



Department
for Environment
Food & Rural Affairs

www.defra.gov.uk

Government Response to Stakeholders' Views on the Consultation on Full Bi-ennial Review of Local Authority Environmental Regulation of Industrial Plant: 2013/14 Fees and Charges

February 2013

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Introduction

- 1.1. From 23 November 2012 to 18 January 2013 Defra consulted on proposals for the annual revision of fees and charges for the environmental regulation of industrial plant by local authorities (LAs). We undertake a full review bi-ennially with a partial review in the intervening years. This consultation is part of a full review.
- 1.2. Five hundred and eighty stakeholders including English LAs were alerted by email to the consultation package on the Defra website. A total of 21 respondents commented on the proposals. Of those, four were from representatives of regulated businesses, three from LA pollution groups (PGs), 13 from individual LAs and one from the Scottish Environmental Protection Agency (SEPA). A list of those who responded to the consultation can be found in Appendix A.
- 1.3. All respondents were asked if they were content for their views to be made public. A full set of the consultation responses can be obtained by contacting Defra's Information Resource Centre, Lower Ground floor, Ergon House, 17 Smith Square, London, SW1P 3JR.
- 1.4. We are grateful for all responses received. This summary paper aims to reflect the views offered. The proposals were;
 - a) a zero across the board increase in existing fees and charges,
 - b) a revision of risk rating thresholds,
 - c) the removal of the sliding scale for fees for multiple mobile permits, and,
 - d) compulsory payment of all LAPPC payments by direct debit with an extra fee of £50 for not doing so.
- 1.5. Each of the proposals is reproduced below. It is followed by a summary of the responses and the Government's response.

The questions and responses

2. Charging Freeze.

- 2.1. There were 15 comments. Three business and four LA responses supported the freeze. Five LAs opposed it. Local Authority Pollution Groups (PGs) opposed it by a majority of two to one.
- 2.2. Those that opposed argued that income is already too low across the board, the increasing use of simplified permits and associated reduced fees is having a serious impact on income, efficiencies do not affect the LAPC function specifically and greater emphasis needs to be put on inflation costs for wages, equipment and fuel. Both those who agreed and disagreed with the proposal observed that greater standardisation is needed in cost accounting across LAs and further guidance is needed to bring this about.

Defra Response

- 2.3. Calculations on the variation in fees were linked to inflation and potential efficiencies and took account of the variable evidence on the cost of discharging the LAPC function. If there is robust evidence that the fees for certain activities reduced fee activities are inappropriate, they can be revised, but that has not been provided.. Guidance on cost accounting is produced by the Chartered Institute of Public Finance and Accountancy (Cipfa) and summarised in Defra guidance. It is not within our power to standardise the way the guidance is applied by individual LAs. In the light of these responses Defra will proceed with the charging freeze for 2013/14 and continue to monitor the cost of regulating reduced fee activities.

3. Revision of Risk Rating Thresholds

- 3.1. Twelve comments. two business, three PGs and seven LAs supported the revision particularly in the light of the polluter pays principle and the extension of simplified permitting. It is thought that it is too easy for operators to avoid the high risk category. There was also support for a super high category for persistent poor performers which take up an disproportionate amount of regulatory resource.

Defra Response

- 3.2. LAPPC Risk Method guidance has not been updated since March 2009. In the light of responses Defra agrees that a revision is required.

4. Removal of Sliding Scale for Fees for Multiple Mobile Permits

- 4.1. There were six comments one local authority thought the existing system was fair. one LA agreed with the proposal without comment. The remaining three LAs and one PG were more equivocal. two proposed that the sliding scale should remain for

applications but a flat rate should be brought in for subsistence fees. The other two proposed that the sliding scale be removed for reduced fees.

Defra Response

4.2. The sliding scale for most mobile fees has already been replaced by a flat rate with the introduction of simplified permits and reduced fees for mobile screening and crushing plant. For the remainder, there is some indication from the responses that the sliding scale should remain for applications and possibly be restructured for subsistence fees but we do not have enough information to recommend revision at this time.

5. Compulsory payment of all LAPPC fees by Direct Debit with an extra fee of £50 for not doing so?

5.1. There were 14 comments, two from business, 10 from LAs and two from PGs. One LA supported the proposal on the grounds that it would be easier for LAs. One LA thought it might work if phased in. All other respondents disagreed with the proposal on the grounds that it was too prescriptive, not suitable for all small businesses and unless it worked for everybody, it could not be mandatory.

Defra Response

5.2. On the evidence of the consultation there is little support for this proposal from LAs or business.

6. Other

6.1. Two LAs and one PG said that the fees for some of the new reduced fee activities using simplified permits are too low. Three LAs provided evidence that the costs of regulating poorly performing rendering plant outweigh any income even when the plant is in the highest risk band. This echoes the support for a super high risk band in the responses to the proposal to revise Defra risk rating guidance. One LA said there needs to be better cost accounting guidance and better accounting practice in LAs in order to ascertain the true costs of regulation. One business group said that some members believe that LAs use the LAPC regime to raise income.

Defra response

6.2. The extension of simplified permitting and the level of associated fees was subject public consultation in 2008. Lower charges for existing new reduced fees will not apply until October 2013. We will continue to monitor the level of charges as part of the annual review.

6.3. We are aware that some individual rendering plant demand more time and resource from local authorities in regulating them due to their specific characteristics or local circumstance, and that regulators of these plant find that the cost of regulation can be far more than the level of income from the highest risk band. We will be looking at this as part of the review of the risk methodology. .

6.4. It is up to LAs to apply Cipfa guidance although we provide a summary in the General Guidance Manual. It is not within our power to standardise the way the guidance is applied by individual LAs. We will continue to monitor the level of fees and charges on annually and recommend adjustments based on the evidence to hand.

List of respondents

1. Birmingham City Council
2. Blackpool Council
3. Bradford Metropolitan District Council
4. Eden District Council
5. Royal Borough of Greenwich
6. Ipswich Borough Council
7. London Borough of Brent
8. London Borough of Lewisham
9. Marine Painting Forum
10. Merseyside and Cheshire Pollution Group
11. Midland Joint Advisory Committee
12. London Borough of Newham
13. Norfolk Environmental Protection Group – LAPPC Sub Group
14. Petrol Retailers Association
15. Scottish Environmental Protection Agency
16. Sheffield City Council
17. Society of Motor Manufacturers and Traders
18. South Lakeland District Council
19. British Coatings Federation
20. Wakefield Council
21. City of York Council