

Title: The Hazardous Waste (England and Wales)(Amendment) Regulations 2016 IA No: Defra1980 Lead department or agency: Department for Environment, Food and Rural Affairs Other departments or agencies: Environment Agency	Impact Assessment (IA)		
	Date: 08/02/2016		
	Stage: Validation IA		
	Source of intervention: Domestic		
	Type of measure: Secondary legislation		
Contact for enquiries: Stephen.Cowperthwaite@defra.gsi.gov.uk			
Summary: Intervention and Options			RPC Opinion: Validated

Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2015 prices)	In scope of One-In, Three-Out? Measure qualifies as
£-2.53m	£24.87m	£-2.89m	Yes OUT

What is the problem under consideration? Why is government intervention necessary?

Premises which produce or hold 500 kg or more of hazardous waste per year in England must currently be notified annually to the Environment Agency (EA). This is part of the way the EA ensures traceability of hazardous waste to meet EU requirements. However, recipients of hazardous waste (known as consignees) also provide the EA with quarterly details (including postcode details from the place of production) of hazardous waste they receive meaning hazardous waste can be traced on the basis of this information. The Smarter Environmental Regulation Review identified the requirement for premises to continue to register as a burden and recommended its removal.

What are the policy objectives and the intended effects?

The objective is to develop a solution to enable the continued traceability of waste movements based solely on the information sent to the EA in the consignee returns. The effect will be a more efficient and effective way of delivering action to ensure hazardous waste-traceability from production to final destination whilst also reducing the burden on businesses producing or storing over 500kg of hazardous waste who will benefit from the savings both in terms of registration fees and in administration time.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

The only option available is to make legislative changes to repeal the obligations relating to premises registration from the Hazardous Waste Regulations 2005 and to make some minor (non-legislative) changes to introduce a new consignment note code format for consignee returns from 1 April 2016.

Will the policy be reviewed? It will not be reviewed. If applicable, set review date:					
Does implementation go beyond minimum EU requirements?			No		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro No	< 20 Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: N/A		Non-traded: N/A

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

Rory Stewart

9th March 2016

Summary: Analysis & Evidence

Policy Option 1

Description: Amend produce responsibility regime to remove admin burdens

FULL ECONOMIC ASSESSMENT

Price Base Year 2015	PV Base Year 2015	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: optional	High: optional	Best Estimate: £2.53m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	optional	Optional	Optional
High	optional	Optional	Optional
Best Estimate	£1.73m	£2.63m	£23.88m

Description and scale of key monetised costs by 'main affected groups'

There are three main affected groups: hazardous waste producing premises (registered and non-registered), consignees and the Environment Agency. For the EA the largest costs are from forgone income on registrations (~£2.9m per annum) and one-off IT development and communication costs (£0.13m in 2015 & 2016). Costs to business arise from reading guidance and correspondence (£0.74m), as well as some compliance costs associated with changing a six digit code (£0.87m).

Other key non-monetised costs by 'main affected groups'

None.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	£0m	£3.13m	£26.42m

Description and scale of key monetised benefits by 'main affected groups'

The beneficiaries of the proposed changes are registered hazardous waste producers, firstly through registration time savings (~0.5m per annum) and secondly in reduced registration fee expenditure (~2.9m per annum).

Other key non-monetised benefits by 'main affected groups'

Some producers of hazardous waste register through the services of another party, this incurs fee costs above the registration charges of the EA. The potential scale of transfers between waste producers and registration firms has not been quantified.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5

Please see the evidence section for a full break down of the cost and benefit calculations and assumptions. Key assumptions relate to the number of registered premises (assumed at 160,000), registered business (41,000), the average registration fee (£18.25) and the wage rates selected.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OI30?	Measure qualifies as
Costs: £0.18m	Benefits: £3.07m	Net: -£2.89m	Yes	OUT

Executive summary

Problem under consideration

As part of the Smarter Environmental Regulation Review a decision was taken to remove hazardous waste premises registration from 1 April 2016. Premises which produce or hold 500 kg or more of hazardous waste per year in England must currently be notified annually to the Environment Agency (EA). This is part of the way the EA ensures traceability of hazardous waste to meet EU requirements. However, recipients of hazardous waste (known as consignees) also provide the EA with quarterly details (including postcode details from the place of production) of hazardous waste they receive meaning hazardous waste can be traced on the basis of this information. The Smarter Environmental Regulation Review identified the requirement for premises to continue to register as a burden and recommended its removal.

Rationale for intervention

Intervention is needed to make the legislative changes to repeal the obligation relating to premises registration from the Hazardous Waste Regulations 2005 and introduce a new consignment note code format for consignee returns from 1 April 2016.

Policy objective

The objective is to develop a solution to enable the continued traceability of waste movements based solely on the information sent to the EA in the consignee returns. The effect will be a more efficient and effective way of delivering action to ensure hazardous waste-traceability from production to final destination. The ability to track movements of hazardous waste is important to protect the environment and human health. The changes will also reduce the burden on businesses producing or storing over 500kg of hazardous waste who will benefit from the savings both in terms of registration fees and in administration time.

