

## EXPLANATORY MEMORANDUM TO

### THE ENVIRONMENTAL PERMITTING (ENGLAND AND WALES) REGULATIONS

2010 No. 675

1. This explanatory memorandum has been prepared by the Department for Environment, Food and Rural Affairs and the Department of Energy and Climate Change and is laid before Parliament by Command of Her Majesty.

#### **2. Purpose of the instrument**

2.1 The draft Regulations (the ‘EP Regulations 2010’) widen the existing streamlined environmental permitting and compliance system in England and Wales by integrating existing permitting regimes covering water discharge consenting (DC), groundwater authorisations (GW) and radioactive substances regulation authorisations (RSR) and the outcomes of the Waste Exemptions Order Review into the Environmental Permitting system.

2.2 The draft EP Regulations 2010 also bring amending Environmental Permitting Regulations that transposed the majority of the Mining Waste Directive and the permitting parts of the Batteries Directive into the single EP system which already covers Pollution Prevention and Control and Waste Management Licensing.

2.3 The draft EP Regulations 2010 reduce the administrative burden of regulation on industry and regulators without compromising the environmental and human health standards previously delivered by the separate regimes and create an extended permitting and compliance system that brings increased clarity and certainty for everyone on how the regulations protect the environment.

#### **3. Matters of special interest to the Joint Committee on Statutory Instruments**

3.1 None.

#### **4. Legislative Context**

4.1 The draft EP Regulations 2010 extend the Environmental Permitting (England and Wales) Regulations 2007 (the ‘EP Regulations 2007’) which streamlined Waste Management Licensing and Pollution Prevention and Control and came into force in April 2008. The new Regulations are made to integrate existing separate permitting regimes and additional amending Regulations (see 2.1 and 2.2).

4.2 Existing separate environmental permitting legislation is perceived as unnecessarily complex and burdensome for industry, regulators and the public and so in need of simplification. New EU Directives that would have otherwise been transposed into additional separate pieces of legislation were transposed by amending the existing EP Regulations. The draft Regulations merge these into the overall system. This includes the majority of the Mining Waste and the permitting parts of the Batteries Directive.

- 4.3 The draft Regulations aim to simplify the procedures for environmental permitting without changing:
- the regulator,
  - what is regulated<sup>1</sup>, or
  - the standards or requirements that have to be met.
- 4.4 The draft Regulations replace a range of legislation dealing with environmental permitting with a single instrument covering:
- who needs a permit or to register an exemption,
  - how to apply for, appeal against, vary, transfer, surrender and enforce against a permit, and
  - the delivery through permitting of national policy and European Directives on environmental protection.
- 4.5 The Regulations will be made under powers contained in the Pollution Prevention and Control Act 1999 and be subject to affirmative Parliamentary procedures. So as to use the full extent of these powers, an Order was made jointly for England and Wales to designate the relevant European Directives that are being re-transposed via the Regulations. The draft Order:
- designates some Directives which have not previously been designated,
  - revokes previous Designation Orders and replaces them with a single Order, and
  - contains an extent and application provision consistent with that in the proposed EP Regulations.
- 4.6 **Re-Transposition of Directives.** The draft EP Regulations 2010 re-transpose all or parts of seven EU Directives which relate to the new EP regimes. Details of the re-transposition and European Scrutiny are in Annex A.
- Protection of groundwater against pollution caused by certain dangerous substances - the 'Groundwater Directive' (Directive 80/68/EEC).
  - Basic safety standards for the protection of the health of workers and the general public against the dangers arising from ionising radiation - the 'Basic Safety Standards Directive', or BSSD (Council Directive 96/29/Euratom).
  - Establishment of a framework for Community action in the field of water policy - integrated river basin management for Europe - the 'Water Framework Directive' (Directive 2000/60/EC).
  - Control of high-activity sealed sources and orphan sources - the 'HASS' Directive (Council Directive 2003/122/EURATOM).
  - Management of waste from extractive industries - 'Mining Waste Directive' (Directive 2006/21/EC).
  - Batteries and accumulators and waste batteries and accumulators and repealing Directive 91/157/EEC - the 'Batteries Directive' (Directive 2006/66/EC).
  - Protection of groundwater against pollution and deterioration - the 'Groundwater Daughter Directive' (Directive 2006/118/EC).

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<sup>1</sup> Exception: Introduction of staged regulation for RSR

4.7 **Re-Transposition of Directives.** The draft EP Regulations 2010 also re-transpose 11 Directives that have been previously delivered through the EP Regulations 2007. Details of the re-transposition and European Scrutiny are in Annex A.

- Prevention and reduction of environmental pollution by asbestos – the ‘Asbestos Directive’ (Directive 87/217/EEC).
- Reduction and eventual elimination of pollution from the titanium dioxide industry – the ‘Titanium Dioxide Directive’ (Directive 92/11/EEC).
- Control of volatile organic compound emissions from petrol storage and distribution – the ‘Petrol Vapour Recovery Directive’ (Directive 94/64/EEC).
- Limitation of emissions of volatile organic compounds due to the use of organic solvents – the ‘Solvents Emissions Directive’ (Directive 1999/13/EC).
- Landfill of waste – the ‘Landfill Directive’ (Directive 1999/31/EC).
- End-of life-vehicles – the ‘End-of-Life Vehicles’ Directive (Directive 2000/53/EC).
- Incineration of waste – the ‘Waste Incineration Directive’ (Directive 2000/76/EC).
- Limitation of emissions of certain pollutants into air from large combustion plants – the ‘Large Combustion Plants Directive’ (Directive 2001/80/EC and 2001/81/EC).
- Waste electrical and electronic equipment – the ‘WEEE Directive’ (Directive 2002/96/EC).
- Waste management – the ‘Waste Framework Directive’ (Directive 2006/12/EC).
- Integrated pollution prevention and control – the ‘IPPC Directive’ (Directive 2008/1/EC).

4.8 The draft EP Regulations 2010 continue to clearly separate procedure from substantive environmental protection requirements as do the EP Regulations 2007. It is intended that few of the procedural rules concerning environmental permitting (for example, applications, transfers, variations) in the draft Regulations will need amendment in the event of changes to national or EU legislation covering the scope of activities needing environmental permits or imposing detailed regulatory requirements.

## 5. Territorial Extent and Application

5.1 This instrument applies to England and Wales including the sea to the edge of territorial waters.

5.2 Separate systems covering these regimes apply in Scotland and Northern Ireland.

## 6. European Convention on Human Rights

6.1 The Minister for Farming and the Environment Jim Fitzpatrick, has made the following statement regarding Human Rights.

In my view the provisions of the Environmental Permitting (England and Wales) Regulations 2010 are compatible with the Convention rights.

