not be sufficient to provide for full cost recovery. Whilst this latter point is valid we do not consider this to be an argument for making no increase.

Q2 - Do you agree that IED derogations should be treated as equivalents of substantial change for charging purposes?

Of the 39 that responded to this question 90% (35) agreed with the proposal (32 LAs, two trade bodies and one business). Two trade bodies and one business disagreed considering the proposed charge to be excessive and one LA disagreed considering the proposed charge to be insufficient compared to the cost of processing the applications, and argued that the charge should therefore be higher.

Q3 – Do you agree with the amendment to Article 4?

Of the 37 that responded to this question 92% (34) agreed with the proposal (32 LAs and two businesses). One trade body disagreed and raised the concern that the proposal could encourage the burning of wood offcuts which has a negative environmental impact. Two LAs did not explicitly agree or disagree but raised issues of clarification. We do not expect this proposal to increase burning of wood offcuts.

Q4 – Do you agree with the adoption of the revised Risk Methodology Tool?

Of the 41 that responded to this question 65% (27) agreed with the proposal (22 LAs and 5 businesses). 15% (6) respondents disagreed. Two trade bodies disagreed with the rationale for potentially charging more if the risk rating increased due to proximity to sensitive receptors such as schools and housing. Three LAs, while agreeing with the rationale, did not like the usability of the tool, while others found it easy to use. However, 4 LAs disagreed with aspects of the proposed methodology.

Q5 - Do you agree that small combustion plant brought into permitting as a result of aggregation applied in order to comply with the requirements of the Energy Efficiency Directive, and where a Cost Benefits Analysis is not required, should be subject to reduced fees and charges?

Of the 31 that responded to this question 90% (28) agreed with the proposal (20 LAs and 8 businesses/Trade bodies). Almost 10% (3) of respondents, all LAs, disagreed. One LA argued that a reduced fee would not reflect the regulatory effort while two suggested that such plant should be discouraged on policy grounds.

Q6 - Do you have any additional comments?

Other comments received;

- The point was made that LAs budget planning takes place prior to the start of the Financial Year and invoices are issued at the start of the Financial Year, so the timing of the consultation created uncertainty for the year ahead. The rationale for the previous freezing of fees to reduce placing burden on business was criticised as not in keeping with providing for full cost recovery or the polluter pays principle.
- There was a call to review the schemes further to align charges to actual regulatory costs. In particular, there was a call to review reduced fees for brick crushing/concrete/cement processes which in residential areas are a frequent cause of complaints and require higher regulatory effort and thus greater cost.

Government response

Increase in fees and charges from 2017/18

Income and cost data submitted by LAs demonstrates that current levels of fees and charges are not sufficient to provide for full cost recovery, so we will increase fees and charges for both the LAPPC (Part B) and LA-IPPC schemes (Part A2) by 4.5% as proposed. Those who disagreed with the level of increase argued either that the increase

should be zero, or lower. Although a number of LAs pointed out that the proposed increase was not high enough to cover regulatory costs they generally accepted the need to balance the need to reflect costs against increased burdens on businesses. Those trade bodies and businesses who disagreed raised issues we are mindful of, such as increased wage costs to business. We believe that our proposal strikes the right balance providing necessary funding to cover LA regulation and minimising increased costs to business.

Charge for IED derogation work

We will introduce a charge for IED derogations from 2018/19 Financial Year aligning these with the charge for substantial variation. We recognise that this process has been new to Local Authorities and that initially the time taken might suggest that this level of charge may not be sufficient. However, as officers become more experienced with the process they should be able to spend less time and the substantial variation charge should be at the right level.

Amendment to Article 4 of the Part B charging scheme

We will amend Article 4 of the Part B charging scheme to correct an unintended anomaly introduced by previous changes to EPR. This will allow the burning of offcuts where this is a related activity to a wood process to be included within a single permit for an installation thus reducing costs. We do not expect this change to encourage the burning of hazardous wood waste or be likely to increase the burning of wood but will simplify regulation where currently two permits are required unnecessarily.

Revised Risk Methodology

We will aim introduce a revised risk methodology for 2018/19. The principle of including a risk score to take into account proximity to sensitive receptors is sensible as this will more closely reflect regulatory effort. However, further work may need to be undertaken in consultation with regulators and businesses to improve usability of the methodology and to ensure the scores reflect the polluter pays principle and encourages best practice.

Reduced charge for aggregated combustion plant – Energy Efficiency Directive (EED) only

We will introduce a reduced subsistence fee for combustion plant brought into permitting as a result of aggregation purely to implement the Energy Efficiency Directive (EED) and where the permit only imposes a condition limiting operating hours. This reflects regulatory effort.

Annex A – Full list of questions

Q1. Do you agree with the proposed 4.5% increase?

Q2. Do you agree that IED derogations should be treated as equivalents of substantial change for charging purposes?

Q3. Do you agree with the amendment to Article 4?

Q4. Do you agree with the adoption of the revised Risk Methodology Tool?

Q5. Do you agree that small combustion plant brought into permitting as a result of aggregation applied in order to comply with the requirements of the Energy Efficiency Directive, and where a Cost Benefits Analysis is not required, should be subject to reduced fees and charges?

Q6. Do you have any additional comments?

Annex B - Organisations that responded

Agricultural Industries Confederation
Basingstoke LA
Bath & North East Somerset Council
Blackpool Council
Borough Council of King's Lynn & West Norfolk
British Ceramic Confederation
Broxbourne Borough Council
Burnley Borough Council
Calderdale MBC
Cambridge City Council
City of Wolverhampton Council
Corby Borough Council
Cumbria Crystal
Dartford Borough Council
Daventry Local Authority
Eden District Council
Frimstone Ltd
Galvanizing Ltd
Horsham District Council
Huntingdonshire District Council
Leeds City Council
London Borough of Croydon
Newark & Sherwood District Council
North East Lincolnshire council
North Hertfordshire District Council
North Norfolk
Northumberland County Council
Redcar and Cleveland Borough Council
River Tees Port Health Authority
Rochford District Council
Salford City Council
Society of Motor Manufacturers and Traders
South Lakeland District Council
South Somerset District Council
Southend-on-Sea Borough Council
The Mineral Products Association
The Wood Recyclers' Association
Tonbridge & Malling Borough Council
Wakefield Metropolitan District Council
Walsall Metropolitan Borough Council

Wedge Group
West Suffolk Councils
Worcestershire Regulatory Services
York City council

Annex C – Examples showing increase to fees and charges (£)

Part B

Option	Standard Process Application (Increase in £)	Reduced fee application (for simple very low risk activities e.g Dry cleaners) (Increase in £)	Standard Process Subsistence fee (Increase in £)			Reduced fee subsistence fee (e.g. Dry Cleaners) (increase in £)		
			Low	Medium	High	Low	Medium	High
Current fees & charges	1579	148	739	1111	1672	76	151	227
4.5% increase	71	7	33	50	75	3	7	10
New Charge	1650	155	772	1161	1747	79	158	237

Part A2

Option	Application (Increase in £)	subsistence fee (Increase in £)		
		Low	Medium	High
Current fees & charges	3218	1384	1541	2233
4.5% increase	145	62	69	100
New Charges	3363	1446	1610	2333