Rationale and evidence that justify the level of analysis used in the IA (proportionality approach);

This is a legacy RTC measure that aims to deregulate and reduce burdens on businesses. This IA analyses the impacts of the changes, in particular the costs and benefits to both the industry and the EA based on the removal of the premises registration requirements. The EA has also developed an extensive communications programme for businesses that has been underway since January 2016.

Risks and assumptions

Defra and the EA have considered the risks of ensuring the continued traceability of hazardous waste as a result of the removal of the hazardous waste premises registration requirements. The changes being implemented will deliver a more efficient and effective way of ensuring hazardous waste traceability from production through to final destination. This will be achieved via a light touch approach to amend the consignee returns, enabling the data submitted by the consignee to be linked to the place of origin, i.e. the producer site via changes to the consignee note code.

Wider impacts

Some producers of hazardous waste register through the services of another party incurring fee costs above the registration charges of the EA. It has not been possible to quantify the potential scale of transfers between waste producers and registration firms.

A number of related options have been considered to ensure the continued traceability of hazardous waste to provide the continued ability to track movements of hazardous waste which is important to protect the environment and human health. The most effective and least burdensome way to achieve this is via a light touch approach to amend the consignee note codes and the current format of the consignee return form that will enable returns submitted by the consignee to be linked to the place of origin, i.e. the producer site. The main consignee return provisions do not need amending, but changes are required to the format that is currently used to provide the EA with the relevant information. In terms of guidance the EA has already notified its customers that a change is imminent through a comprehensive Frequently Asked Questions paper and an email to all registered producers. The consignee return forms will be amended to reflect the legislative amendments but amending the form doesn't require a regulatory change itself. There will be scope to use the outgoing forms for a transitional period thus giving the customers time to make the necessary adjustments.

Non-Discounted Monetised costs and benefits of the proposed option (including administrative burden): All costs and benefits are measured in 2015 prices.

Table 1 EA Costs:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
EA Project Development	£17,862	£17,862	£0	£0	£0	£0	£0	£0	£0	£0
EA Communication	£0	£3,089	£0	£0	£0	£0	£0	£0	£0	£0
EA Internal Training	£0	£5,640	£0	£0	£0	£0	£0	£0	£0	£0
EA Postal Communication	£0	£250	£0	£0	£0	£0	£0	£0	£0	£0
EA Bulk Email Communication	£0	£1,500	£0	£0	£0	£0	£0	£0	£0	£0
EA Updating Guidance	£0	£2,035	£0	£0	£0	£0	£0	£0	£0	£0
EA IT Development	£19,230	£57,689	£0	£0	£0	£0	£0	£0	£0	£0
Total EA (staff and direct costs)	£37,091	£88,066	£0	£0	£0	£0	£0	£0	£0	£0
EA Registration Income Loss	£0	£2,920,000	£2,920,000	£2,920,000	£2,920,000	£2,920,000	£2,920,000	£2,920,000	£2,920,000	£2,920,000

Table 2 Business Costs & Benefits	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Benefits: Savings to Premises:										
Premises 'Registration Fee' Saving	£0	£2,920,000	£2,920,000	£2,920,000	£2,920,000	£2,920,000	£2,920,000	£2,920,000	£2,920,000	£2,920,000
Premises Registration Time Saving	£0	£552,240	£552,240	£552,240	£552,240	£552,240	£552,240	£552,240	£552,240	£552,240
Costs: Changing Six Digit:										
Registered Premises	£0	£73,632	£0	£0	£0	£0	£0	£0	£0	£0
Non-registered Premises	£0	£460,200	£0	£0	£0	£0	£0	£0	£0	£0
Change IT Systems (Consignees)	£0	£332,140	£0	£0	£0	£0	£0	£0	£0	£0
Costs: Reading Guidance and Correspondence:										
Reading Communication Email	£0	£70,756	£0	£0	£0	£0	£0	£0	£0	£0
Guidance Familiarisation (Producers)	£0	£165,097	£0	£0	£0	£0	£0	£0	£0	£0
Guidance Familiarisation (Consignees)	£0	£39,768	£0	£0	£0	£0	£0	£0	£0	£0
Guidance Familiarisation (non-registered premises)	£0	£460,200	£0	£0	£0	£0	£0	£0	£0	£0

The tables 1 and 2 outline the time profile of cost and benefits of the proposed measures: the costs associated with establishing or adjusting to the proposed changes occurs at the beginning of the period 2015-16 whilst the benefits (of avoided registration fees and saved registration time) are ongoing over the period. The savings to society from the proposed measures arise from the avoided registration time (as the abolition of fees represents a transfer between the EA and Business); this time savings enables firms to redirect their employees to more productive activities.