## **7. Policy background**

- 7.1 Environmental permitting and compliance systems have developed largely independently of each other. They have adopted, often for good reasons, a variety of approaches to the same aspects of environmental permitting and compliance to achieve similar outcomes. This led to an overall regulatory system that is often perceived and experienced as too complex and burdensome for industry and regulators. To address this the EP Regulations 2007 consolidated Waste Management Licensing and Pollution Prevention and Control into one permitting and compliance system and came into force in April 2008. The system was built in a flexible manner with a view to allow the easy inclusion of further permitting systems in the future and to provide a cost-efficient and flexible transposition tool for suitable pipeline EU Directives. The draft EP Regulations 2010 build on this first step and extend the EP system by incorporating a range of additional permitting systems (see paragraph 2.1 and 2.2).
- 7.2 For policy background on the EP system see the [Explanatory Memorandum](http://www.opsi.gov.uk/si/si2007/em/uksiem_20073538_en.pdf) for the Environmental Permitting (England and Wales) Regulations 2007 ([http://www.opsi.gov.uk/si/si2007/em/uksiem\\_20073538\\_en.pdf](http://www.opsi.gov.uk/si/si2007/em/uksiem_20073538_en.pdf)).
- 7.3 Permitting and compliance regimes aim at minimising industry's and businesses' impact on the environment and human health (for example, by determining whether to give approvals for potentially polluting processes, and where approvals are issued by including operating conditions which must be met). The draft EP Regulations 2010 turn permitting into a much more efficient and effective process and cut out unnecessary bureaucracy associated with the various separate permitting regimes.
- 7.4 The draft Regulations are also designed to ensure that European legal obligations continue to be met through a new regime that maximises the positive and minimises the negative impact of change on all concerned. For example:
- those already holding permits under existing regimes will be moved to the new regime immediately without having to make fresh applications;
  - the new regime contains more flexible approaches to transfer, variation and surrender of environmental permits; and
  - the new regime allows standard permits to be obtained which are simpler and quicker to obtain with less paperwork and simpler guidance.
- 7.5 The draft Regulations form part of a wider better regulation initiative - the Environmental Permitting Programme - which helps deliver the Government's Better Regulation agenda. They are designed to minimise costs for business and regulators by cutting unnecessary red tape without changing what is regulated or levels of protection for the environment and human health. The flexible features of the EP Regulations include amongst others standard permits and flexible approaches to transfer, variation and surrender of permits. These features encourage regulators and industry covered by the requirements of the draft EP Regulations 2010 to adopt and promote risk-based and proportionate regulation.
- 7.6 A range of government and other reports have welcomed the EP Regulations and its extension to additional regimes.
- 7.7 The Davidson Review of Implementation of EU Legislation, Final Report (November 2006) welcomed the environmental permitting programme, its modernisation of application processes and permit types, and Defra's intention eventually to widen the

system ([http://webarchive.nationalarchives.gov.uk/+http://www.hm-treasury.gov.uk/d/davidson\\_review281106.pdf](http://webarchive.nationalarchives.gov.uk/+http://www.hm-treasury.gov.uk/d/davidson_review281106.pdf)).

- 7.8 The [Hampton Review](#) (March 2005) recommended proportionality in regulation by the application of effective risk-based approaches (<http://www.hm-treasury.gov.uk/d/bud05hamptonv1.pdf>). Its follow-up review, the Hampton Implementation Review (2008) on the Environment Agency, lists the Environmental Permitting Programme (EPP) as a positive example of Defra and the Environment Agency working on streamlining and rationalising processes for business and therefore encouraging economic progress (<http://www.berr.gov.uk/files/file45355.pdf>).
- 7.9 The Department for Business, Enterprise and Regulatory Reform (BERR) guide on how to implement European Directive effectively (September 2007) gave the EPP, with subsequent expansion to other environmental permitting systems, as an example of good practice in implementing directives (<http://www.berr.gov.uk/files/file44371.pdf>).
- 7.10 The EPP featured as a “best practice” case study in the EU Best Project Report (June 2006). The report noted the system’s capability of extension as its key feature (to later contain other systems such as water quality and radioactive substances).
- 7.11 The Department of the Environment, Food and Rural Affairs’ Simplification Plan (2009) describes the Environmental Permitting Programme as a major measure in delivering its admin burden savings targets.  
<http://www.defra.gov.uk/corporate/policy/regulat/better/documents/simplification-plan-091214.pdf>.
- 7.12 The Department of Business, Innovation and Skill’s report “Better Regulation, Better Benefits: Getting the Balance right - Case Studies” (2009) refers to the Environmental Permitting Programme as a successful Better Regulation project delivering a reduction of the regulatory burden on low risk business, redirecting “resources from unnecessary inspection to providing advice on how to improve compliance.” (<http://www.berr.gov.uk/files/file53251.pdf>)
- 7.13 Finally, the Environment Agency reports that the EP Regulations 2007 are being implemented successfully. The new Standard Rules Permits for waste facilities for example have been popular with applicants as they cost less and have shorter end-to-end determination and unit times. This seems to further encourage a widening of the Environmental Permitting regime to deliver benefits to other permitting sectors. An ongoing Post Implementation Review will assess to what extent the EP Regulations 2007 are delivering the forecasted benefits.

## **8. Consultation**

- 8.1 The draft Regulations are put forward following extensive engagement with a broad range of representatives from industry, regulators and other stakeholders. For example, over a thousand stakeholders have been consulted on the draft EP 2010 Regulations. The following formal consultations have been held. There have been additional bilateral discussions and meetings with stakeholders to complement these consultations.
- A first consultation on policy, draft Regulations and the impact assessment ran from 16 February to 11 May 2009.
  - A second consultation on draft government guidance ran from 6 May to 29 July 2009.
  - There were further consultations on the Batteries Directive in December 2008 – February 2009 and in May – June 2008.
  - A consultation on the Waste Exemptions review was held in July – October 2008.

- A consultation on the transposition of the Mining Waste Directive was held in January - April 2008.
  - Informal consultation via bilateral meetings where appropriate.
- 8.2 The consultation documents and summaries of responses can be found at <http://www.defra.gov.uk/environment/policy/permits>. Other documents can be obtained from the contact at the end of this memorandum.
- 8.3 Overall, respondents were supportive of the idea to extend the EP Regulations to other regimes. They supported the move to a more risk-based and proportionate system delivering increased consistency and clarity. Efforts to reduce the administrative burden were overwhelmingly welcomed. During policy development many stakeholders wanted to see more detail and provide feedback which is why the joint EP team has held a range of national stakeholder events over the last two years.
- 8.4 The events and associated technical workshops ensured that stakeholder feedback on the project's initial ideas and policy proposals could shape and form the consultation ideas from the very start of the programme. Subsequent events helped to clarify and discuss technical details of both draft Regulations and guidance which in turn assisted in producing draft Regulations that work for all parties affected by the new Regulations. EPP2 Stakeholder events include:
- EPP2 Stakeholder event (April 2008)
  - RSR Stakeholder event (July 2008)
  - Water Stakeholder event (July 2008)
  - EPP2 Stakeholder event (March 2009)
  - Welsh EPP2 Stakeholder event (April 2009)
  - EPP2 Government Guidance event (July 2009)
  - Mining Waste Guidance event (September 2009).
- 8.5 The draft Regulations replace several very different approaches and cover various types of industries and facilities. Compromises between these regimes have been necessary to develop a simpler common system that continues to protect the environment and human health. Key areas of debate are summarised below.

### **Key areas of debate**

- 8.6 The need for change to the regulatory regime. This was a concern raised principally by some of the water industry. While most supported the aims of greater consistency and reduced costs, some expressed concern about the potential consequences of changes proposed in the consultation document. The joint EP team actively engaged with these respondents and we believe that the Government response, supported by continued dialogue with the water industry, addresses their concerns.
- 8.7 Breaking up of a UK-wide system for controlling radioactive substances activities. The EP Regulations 2007 and 2010 only apply to England and Wales. They were considered to be a rare opportunity to completely modernise and streamline the system for radioactive substances regulation. Some concern was raised about breaking up of the UK-wide system which could have disadvantages for those who operate across borders. However, Government felt that disadvantages resulting from the new system were outweighed by the advantages of the change as EP modernises and simplifies the permitting procedures. EP does not change the regulator, what is regulated, or environmental standards. Government considered that any cross-border issue could readily be dealt with by regulators working on harmonisation of their procedures.

