

# Strategic Review of Charges (SRoC)

December 2017

## Why do we need to review our charges?

Some of our regulatory work isn't funded by the taxpayer but by charging businesses that we regulate. This currently brings in some £315m per year but this amount doesn't fully cover the cost of our activities. The gap has traditionally been plugged by Grant in Aid (GiA) government funding. This is not a sustainable funding method for our business or the government and we recognise this needs to change.

Some of our charges do not fully reflect the costs of providing the service. This could be due to a number of factors including the impact of sites attracting high levels of public interest and those that can't or won't pay.

Through this review, we have been able to understand how much it costs to carry out our activities in a number of areas. We have developed proposals for a new charging system and performance framework based on this information. By seeking full cost recovery from charge payers we can deliver an efficient and targeted regulatory service that is fairer, simpler and more transparent.

## What are the benefits?

We will set our charges for a period of 5 years, from 2018-2023 and we will be radically simplifying our charging framework. We will be replacing our old systems such as our Opra scheme, which we currently use to determine charges. Our most significant regimes will be part of one charging scheme that will make it easier for businesses to work out their charge and how, by improving their performance, they can pay less. This is a major benefit to them.

Our proposals will enable us to deliver a better service for our customers, and ensure they are operating from a level playing field. We know that compliant operators can be put out of business by those not operating within the law undercutting them on price. With more charging revenue to continue our work on areas such as waste crime, this should reduce.

## What is in scope for review?

We are reviewing charges for the majority of our regimes including Radioactive substances (Nuclear RAS 1&2) and (non-nuclear RAS3&4), Waste Electrical and Electronic Equipment (WEEE), EU Emissions Trading Scheme (EUETS), Control of Major Accident Hazards (COMAH), Water quality (applications and annual subsistence), waste (applications and annual subsistence), Installations (process industry) applications and subsistence and flood risk activities. There are several other regimes for which we plan to make no changes, including hazardous waste and International Waste Shipments.

## Who has to approve the changes?

The Environment Agency Board must approve the implementation of the Scheme. Prior to that the Secretary of State has to sign it off and we must also have approval from Her Majesty's Treasury (HMT) and the Defra Fees and Charges group.

## Why are we doing this now?

Our charges have largely remained static over the past 6 years but we now know that we are not fully recovering our costs (something we must do under HMT rules). By undertaking this review now, we aim to increase our charges from 2018 and maximise income for the business.

## When will the changes be implemented?

Our formal consultation on the charges launched on November 30, 2017. We have taken account of feedback received and extended our deadline so that it will conclude on Friday, January 26th, 2018. We are aiming to introduce the new charge proposals for 2018/19.

## How can I have my say about this?

Any changes we make will be subject to full public consultation. All regulated customers are encouraged to participate in the consultation, and provide any comments in support or suggesting alternative means directly through the consultation here: <https://consult.environment-agency.gov.uk/engagement/environmentagency-charging-proposals-fromapril2018/> .

Although the consultation document is lengthy, you will only need to respond to the questions that are pertinent to you and your business. Supporting the main consultation document is a suite of supporting information that will help you understand our proposals as they impact on you: again, you will only need to review those that are pertinent.

## How can I find out more and have my say?

If you have further questions, you may wish to direct them to your usual EA contact. If you still require further information, please contact us at [enquiries@environment-agency.gov.uk](mailto:enquiries@environment-agency.gov.uk) and we will respond as quickly as possible.