Source of Cost and Benefit Estimates:

- Information on salaries and time commitments of staff at the Environment Agency (EA) were obtained from correspondence with EA project leads.
- IT development costs were estimated based on IT project and programme managers wage rates (from ASHE 2015) and project time scale (from EA).
- For Administration work (for the private sector) the “Secretarial and related occupations” median wage rate was selected and for IT development work for the EA and private companies the “IT project and programme managers” wage rate was selected. All wage rates were updated by 30% to adjust for non-wage labour costs.
- Information on the costs of post and email communication costs were obtained from the EA.
- Information on working hours and wage rates were obtained from the ONS “Annual survey of hours and earnings 2015 provisional results”: these were used to calculate annual hours (1955) which were adjusted to take account of public holidays and annual leave (1715). These annual hours enabled an estimation of hourly wage rates for EA staff carrying out certain activities.
- Information on average registration fees and the number of registered premises, businesses and consignee’s were obtained from the EA.
- Estimates for required time for a particular activity were informed by discussion with the EA.

Detailed Breakdown of Cost and Benefit Estimates for the Environment Agency:

Table 3. EA Project delivery and Communication					
Role	Time (FTE)	Rate	2015	2016	
Project manager	0.3	£65,881	£19,764		
Team leader	0.1	£65,881	£6,588		
E&B Manager	0.025	£82,404	£2,060		
E&B Advisor 1	0.05	£51,491	£2,575		
E&B Advisor 2	0.05	£51,491	£2,575		
E&B Advisor 3	0.01	£51,491	£515		
Solicitor	0.025	£65,881	£1,647		
Comms	0.01	£51,491		£515	
NCCC Support	0.05	£51,491		£2,575	
		Total	£35,724		£3,089

Table 4. EA Updating Guidance to reflect Proposed Changes				
Role	Total time (FTE)	Rate	2015	2016
EOs and Installation officers	0.05	£40,704	£0	£2,035.20

Table 5. EA Internal Training						
Role	Time (hrs)	No.	Rate	Wage	2015	2016
E&B advisors	0.25	40	£51,491	£30	£0	£300
EOs and Installation officers	0.25	700	£40,704	£24	£0	£4,153
NCCC staff	1	75	£27,152	£16	£0	£1,187

Table 6. EA IT Development						
Role	No.	2015 No. Months	2016 No. Months	Monthly Rate	2015	2016
IT project and programme managers	2	2	6	£4,807	£19,230	£57,689
Ongoing System Maintenance						

Assumption: No Additional Cost beyond those incurred for the current system.

Table 7. EA Communication Costs	
Cost	2016
Postal Communication (ex. Time)	£250
Bulk Email Communication (ex. Time)	£1,500

Table 8. EA Hazardous Waste Premises Registration Income	
Number of Registered Premises:	Estimated Annual Fee Income:
160,000	£2,920,000

Detailed Breakdown of Cost and Benefit Estimates for Businesses:

Table 9. Business (Premises) Registration Time Saving					
Number of Registered Premises:	Time (hrs)	Total (hrs)	Role	Wage rate	Estimated Annual Saving
160,000	0.25	40000	Secretarial and related occupations	£13.81	£552,240

Number of Firms Affected:	Time (hrs)	Total (hrs)	Role	Wage Rate	Total Cost 2016
160,000 (Registered Premises)	0.03	5333	Secretarial and related occupations	£13.81	£73,632
1,000,000 (Non-Registered)	0.03	33333	Secretarial and related occupations	£13.81	£460,200
9,876 (Consignee)	1.00	9,876	IT project and programme managers	£33.63	£332,140

Notes regarding table 11:
 It is assumed one individual for each registered producer will read through the guidance and correspondence.
 For non-registered producers 'guidance familiarisation' is assumed to comprise a conversation with their consignee to enable them to understand any of the required changes as outlined in the guidance. This is assumed to take 2mins given the relative limited changes proposed.
 Other Costs not quantified:
 The proposed changes may lead to a requirement to either manually alter printed consignment notes (or dispose of them). The cost of such action has not been quantified, as it is assumed notification of the proposed changes has occurred sufficiently in advance to avoid unnecessary printing.

Action:	Number of Firms Affected:	Time (hrs)	Total (hrs)	Role	Wage Rate	Total Cost 2016
Reading Communication Email (Registered Producers)	41,000	0.13	5125	Secretarial and related occupations	£13.81	£70,756
Guidance Familiarisation (Registered Producers)	41,000	0.29	11958	Secretarial and related occupations	£13.81	£165,097
Guidance Familiarisation (Consignees)	9,876	0.29	2881	Secretarial and related occupations	£13.81	£39,768
Guidance Familiarisation (Non-Registered Producers)	1,000,000	0.03	33333	Secretarial and related occupations	£13.81	£460,200

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Direct Costs	£0	£1,601,792	£0	£0	£0	£0	£0	£0	£0	£0
Direct Benefits	£0	£3,472,240	£3,472,240	£3,472,240	£3,472,240	£3,472,240	£3,472,240	£3,472,240	£3,472,240	£3,472,240
Net Costs	£0	-£1,870,448	-£3,472,240	-£3,472,240	-£3,472,240	-£3,472,240	-£3,472,240	-£3,472,240	-£3,472,240	-£3,472,240
Net Costs PV	£0	-£1,807,196	-£3,241,373	-£3,131,762	-£3,025,857	-£2,923,533	-£2,824,669	-£2,729,149	-£2,636,859	-£2,547,690

Business NPV (2015 Base Year and 2015 PV Year)	£24,868,088	EANCB	-£2,889,056
--	-------------	-------	-------------