- 8.8 The ‘four-year rule’. It was decided to continue the regulator’s powers to vary water discharge consents only every four years. The majority of respondents, in particular the water industry, argued that the current arrangements should be maintained. In light of responses, Ministers have agreed that no change be made to existing policy.
- 8.9 Appeals. The current policy, that the regulator’s decisions on water discharge consent variations should be suspended when an appeal is made, will be maintained. In the light of consultation responses Ministers have agreed that no change be made to existing policy.
- 8.10 Vegetation cutting. Concerns were expressed on the vegetation cutting proposals which were considered by practitioners to be over prescriptive and could potentially contaminate water bodies and increase flood risk. Meetings with the industry following up on their responses have identified an acceptable way of addressing their concerns. Additional Guidance addresses some of the issues raised.
- 8.11 Small discharges & SSSIs. Several stakeholders expressed strong concerns about the potentially damaging effect of small discharges of sewage effluent into sensitive sites such as SSSIs, drinking water catchment areas, and waters with high biodiversity. An additional annex to the water quality guidance has been drawn up which provides guidance on the registration of exempt Water Discharge and Groundwater Activities relating to small discharges of sewage effluent. The regulator has published more detailed technical guidance on these aspects.
- 8.12 Terminology. One consequence of integrating the new candidate regimes into the draft EP Regulations 2010 is that the regimes become subject to new regulatory language. A number of respondents requested greater clarity. This will be provided through advice in Government and regulator’s guidance.

## **9. Guidance**

- 9.1 Government Guidance was consulted on in May – July 2009 (see paragraph 8.4 above and <http://www.defra.gov.uk/environment/epp/index.htm>).
- 9.2 There is one overarching guidance document (the Core Guidance) which describes the new system in detail. This guidance document is underpinned by separate Government guidance on each regime and on individual Directives.
- 9.3 Final Guidance will be published early in 2010 in good time before the new system comes into force in April 2010.

## **10. Impact**

- 10.1 The robustness of the forecasts of the costs and benefits in the IA were questioned by some respondents to the consultation but in general they did not identify specific errors with the data or methodology used. A full impact assessment is attached to this memorandum.

## **11. Regulating small business**

- 11.1 The legislation applies to small business.
- 11.2 To minimise the impact of the requirements on firms employing up to 20 people, the approach taken is one of reduction of administrative burdens and simplification of regulation.

11.3 The cost to small business was considered as part of the Impact Assessment. Proposals to reduce administrative burdens should particularly help small firms as they generally have less time to spend on red tape. The draft Regulations enable a risk-based approach to regulation. It is not possible to simply exclude small firms from regulation, because of our obligations to transpose EU directives.

## **12. Monitoring and Review**

11.1 A post implementation review of the first phase of environmental permitting is being undertaken based on monitoring and will be published in April 2010. A similar post implementation review will also be in place for the EP Regulations 2010. The draft Regulations provide a common framework for environmental permitting and so the results and lessons learned from both post implementation reviews will be followed by appropriate changes to future Regulations or in Guidance.

## **13. Contact**

13.1 Sandy Rowden at the Department for Environment, Food and Rural Affairs Tel: 0207 238 6397 or e-mail: [sandy.rowden@defra.gsi.gov.uk](mailto:sandy.rowden@defra.gsi.gov.uk) can answer any queries regarding the instrument.

## ANNEX A TRANSPOSITION NOTE

Memorandum showing how the main elements relating to permitting of the following Directives (“the Directives”) have been re-implemented in the Environmental Permitting Regulations (England and Wales) Regulations (“the Regulations”):

- Council Directive 80/68/EEC on the protection of groundwater against pollution caused by certain dangerous substances (OJ No. L 020, 26.1.1980, p.43) (“the Groundwater Directive”)
- Council Directive 87/217/EEC on the prevention and reduction of environmental pollution by asbestos, as amended (OJ No. L 85, 28.3.1987, p40) (“the Asbestos Directive”);
- Council Directive 92/112/EEC on procedures for harmonizing the programmes for the reduction and eventual elimination of pollution caused by waste from the titanium dioxide industry (OJ No. L 409, 31.12.1992, p11) (“the Titanium Dioxide Directive”);
- European Parliament and Council Directive 94/63/EC on the control of volatile organic compound (VOC) emissions resulting from the storage of petrol and its distribution from terminals to service stations, as amended (OJ No. L 365, 31.12.1994, p24) (“the Petrol Vapour Recovery Directive”);
- Council Directive 96/29/EURATOM laying down basic safety standards for the protection of the health of workers and the general public against the dangers arising from ionizing radiation (OJ No. L 159, 29.6.1996) (“the Basic Safety Standards Directive”);
- Council Directive 1999/13/EC on the limitation of emissions of volatile organic compounds due to the use of organic solvents in certain activities and installations, as amended (OJ No. L 85, 29.3.1999, p1) (“the Solvent Emissions Directive”);
- Council Directive 1999/31/EC on the landfill of waste, as amended (OJ No. L 182, 16.7.1999, p1) (“the Landfill Directive”) and as read with Council Decision 2003/33/EC (OJ No. L 11, 16.1.2003, p27);
- Directive 2000/53/EC of the European Parliament and of the Council on end-of life vehicles, as amended (OJ No. L 269, 21.10.2000, p34) (“the End-of-Life Vehicles Directive”);
- Directive 2000/60/EC of the European Parliament and of the Council establishing a framework for Community action in the field of water policy (OJ No. L 327, 22.12.2000) (“the Water Framework Directive”);
- Directive 2000/76/EC of the European Parliament and of the Council on the incineration of waste, (OJ No. L 145, 28.12.2000) (“the Waste Incineration Directive”);
- Directive 2001/80/EC of the European Parliament and of the Council on the limitation of emissions of certain pollutants into the air from large combustion plants (OJ No. L 309, 27.11.2001, p1) (“the Large Combustion Plants Directive”);
- Directive 2002/96/EC of the European Parliament and of the Council on waste electrical and electronic equipment (WEEE), as amended (OJ No. L 37, 13.2.2003, p24) (“the WEEE Directive”);
- Directive 2003/122/EUATOM of 21 Dec 2003 on the control of high-activity sealed radioactive sources and orphan sources (OJ No. L 346, 31.12.2003) (“the HASS Directive”);
- Directive 2006/12/EC of the European Parliament and of the Council on waste (OJ No. L 114, 27.4.2006, p9) (“the Waste Framework Directive”);
- Directive 2006/21/EC of the European Parliament and of the Council on the management of waste from the extractive industries and amending Directive 2004/35/EC (OJ No. L 102, 11.4.2006) (“the Mining Waste Directive”);
- Directive 2006/66/EC on batteries and accumulators and waste and repealing Directive 91/157/EEC (OJ No. L 266, 26.9.2006) (“the Batteries Directive”);

- Directive 2006/118/EC of the European Parliament and of the Council on the protection of groundwater against pollution and deterioration (OJ No. L 372, 27.12.2006) (“the Groundwater Directive”);
- Directive 2008/1/EC of the European Parliament and the Council concerning integrated pollution prevention and control (Codified version) and amending Directive 96/61/EC (OJ No. L 24/8 29.1 2008)

## Approach of the Regulations

The Directives all make provision in relation to pollution of the environment. The Regulations re-implement those elements of the Directives which must be implemented through permits and those which are capable of being implemented through permits.

