
Natural England (NE)
Strategic licensing for great crested newts
RPC rating: validated

Description of proposal

Great crested newts (GCN) are classed as a European Protected Species (EPS) and are subject to additional protection under the Conservation of Habitats & Species Regulations. Obtaining and complying with the EPS licence has often been cited as burdensome by developers. Natural England (NE) proposes to replace the current licensing system with a new approach, which manages newt populations and mitigations at a strategic, area level and avoids the need for individual licences at many sites.

Impacts of proposal

Natural England expects that housing, commercial and transport development businesses are most likely to benefit, as these are the sectors where licensing is most commonly needed. Mineral operators will also benefit because, although they make up only a small proportion of the total number of annual licence applications, the total cost of a licence to this sector is significantly higher. (The average cost of applying for and complying with a GCN licence in the housing, commercial and transport sector is £84,000, compared with £233,000 for a minerals operator). Furthermore, minerals applications are subject to longer processing delay (average 110 days) compared to other sectors (average 79 days).

Licensing Savings

The assessment states that Natural England received 363 new GCN licence applications in 2015, although it is expected that, in future years, a smaller number of applications would be submitted because of other reform work being undertaken by NE. The regulator therefore estimates a future baseline of 250 applications per annum. NE also estimates, based on its own research, that the annual cost to industry of GCN licensing is around £45 million per annum for 250 licence applications.

NE plans to roll out this new proposal across the 150 English local authorities that have the highest number of GCN applications per year. It estimates, using administrative data, that by taking this targeted approach, the total number of GCN licence applications can be reduced by 77%. This will create a significant reduction

in the annual cost of licensing to developers, whilst continuing to safeguard GCN populations.

Familiarisation costs

NE argues, based on feedback from businesses, that the new scheme is very simple in comparison to the existing approach, reducing resource costs to business in the long term, as businesses reduce their reliance on consultancy support. It does not monetise this benefit, as it expects the behavioural change that drives this saving to occur relatively slowly. The regulator also argues that the new process and its costs and benefits will be incorporated into the planning document for each district, which developers will have to read anyway. The familiarisation costs associated with the changes are therefore negligible.

Ongoing costs

The planning authorities will administer and provide local compensatory habitat for GCN at an area level; this cost will be fully recovered from industry. This cost is estimated at £16.9 million over the 10 year lifespan of the project.

Benefits

NE argues that one key benefit of the new strategic licensing approach is that it removes uncertainty and delay, by identifying areas where development would not be constrained by the presence of GCN. In a NE survey of 291 organisations, over 81% of developers and energy companies said that they would support this approach, on the basis that it would reduce both costs and uncertainty.

The policy may indirectly increase competitiveness in the housing sector. Previous studies have identified that smaller businesses are disproportionately affected by planning and environmental permitting costs and delays. This scheme is expected to reduce these costs.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of -£21.7 million. This is a qualifying regulatory provision that will score under the business impact target.

Quality of submission

The assessment is extremely comprehensive, and sets out a wide range of costs and benefits at a level of detail that is proportionate to the scale of the measure. It presents an explanation of the wider impacts and also presents an optimism bias exercise, using a range of positive and negative scenarios, which is particularly welcome given the uncertainties around some key assumptions. However, the

regulator could have described the detail of the EANDCB calculation more clearly, and in particular could have explained why transitional costs were omitted from the assessment.

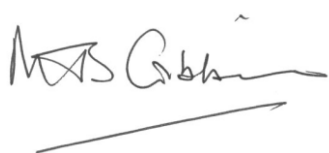
In addition, given the regulator's assertions about the significant benefits of the scheme, it would have been helpful had the assessment included a brief explanation as to why the scheme is not being fully rolled out at this stage.

Departmental assessment

Classification	Qualifying regulatory provision (OUT)
Equivalent annual net direct cost to business (EANDCB)	£21.7 million
Business net present value	£202.35 million

RPC assessment¹

Classification	Qualifying regulatory provision (OUT)
EANDCB – RPC validated	£21.7 million
Business impact target score	£108.5 million



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANDCB and BIT figures to the nearest £100,000