

NIEA Regulatory Charging Policy 2016-21

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FOREWORD

I am pleased to present the Northern Ireland Environment Agency's (NIEA) Regulatory Charging Policy 2016-2021. This sets out how we will manage our fees and charges over the next five years.

This policy will ensure that NIEA fully recovers the cost of regulating activities associated with its environmental legislation. It provides the facility to apply annual inflationary rises, as well as the opportunity to address over and under recovery that may arise in particular charging regimes.

During this period, NIEA will also be implementing the Regulatory Transformation Programme. This programme will see activities and processes streamlined for customers and stakeholders by simplifying processes and undertaking a more joined up approach to regulation of activities, application processes and site visits with a targeted focus on sites that pose a higher environmental risk.

This approach to charging will focus its efforts to meet the challenges that lie ahead, make the best use of the resources we have and provide a sustainable approach to environmental regulation.

Mark Livingstone
Head of Regulation

1. BACKGROUND

- 1.1 It is widely recognised that our environment is fundamental to a successful economy. That is why it is important that corporate compliance with environmental standards should be the aim of every business in Northern Ireland. Northern Ireland Environment Agency (NIEA) is committed to delivering an effective and supportive regulatory system to protect the environment and promote sustainable growth, which is fair and proportionate to those we regulate, including the level of charges we apply.
- 1.2 Income from regulatory fees and charges, to cover the costs associated with the regulation of environmental activities is a key revenue stream for Northern Ireland Environment Agency (NIEA). The Agency's 2016-17 opening budget for regulatory income was £7.79m. This income is generated from 7 charging schemes which currently operate within the Agency. A list of these charging schemes is attached at Appendix A. – Get figure from PW
- 1.3 NIEA's fees and charges are set in accordance with statutory requirements, Department of Finance (DoF) and Treasury guidance and the Agency's five-year NIEA Regulatory Charging Policy, 2016 - 2021. One of the key aspects of DoF and Treasury guidance is the maintenance of full cost recovery whereby the income generated from the charging schemes covers the cost of the resources involved in the delivery of the regulatory activities.
- 1.4 The previous three year Regulatory Charging Policy 2013 – 2016, expired in March 2016 therefore a new charging policy is being introduced setting out charging arrangements for the next five years.
- 1.5 NIEA launched a consultation on the proposal for a new Regulatory Charging Policy to adjust regulatory fees and charges up by the GDP deflator rate for the period 2016-21, on 30 January 2016. This consultation closed on 24 March 2016. The new Regulatory Charging Policy covers those fees and charges associated with waste, water and pollution control regulations.

Scope

- 1.6 This policy covers NIEA regulatory charges listed at Annex A. All other charges, including charges across the wider Environment, Marine and Fisheries Group (EMFG) and those charges which are derived from wider UK legislation are outside scope.

2. NIEA ENVIRONMENTAL REGULATION CHARGES

2.1 NIEA discharges its regulatory functions through the application of fees and charges on companies and operators subject to a range of environmental regulations. The Agency's regulatory fees and charges are designed to recover costs from regulated operators, based on the polluter pays principle and in accordance with government and treasury guidance.

2.2 The Agency generally applies two types of charges, designed to recover the cost of associated regulatory activities and the services needed to support them. These include:

Application fees: includes the receipt and processing of applications for permits/authorisations, modifications/transfers and surrenders. This covers consultation with applicants/stakeholders, as applicable, and the assessment of potential impacts on people and the environment;

Subsistence fees or annual charges: covers inspections, sampling and analysis, compliance monitoring, review, the issue of warning letters and notices.

2.3 Associated costs for these activities include regulatory staff salaries, accommodation, office services, IT, process management, finance and personnel.

3. NIEA REGULATORY CHARGING POLICY 2016-21

Adjustment for inflation - GDP Deflator

3.1 In line with the previous charging policies, where it is deemed necessary, regulatory fees and charges will be increased by the GDP deflator rate forecast for the financial years, 2016/17 to 2020/21 for the schemes at Annex A.

Choice of inflationary measure

3.2 The GDP deflator was selected as the most suitable measure of inflation as it was considered to be the most stable and less subject to fluctuations. The GDP deflator rate was more stable than the Consumer Price Index (CPI) and Retail Price Index (RPI) over the 2013-16 period and provided the most accurate forecast. It was also the lowest of the 3 inflationary indices over the period. The GDP deflator will continue to be used for the new charging policy period.

4. CONSULTATIONS ON NEW OR REVISED CHARGING SCHEMES

- 4.1 The Agency recognised the need to streamline the revision and consultation process on regulatory fees and charges to provide greater clarity and certainty for obligated businesses and to ensure full cost recovery. Over the period of the new charging scheme, there will be a requirement to review individual schemes to monitor that full cost recovering is being achieved. Where a deficit or over recovery is identified, there may be a requirement to review individual schemes. There may also be a requirement to review activities that are not currently chargeable. Separate consultations will be carried out for these.
- 4.2 As part of the implementation of the Northern Ireland Environmental Better Regulation Bill, the Agency has initiated a review of how it prepares, and issues permits or authorisations issued to individuals and businesses as part of its role in the regulation of environmental activities. Any changes to these processes may potentially impact the achievement of full cost recovery for the associated activities. It is expected that this Bill will be implemented at the end of 2018/early 2019. The Agency will consult on any relevant issues throughout this process.

Appendix A NIEA Regulatory Fees and Charges

- Pollution Prevention and Control (Industrial Emissions) Charging Scheme (Northern Ireland)
- Radioactive Substances (Fees & Charges) Scheme (Northern Ireland)
- The Greenhouse Gas Emissions Charging Scheme (Northern Ireland)
- Fees and Charges in respect of Costs associated with the regulation of Discharges made by NIW – Scheme No 1
- Discharge of Effluent into Waterways and Underground Strata (Fees & Charges) Scheme (Northern Ireland)
- Water Abstraction and Impoundment Licensing Fees & Charges Scheme
- Waste Management Charging (Northern Ireland) Scheme