They replace the previous implementations which were achieved through the statutory instruments revoked by regulation 99(1) and 100(1) of, and Schedules 27 and 28 to, the Regulations and through Part II of the Environmental Protection Act 1990.

Parts 1 and 2 of the Regulations and Schedules 5 and 6 set up the core of a common procedural framework for implementation of the Directives. This mostly comprises provision on applying for permits and varying, transferring and surrendering them. It also includes the fundamental duty to hold a permit when carrying on an operation which falls within the scope of the Directives unless exempt (regulation 12 read with regulation 8). Part 4 of the Regulations provides for common enforcement of the Directive requirements implemented.

Most of the substantive requirements of the Directives are implemented by requiring regulators to ensure compliance when exercising their functions in relation to permits. These requirements on regulators are imposed by regulation 35 and the provisions of Schedules 7 and 9 to 25. The provisions of those Schedules are analysed further below.

Regulation 5 and Schedules 2, 3 and 25, also implement parts of Waste Framework Directive. Regulation 5, Schedule 2 and Schedule 3 establish a system of exemptions from the requirement to hold a permit. Schedule 25 is given effect through regulation 68(1) and imposes duties implementing some of the provisions of the Directive on authorities exercising functions under other relevant licensing systems.

The regulations are a consolidating measure. Accordingly, they contain some provision which is not required by European legislation.

Notably, regulation 35(b) and Schedule 8 require regulators to exercise their functions so as to deliver the requirements of the IPPC Directive in respect of Part B activities, which do not fall within the Directive. This remakes the domestic requirement in respect of Part B activities which appeared in the 2007 Regulations.

The principal substantive requirements of the Directives are implemented in the Regulations as follows:

### The Groundwater Directive

#### (Directive 80/68/EEC)

Directive article	Objective	Regulations provision
11	To require a four year review of authorisations	Regulation 71

European scrutiny: Defra does not hold the scrutiny details for this Directive.

### **The Asbestos Directive**

**(Directive 87/217/EEC, amended by Directive 91/692/EEC and Regulation (EC) No. 807/2003)**

<b>Directive article</b>	<b>Objective</b>	<b>Regulations provision</b>
3	To reduce and prevent asbestos emissions to air and water, and solid asbestos waste.	Schedule 16 para 3(1)(a)
4(1)	To limit discharges of asbestos to the air during use of asbestos.	Schedule 16 para 3(1)(b)
5	To ensure recycling of aqueous effluent arising during manufacture of asbestos cement, paper and board	Schedule 16 para 3(1)(c)
6(1) and (2) and Annex	To ensure emissions of asbestos to air and water are monitored and measured	Schedule 16 paras 3(1)(d) and 3(2)
8	To prevent release of asbestos into the environment during transport or at landfills	Schedule 16 para 3(1)(e)

European scrutiny: Defra does not hold the scrutiny details for this Directive.

### **The Titanium Dioxide Directive**

**(Directive 92/112/EEC)**

<b>Directive article</b>	<b>Objective</b>	<b>Regulations provision</b>
4	To ensure that discharges of waste into certain waters arising from processes covered by the Directive are prohibited.	Schedule 17 para 3(a)
6	To ensure that discharges of waste arising from processes covered by the Directive comply with stated limits.	Schedule 17 para 3(b)
9 and Annex	To ensure that discharges into the atmosphere arising from processes covered by the Directive comply with stated limits.	Schedule 17 para 3(c)
10	To ensure that discharges within the Directive are monitored.	Schedule 17 para 3(d)
11	To ensure that waste from the Titanium dioxide industry is avoided or reused where feasible and reused or disposed of without endangering human health or harming the environment.	Schedule 17 para 3(e)

European scrutiny: Defra does not hold the scrutiny details for this Directive.

### **The Petrol Vapour Recovery Directive**

**(Directive 94/63/EC)**

<b>Directive article</b>	<b>Objective</b>	<b>Regulations provision</b>
3(1) and Annex I	Requirements for the design and operation of storage installations falling within the Directive.	Schedule 18 paras 3(1)(a) and 3(2)(a)

4(1) and (3) and Annexes II and IV	Requirements for the design and operation of loading and unloading equipment falling within the Directive.	Schedule 18 paras 3(1)(b) and 3(2)(b)
6(1) and Annex III	Requirements for the design and operation of loading and storage equipment falling within the Directive.	Schedule 18 para 3(1)(c)

European scrutiny: Defra does not hold scrutiny details for this Directive.

### **The Basic Safety Standards Directive (Directive 1996/29/EURATOM)**

<b>Directive article</b>	<b>Objective</b>	<b>Regulations provision</b>
3(1)	To require the reporting of certain practices involving radiation	Regulations 2, 7, 8, 12(1)(a) and Schedule 23 Part 2 para 2,4 and 5
4(1)(2)	To require the authorisation of certain practices involving radiation	Regulations 2, 7, 8, 12(1)(a) and Schedule 23 Part 2 para 2, 4 and 5
5(1)	To set out requirements for authorisation and clearance for disposal, recycling or reuse of radioactive material	Regulations 2, 7, 8, 12(1)(a) and Schedule 23 Part 2 para 2,4 and 5
6(2)	To set the general principle of 'optimisation'	Schedule 23, Part 3, para 1
7	To provide an obligation to use dose constraints for protecting the public from radiation	Schedule 23 Part 3 para 2(1)
13	To set dose limits for members of the public	Schedule 23 Part 3 para 1(b)
14	To require that the exposure of the population as a whole to radiation to be as low as reasonably achievable	Schedule 23 Part 3 para 1(b)
15, 16	To provide a methodology the estimation of the effective dose	Schedule 23 Part 3 para 2(2)
45	To set out requirements for the estimation of population exposure doses	Schedule 23 Part 3 para 2(2)
47	To requires member states to ensure that certain requirements in relation to health and environmental protection are fulfilled	Schedule 23 Part 3 para 2(2)
53	To require that a system be in place for intervening in the case of potential lasting exposure; including the after-effects of a former practice	Schedule 23 Part 3 para 3 and 4

European scrutiny history: Defra does not hold scrutiny details for this Directive.

### **The Solvent Emissions Directive (Directive 1999/13/EC, amended by Regulation (EC) No. 1882/2003 and Directive 2004/42/EC)**

<b>Directive article</b>	<b>Objective</b>	<b>Regulations provision</b>
4(4)	To set requirements where an installation undergoes a substantial change.	Schedule 14 para 3(1)(a)
5 and Annex II	To set the requirements to be met in the operation of installations falling within the Directive.	Schedule 14 para 3(1)(b) and 3(2)(a) and (c)

7(2)	To ensure European Commission guidance is followed.	Schedule 14 para 3(1)(c) and 3(2)(b)
8(1) to (4)	To ensure monitoring to enable verification of compliance with the Directive is carried out and reported.	Schedule 14 para 3(1)(d)
9 and Annex III	To ensure compliance with minimum emission limit values	Schedule 14 para 3(1)(e)
10	To ensure reporting of breaches of the Directive and restoration of compliance or suspension of operation.	Schedule 14 para 3(1)(f)

European scrutiny: EM 6158/97 of 3 June 1997 was considered by the Commons and further information was requested on 30 July 1997. The Lords cleared the EM on 11 June 1997. SEM 618/97 of 27 February 1998 was considered and cleared by the Commons on 11 March 1998. It was cleared by the Lords on 9 March 1998.

