

## Changes to deposit of waste for recovery standard rules Environment Agency

**RPC rating: validated**

The IA is now fit for purpose as a result of the department's response to the RPC's initial review. As first submitted, the IA was not fit for purpose.

### Description of proposal

The BIT assessment focuses on amendments to the standard rules permit, issued by the Environment Agency. The amendments result in more stringent requirements to protect adequately the environment.

The Environment Agency issues a variety of permits for a wide range of activities. One of these activities is waste operation in sites where waste is recycled, stored, treated, or disposed. There are two types of permits that relate to this activity: a permit with site specific conditions, and a standard rules permit. Standard rules permits are offered where activity is considered to be low risk.

Operators that hold an existing standard rules permit are given the following options under the measure:

- vary their permit to the new rules set; or
- vary their permit to a bespoke deposit for recovery (DfR) permit, if they could not meet the new requirements; or
- surrender their permit.

### Impacts of proposal

191 operators have been affected by the change. Of these, 29 applied for the new standard rules permit, 9 applied for a bespoke DfR permit, and 29 opted to surrender their existing permits. Local assessments of the 124 operators, who did not respond, led to 63 operators being issued an Environment Agency-initiated variation (AIV) to a DfR permit and a further 61 operators surrendering their permits.

#### One-off costs

The tables below sets out the one-off costs imposed on each of these parties. A wage rate of £19.26 per hour has been used throughout the cost assessment, which is the average wage for "Associate, professional and technical" occupations taken

from the Annual Survey of Hours and Earnings 2016, including an uprating to account for non-wage labour costs.

Affected operators (no. of operators)	Type of cost	Time taken / fee charged	Total cost (across all affected operators, to the nearest hundred)
Operators that applied for new standard rules permits (29)	Familiarisation with new rules	50 minutes	£500
	Application for new permit	20 hours	£11,200
	Minor variation fee <sup>1</sup>	£1,300 fee	£37,100
Operators that acquired bespoke DfR permit variations themselves (9)	Reading a variety of web based guidance	75 minutes	£200
	Completing a risk assessment template	15 hours	£2,600
	developing a waste acceptance procedure (and an engineering plan for 10% of affected operators)	4 hours to develop a waste acceptance procedure (and a further 4 hours to develop an engineering plan)	£800
	Familiarisation with new bespoke DfR permit conditions	50 minutes	£100
	Application for a variation in licence	20 hours	£3,500
	Normal variation fee	£2,000 fee	£18,000
Operators for whom the agency Initiated a Bespoke Permit Variation (29)	Minor variation fee	£1,300 fee	£80,600

### Ongoing costs

Operators with a bespoke DfR permit will also pay an increased annual subsistence fee, which is based partly on their Operational Risk Appraisal score. The average subsistence fee is around £2,500 a year.

Based on the percentage of operators who voluntarily converted to bespoke DfR permits (9 of 38, 24%) and the average annual churn of applicants for standard rules permits (32 per year), the ongoing cost, over the appraisal period, is expected to be £338,500.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of £0.1 million. This will be a qualifying regulatory provision that will score under the business impact target.

<sup>1</sup> The Agency Initiated Variation (Minor Technical) will not have the scope to be tailored to the operators needs and therefore attracts a lower charge.

## Quality of submission

The BIT assessment does not assess costs to the operators who have surrendered their licence. It is reasonable to assume that the licence would have been of some value to these operators; the loss of the licence should, therefore, be treated as a direct cost in the assessment. It is fair to assume that the value of the licence cannot exceed the cost of renewal, as these operators would otherwise have chosen to renew their licences rather than surrender them. On this basis, the RPC finds that the inclusion of this cost is unlikely to have a material impact on the EANDCB of this measure.

It is not clear why the 29 operators, for whom the agency initiated a bespoke permit variation, were not included in the calculation of the ongoing cost (i.e. increase in annual subsistence fee). It seems reasonable that these operators were not included in the calculation of the churn of applicants; it appears, however, that those operators, who have already been forced to vary permits, will also face the increase in annual subsistence fees and they should have been included.

The RPC encourages regulators to provide adequate information regarding the EANDCB calculation and related figures. It, however, believes that, in this instance, the level of detail provided by the regulator is disproportionate to the relatively small costs involved. The BIT assessment could be improved by aggregating costs where appropriate and presenting them in a more concise manner. This was also highlighted as an area for improvement in the RPC's initial review notice.

Following the RPC's initial review notice, it is not clear why the second submission of the BIT assessment did not include comments on some changes in assumptions made since the initial review - the most notable changes being in the wage rate used throughout the assessment (from £18.75 per hour to £19.76) and a change in the expected time required for operators to complete a standard permit application (from 30 hours to 20). It is, however, unlikely that these changes will have materially affected the EANDCB.

## Departmental assessment

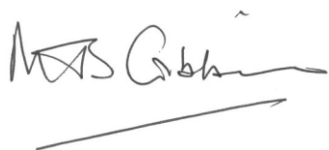
Classification	Qualifying regulatory provision (IN)
Equivalent annual net cost to business (EANCB)	£0.1 million (initial estimate) £0.1 million (final estimate)

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Business net present value	-£0.8 million
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**RPC assessment**

Classification	Qualifying regulatory provision (IN)
EANCB – RPC validated <sup>2</sup>	£0.1 million
Business Impact Target (BIT) Score <sup>1</sup>	£0.5 million
RPC rating (of initial submission)	Not fit for purpose



**Michael Gibbons CBE, Chairman**

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<sup>2</sup> For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.