### **The Landfill Directive**

#### **Directive 1999/31/EC, amended by Regulation (EC) No. L 1882/2003 and read with Decision 2003/33/EC**

<b>Directive article</b>	<b>Objective</b>	<b>Regulations provision</b>
1	To set the overall objective of regulation	Schedule 10 para 5(2)
4	To classify landfills	Schedule 10 para 5(1)(a)
5(3) and (4)	To set waste acceptance criteria for landfills	Schedule 10 para 5(1)(b)
6	To designate which wastes may be accepted in each class of landfill	Schedule 10 para 5(1)(c) and 6(a)
7	To impose requirements to be met in a permit application.	Schedule 10 para 3
8 and Annexes	To set pre-conditions to the grant of a permit and commencement of landfill operation	Schedule 10 para 4, 5(1)(d) and 6(b) to (d)
9	To impose requirements in relation to the conditions of a permit.	Schedule 10 para 5(1)(e)
10	To ensure landfill charges cover the costs of operation.	Schedule 10 para 5(1)(f)
11(1)	To set waste acceptance procedures.	Schedule 10 para 5(1)(g)
12	To set requirements for control and monitoring during operation.	Schedule 10 para 5(1)(h)
13	To set requirements for closure and after-care.	Schedule 10 para 5(1)(i), 10 and 11
14	To make transitional provision	Schedule 10 para 5(1)(j)

European scrutiny: EM 7161/99 of 26 March 1999 was considered by the Commons on 12 April 1999, and further information was requested. The Lords referred the EM to sub-committee pending further information. SEM 7161/99 of 19 April 1999 was considered by the Commons and cleared on 21 April 1999. The Lords cleared the EM on 23 April 1999.

### **Decision 2003/33/EC**

<b>Decision article</b>	<b>Objective</b>	<b>Regulations provision</b>
2 and Annex section 1	To set waste acceptance procedures at landfills	Schedule 10 para 5(3)(a) and 7(a) to (c)

3 and Annex section 2	To set waste acceptance criteria at landfills	Schedule 10 para 5(3)(b), 7(d) to (i), 8 and 9
4 and Annex section 3	To establish the sampling and testing methods to be used to determine waste acceptability at landfills	Schedule 10 para 5(3)(c)

### **The End-of-Life Vehicles Directive**

**(Directive 2000/53/EC, amended by Decisions 2002/525/EC, 2005/63/EC, 2005/438/EC and 2005/673/EC)**

Note: most provisions of the End-of-Life Vehicles Directive continue to be implemented through the End-of-Life Vehicles Regulations 2003 (S.I. 2003/2635, amended by S.I. 2005/263) and the End-of-Life Vehicles (Producer Responsibility) Regulations 2005 (S.I. 2005/263).

<b>Directive article</b>	<b>Objective</b>	<b>Regulations provision</b>
6(1), 6(3) and Annex I	To set the minimum requirements for storage and treatment of waste motor vehicles falling within the Directive	Schedule 11 para 3(1)

European scrutiny history: Defra does not hold the scrutiny details for this Directive.

### **The Water Framework Directive**

**(Directive 2000/60/EC)**

<b>Directive article</b>	<b>Objective</b>	<b>Regulations provision</b>
11(3)(f)	To control artificial recharge or augmentation of groundwater	Schedule 22 para 8(h)
11(3)(g)	To control point source discharges liable to cause pollution	Schedule 21 para 3
11(3)(j)	To provide a prohibition on direct discharge of pollutants to groundwater, except subject to specified requirements	Schedule 22 para 3(3)

European scrutiny history: Defra does not hold scrutiny details for this Directive.

### **The Waste Incineration Directive**

**(Directive 2000/76/EC)**

<b>Directive article</b>	<b>Objective</b>	<b>Regulations provision</b>
4(2)	To impose requirements to be met in a permit application.	Schedule 13 para 3
4(3) to (5)	To impose requirements relating to the decision to grant a permit and its content	Schedule 13 para 4(1)(a)
5	To impose requirements relating to the delivery and reception of waste	Schedule 13 para 4(1)(b)
6 and Annex V	To establish operating conditions for plants within the Directive	Schedule 13 paras 4(1)(c) and 4(2)(a) and (d)

7(1) to (4) and Annexes II and V	To set requirements in relation to air emission limit values	Schedule 13 paras 4(1)(d) and 4(2)(d)
8(1) to (7) and Annex IV	To set requirements in relation to water discharges from the cleaning of exhaust gases	Schedule 13 para 4(1)(e)
9	To ensure minimisation and reduction in harmfulness of residues resulting from operation of plants	Schedule 13 para 4(1)(f)
10 and Annex III	To set requirements in relation to control and monitoring	Schedule 13 para 4(1)(g)
11 and Annexes III and VI	To establish requirements for measurement of substances	Schedule 13 paras 4(1)(h) and 4(2)(b) and (c)
12(2)	To require annual reports to be made by the operator	Schedule 13 para 4(1)(i)
13	To set requirements in the case of abnormal operating conditions	Schedule 13 para 4(1)(j)

European scrutiny history: Defra does not hold the scrutiny details for this Directive.

### **The Large Combustion Plants Directive (Directive 2001/80/EC)**

<b>Directive article</b>	<b>Objective</b>	<b>Regulations provision</b>
4(1) to (4) and Annexes III to VII	To ensure plants within the scope of the Directive meet emission limits or achieve reductions in emissions through participation in the national emission reduction plan	Schedule 15 paras 3(1)(a) and 3(2)
5(1)	To allow a derogation from the emission limits in Annex III for certain plants	Schedule 15 para 3(1)(b)
6	To require consideration of combined generation of heat and power	Schedule 15 para 3(1)(c)
7	To set requirements relating to plant malfunction or breakdown, and to allow suspension or derogation from emission limits in certain cases	Schedule 15 para 3(1)(d) and 3(3)
8	To set requirements for multi-firing units	Schedule 15 para 3(1)(e)
9	To set requirements on method of discharge of waste gases	Schedule 15 para 3(1)(f)
10 and Part B of Annexes III to VII	To set emission limit values for extended plants	Schedule 15 para 3(1)(g)
12 and Annex VIII(A)	To ensure monitoring of emissions	Schedule 15 para 3(1)(h)
13	To ensure competent authorities are informed of monitoring results	Schedule 15 para 3(1)(i)
14(1), (2) and (4)	Makes provision on the interpretation of Annexes III to VII	Schedule 15 para 3(1)(j)

European scrutiny history: EM 10232/99 of 30 September 1999 was considered by the Commons on 9 February 2000 and further information was requested. It was considered by the Lords and referred to sub-committee C on 12 October 1999; it was cleared by the Lords on 9 January 2000. SEM 10232/99

Parts 1 and 2 were considered by the Commons and cleared on 12 April 2000; it was considered by the Lords on 18 April 2000 and cleared. Second SEM 10232/99 of 25 January 2001 was considered by the Commons and cleared on 14 February 2001. It was considered by the Lords and cleared on 29 January 2001.

**The WEEE Directive**  
**(Directive 2002/96/EC, amended by Directive 2003/108/EC)**

Note: most provisions of the WEEE Directive continue to be implemented through the Waste Electrical and Electronic Equipment Regulations 2006 (S.I. 2006/3289).

<b>Directive article</b>	<b>Objective</b>	<b>Regulations provision</b>
6(1), (3) and (4) and Annex III	To set requirements for the treatment of waste electrical and electronic equipment	Schedule 12 para 3

European scrutiny history: Defra does not hold scrutiny details for this Directive.

**The HASS Directive**  
**(Directive 2003/122/EURATOM)**

<b>Directive article</b>	<b>Objective</b>	<b>Regulations provision</b>
1(2)	To exclude certain sources from the scope of the Directive.	Schedule 23 part 4 para 1
2(a) and (b)	To define expressions used in the Directive.	Schedule 23 part 4 para 1
3(1)	To ensure that holders of HASS have appropriate authorisation.	Regulations 2, 7, 8, 12(1)(a) and Schedule 23 Part 2 para 5
3(2) and (3)	To ensure that before issuing authorisation adequate arrangements have been made for the safe management of HASS and to ensure that the authorisation covers certain minimum requirements.	Schedule 23 Part 4 para 5(1)(a)
4	To require that Member States to set up a system to enable them to be adequately informed of individual transfers of sources.	Schedule 23 Part 4 para 5(1)(b)
5(1) and (2)	To ensure that the holder is required to keep records of HASS, their location and any transfers and provide them to the competent authority, updated as necessary.	Schedule 23 Part 4 para 5(c)
5(3) and (4)	To require the competent authority to keep and update as necessary records of authorised holders and the sources they hold.	Schedule 23 Part 4 para 6(a)(i)
6	To ensure that the holder carries out suitable tests; periodically verifies the location and condition of HASS; has documented security measures; disposes of disused HASS promptly; checks the status of recipients of transferred HASS; and notifies the competent authority of loss, theft, or unauthorised use of a HASS and any unplanned exposure of workers or public.	Schedule 23 Part 4 para 5 (1)(d)

7	To ensure that the manufacturer or supplier identifies each source by a unique number and provides written information and photographs relating to the design type.	Schedule 23 Part 4 para 5(1)(e)
8	To ensure that staff training and information covers safe management of sources and possible consequences of loss of control.	Schedule 23 Part 4 para 7
9(1)	To require competent authorities to have arrangements in place to deal with orphan source incidents.	Schedule 23 Part 4 para 8
9(2)	To require that Member States ensure technical advice and assistance is promptly available in suspected orphan source incidents.	Schedule 23 Part 4 para 4
10	To require that Member States ensure a system is in place to fund the recovery of orphan sources.	Schedule 23 Part 4 para 8
12	To require that Member States establish a system of inspections.	Schedule 23 Part 4 para 6(b)
13(1)	To require that Member states designate competent authority to carry out tasks in accordance with the directive	Regulations 2, 35 and Schedule 23 Part 4
15	To require that Member States determine penalties, which are to be effective, proportionate and dissuasive.	Regulation 39
16(a)	To make provision in relation to HASS placed on the market before 31/12/05 concerning information and hazard marking requirements	Schedule 23 Part 4, para 5(2)

European scrutiny history: Defra does not hold the scrutiny details for this Directive.

### **The Waste Framework Directive Directive 2006/12/EC**

<b>Directive article</b>	<b>Objective</b>	<b>Regulations provision</b>
1(1)	Defining “waste”, “disposal” and “recovery”	Regulation 2, Schedule 9 para 2
3(1)	To establish the waste hierarchy	Schedule 25 Part 2 para 1(1)(b)
4(1)	To set the objectives for regulation of disposal and recovery of waste	Schedule 9 para 4(a), Schedule 25 Part 2 para 1(1)(a)
5	To ensure the establishment of a network of waste disposal establishments	Schedule 9 para 5(1)(a), Schedule 25 Part 2 para 2(1)(a)
9(1)	To ensure a permit is required for waste disposal	Regulation 12, Schedule 9 para 5(1)(c), Schedule 25 Part 2 para 2(2)
10	To ensure a permit is required for waste recovery	Regulation 12
11	To allow exemptions from the requirements to hold a permit for certain waste disposal and recovery operations	Regulation 5, Schedule 2 and Part 1 of Schedule 3
13	To ensure periodic inspections of operations subject to permit or exemption	Regulation 34, Schedule 2 para 15 and Schedule 25 Part 2 para 3
14	To require record keeping	Schedule 9 para 4(b), Schedule 25 Part 2 para 1(2)

European scrutiny history: EM 15602/05 of 31 December 2005 was considered and cleared by the Commons on 14 January 2006 and by the Lords on 13 January 2006.

**The Mining Waste Directive**  
**Directive 2006/21/EC**

<b>Directive article</b>	<b>Objective</b>	<b>Regulations provision</b>
2(1) and (2)	To define “extractive waste” and “mining waste operation” and to give effect to the exclusions	Regulation 2(1)
2(3)	To allow derogations from requirements	Schedule 20 para 9
3	To define meanings in relation to the Directive	Schedule 20 para 2
4	To set the general requirements for the management of extractive waste	Schedule 20 para 7(b)
5	To set requirements for waste management plans	Regulation 8 and 12, Schedule 20 para 3(3) and (4) and para 7(c)
6	To set requirements in relation to emergency plans	Schedule 20 para 3(1)(b), 3(2), 7(d) and 14
7(1) and (2)	To ensure a permit is required to operate a mining waste regulated facility and to set out minimum requirements for permit applications	Regulation 8 and 12, Schedule 20 para 3(1)(a), 7(e)
7(3)(a)	To set the requirements in relation to operator’s compliance with requirements under the Directive	Schedule 20 para 7(e)
7(3)(b)	To set out requirements with respect to planning permission	Schedule 20 para 13 (1) and 14 and Schedule 25 Part 2 para 4(3)
7(4)	To set out requirements for periodic review	Schedule 20 para 4
7(5)	To set out public register and confidentiality provisions	Regulations 45 to 56, Schedule 24
8	To set out requirements for public participation	Schedule 5 para 5, 6 and 8, Schedule 20 para 8
9	To set out requirements for a classification system for waste facilities	Schedule 20 para 5 and 7(e)
10	To set out requirements relation to excavation voids	Schedule 20 para 7(f)
11	To set out requirements for the construction and management of waste facilities	Schedule 5 para 13, Schedule 20 para 7(g) and Schedule 25 Part 2 para 4(3)(a)
12	To set out requirements for the closure and after closure procedures for waste facilities	Schedule 20 para 7(h) and 10
13	To set out requirements for the prevention of water status deterioration, air and soil pollution	Schedule 20 para 7(i)
14	To set out requirements for financial guarantee	Schedule 20 para 7(j) and 10(5)
16	To set out requirements in relation to transboundary effects	Schedule 5 para 10
17	To ensure inspections by the competent authority and to set out record-keeping requirements	Schedule 20 para 6 and 7(k)
19	To set up offence, enforcement and penalties provisions	Regulations 12, 36 - 44
20	To ensure the regulator maintains an inventory of closed mining facilities	Schedule 20 para 12

<b>Directive article</b>	<b>Objective</b>	<b>Regulations provision</b>
21	To ensure that the regulator is informed of developments in best available techniques	Schedule 20 para 13
24(1)	To set out dates for applying for an environmental permit	Regulation 96

European scrutiny history: EM 10143/03 and a supplementary EM 20 May 2004 were cleared by the Commons September 2004 and the House of Lords on 8 September 2004.

### **The Batteries Directive Directive 2006/66/EC**

Note: most provisions of the Batteries Directive are implemented by the Batteries and Accumulators (Placing on the Market) Regulations 2008 (S.I. 2008/2164) and the Waste Batteries and Accumulators Regulations 2009 (S.I. 2009/890)

<b>Directive article</b>	<b>Objective</b>	<b>Regulations provision</b>
8(1)	To allow collection points to be exempt from the requirements to hold a permit	Regulation 68 and Schedule 25 Part 3 para 4
12(2)	To ensure treatment meets certain minimum treatment requirements	Regulation 35 and Schedule 19
12(3)	Requirement to ensure that batteries collected together with waste electrical and electronic equipment on the basis of Directive 2002/96/EC on waste electrical and electronic equipment (the WEEE Directive”) are removed from that waste equipment.	Schedule 12 para 3(1)

European scrutiny history: EM 15494/03 was cleared by the Commons on 28 April 2004 and the House of Lords on 28 April 2004. EM 7292/07 was cleared by the Commons on 11 April 2007; it was not reported by the House of Lords on 27 April 2008. EM 8576/08 was cleared by the Commons in July 2008 and by the House of Lords on 15 July 2008.

### **The Groundwater Directive (Directive 2006/118/EC)**

<b>Directive article</b>	<b>Objective</b>	<b>Regulations provision</b>
6(1)(a)	Requires taking of all necessary measures to prevent inputs of hazardous substances into groundwater	Schedule 22 para 6(a) and 7(2)
6(1)(b)	Requires taking all necessary measures to limit inputs of non-hazardous pollutants into groundwater	Schedule 22 para 6(b) and 7(2)
6(3)(a), (d) and (f)	Inputs which may be authorized – subject to conditions	Schedule 22 para 8
6(3)(b), (c) and (e)	Inputs which may be exempt	Schedule 22 para 3(3)
6(4)	Requires inventory of exemptions to be kept	Schedule 22 para 3(4)

European Scrutiny: Defra does not hold scrutiny details for this Directive.

**The IPPC Directive  
(Directive 2008/1/EC)**

<b>Directive article</b>	<b>Objective</b>	<b>Regulations provision</b>
3	To set the general principles governing the operation of installations within the Directive.	Schedule 7 para 5(1)(a)
6(1)	To impose requirements to be met in a permit application.	Schedule 7 para 4
9(1) to (6) and Annex III	To impose requirements in relation to the conditions of a permit.	Schedule 7 para 5(1)(b) and 5(2)(a) to (d)
10	To require additional conditions in a permit where environmental quality standards are stricter than best available techniques would achieve	Schedule 7 para 5(1)(c)
11 and Annex IV	To require competent authorities to follow best available techniques	Schedule 7 para 8
12	To require notification of changes to installations and to require a permit application where the change is substantial.	Schedule 7 para 5(1)(d) and 5(2)(e)
13	To ensure permits are reviewed and updated where necessary	Regulation 34 and Schedule 7 para 7
14	To ensure permit conditions are complied with, the operator informs the competent authority of monitoring results and incidents or accidents significantly affecting the environment and the operator enable inspections, sampling and information gathering by the competent authority.	Schedule 7 para 5(1)(e)
15(1) and Annex V	To ensure early and effective public participation in permitting procedures.	Schedule 7 para 6
19(2) and Annex II	To set minimum emission limit values.	Schedule 7 para 5(1)(f)

European scrutiny: Defra does not hold scrutiny details for this Directive.

## **ANNEX B    IMPACT ASSESSMENT**

## Summary: Intervention & Options

<b>Department/Agency:</b> Defra/WAG/DECC/Environment Agency	<b>Title:</b> Impact Assessment of the Environmental Permitting Programme – Phase 2	
<b>Stage:</b> Final	<b>Version:</b> 1.0	<b>Date:</b> 17 February 2010
<b>Related Publications:</b> consultation on proposals to widen the Environmental Permitting Regime see: <a href="http://www.defra.gov.uk/corporate/consult/env-permitting/summary-responses.pdf">www.defra.gov.uk/corporate/consult/env-permitting/summary-responses.pdf</a>		

Available to view or download at:

[www.defra.gov.uk/environment/policy/permits/index.htm](http://www.defra.gov.uk/environment/policy/permits/index.htm)

Contact for enquiries: Sara Spillett

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

Existing environmental permitting regimes have been developed largely in isolation and have, often for good reasons at the time, adopted a variety of approaches to controlling different types of activity even where they are undertaken on the same site. This has led to a system of regulatory control with elements of duplication, which is complex for industry, regulators and others and may act as a barrier to entry for new businesses. Government intervention is necessary to rationalise permitting regimes to reduce the administrative costs of environmental regulation while continuing to achieve the intended outcomes.

What are the policy objectives and the intended effects?

The first phase of the Environmental Permitting Programme (EPP1) integrated Pollution Prevention and Control and waste permits. The second phase of the Programme (EPP2) aims in England and Wales, to absorb further existing regimes and new directives into EPP. This should reduce the current administrative costs and facilitate more cost-effective implementation of new directives.

What policy options have been considered? Please justify any preferred option.

This Impact Assessment (IA) considers the costs and benefits of including each of the following pollution control regimes into EPP2: Discharge Consenting, Groundwater Authorisations, Radioactive Substances Regulation (nuclear and non-nuclear), Mining Waste Directive, Batteries Directive, Water Abstraction and Impoundment, and Waste Carriers and Brokers (in part). The choice of policy options is constrained by decisions taken during the first phase of EPP to establish a single integrated permitting system (see section 1.3).

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

Post implementation review of EPP2 in October 2011. From 2009, the costs of operating the permitting system will be monitored to compare them with the costs post-EPP2. (There will be a post implementation review of EPP1 in April 2010.)

**Ministerial Sign-off** For final Impact Assessments:

**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:



## Summary: Analysis & Evidence

<b>Policy Option:</b>	<b>Description: EPP2 (incorporation of all the proposed regimes into EPP)</b>
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<b>COSTS</b>	<b>ANNUAL COSTS</b>		Description and scale of <b>key monetised costs</b> by 'main affected groups': Implementation costs for example training, IT, rewriting guidance. Ongoing maintenance costs. See evidence base.
	<b>One-off (Transition)</b>	<b>Yrs</b>	
	<b>£ 3.8 million (total)</b>	3	
	<b>Average Annual Cost (excluding one-off)</b>		
	<b>£ 0.0003 million</b>	<b>Total Cost (PV) £ 3.6 million</b>	
Other <b>key non-monetised costs</b> by 'main affected groups': None.			

<b>BENEFITS</b>	<b>ANNUAL BENEFITS</b>		Description and scale of <b>key monetised benefits</b> by 'main affected groups': The benefits are mostly reduced admin costs for industry (including householders) and the regulator the Environment Agency. See evidence base. Net ten year NPV summary given in Table 3.
	<b>One-off</b>	<b>Yrs</b>	
	<b>£ 3.8 million</b>	1	
	<b>Average Annual Benefit (excluding one-off)</b>		
	<b>£ 5.8 million</b>	<b>Total Benefit (PV) £ 48.4 million</b>	
Other <b>key non-monetised benefits</b> by 'main affected groups': Increased clarity and certainty for everyone. Simplified system for transposing environmental directives.			

Key Assumptions/Sensitivities/Risks: Cost assumptions can be found in Annex C (eg professional hourly rate £43.00 and non professional hourly rate £24.57). Key assumptions are that there are generally no changes to who regulates, what is regulated or environmental outcomes. Key risks are around timing and stakeholder engagement, that are monitored closely by the EPP Team.

Price Base Year	Time Period Years 10	<b>Net Benefit Range (NPV)</b> <b>£39.5 – £92.6m</b>	<b>NET BENEFIT (NPV Best estimate)</b> <b>£44.8m</b>
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What is the geographic coverage of the policy/option?		England and Wales		
On what date will the policy be implemented?		2009 - 2012		
Which organisation(s) will enforce the policy?		Environment Agency		
What is the total annual cost of enforcement for these organisations?		-£12m (over 10)		
Does enforcement comply with Hampton principles?		Yes		
Will implementation go beyond minimum EU requirements?		No		
What is the value of the proposed offsetting measure per year?		N/A		
What is the value of changes in greenhouse gas emissions?		£609/ year		
Will the proposal have a significant impact on competition?		No		
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	No	No	No	No

<b>Impact on Admin Burdens Baseline (2005 Prices)</b>		(Increase - Decrease)	
Increase of	£ 3.2 million	Decrease	£ 43.5 million
		<b>Net Impact</b>	<b>-£40.3m (10yr)</b>

Key: Annual costs and benefits: Constant Prices (Net) Present Value

## Evidence Base (for summary sheets)

### 1. Introduction

- 1.1. This is the Impact Assessment (IA) for proposals from the Department for Environment, Food and Rural Affairs (Defra), the Department of Energy and Climate Change (DECC), the Welsh Assembly Government (WAG) and the Environment Agency for creating a wider risk-based and proportionate single system of environmental permitting and compliance for England and Wales.
- 1.2. The Environmental Permitting Regulations (EP Regulations) will be extended in the second phase of the Environmental Permitting Programme (EPP2). This will deliver a wider risk-based and proportionate single system of environmental permitting and compliance. It aims to cut unnecessary red tape, to continue to protect the environment and human health, and to increase clarity and certainty for everyone on how the system protects the environment.
- 1.3. The first phase of the EPP (EPP1) streamlined and simplified Waste Management Licensing (WML) and Pollution Prevention and Control (PPC) to establish a single system that could be extended in the future. EPP2 builds on this and proposes that the following regimes are integrated into the environmental permitting system:
  - **Water Discharge Activities (WDA)** – the regulation of discharges into controlled waters previously called ‘Discharge Consenting’ or ‘DC’. The proposed regulations for this accompany this IA and, subject to the Parliamentary process, will go live in April 2010.
  - **Groundwater Activities and new Groundwater Daughter Directive (GW)** – the regulation of discharges of List 1 and List 2 substances to land and the new Daughter Directive. The proposed regulations for this accompany this IA and, if supported, would go live in April 2010.
  - **Radioactive Substances Regulation (RSR)** including:
    - Nuclear – regulation of the disposal of radioactive waste at nuclear sites; and
    - Non-nuclear – regulation of the use and storage of radioactive material and the storage and disposal of radioactive waste.

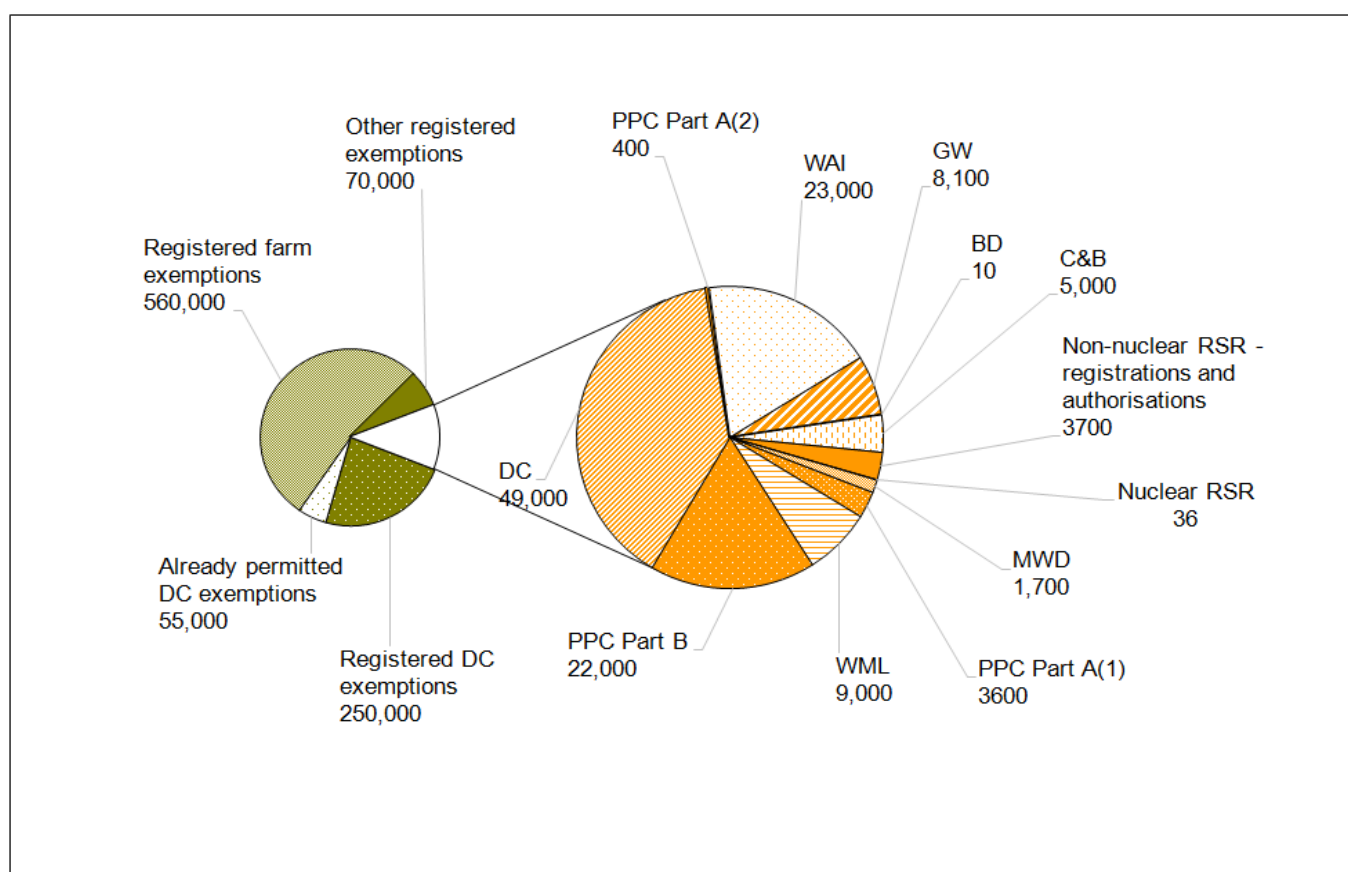
The proposed regulations for this accompany this IA and, if supported, would go live in April 2010.

  - **Mining Waste Directive (MWD)** – new requirements on the management of waste from the extractive industries. This was transposed by amending the EP Regulations in summer 2009 and is already live. It will be consolidated into the proposed single set of EP regulations, if supported.
  - **Batteries Directive (BD)** – permitting and compliance parts of the new Directive’s requirements for the treatment of waste batteries and accumulators. This was transposed by amending the EP Regulations in spring 2009 and is already live. It will be consolidated into the proposed single set of EP regulations, if supported.
  - **Water Abstraction and Impoundment Licensing (WAI)** – the regulation of Water Abstraction and Impoundment. We will be seeking a suitable legislative vehicle in the next Parliament to introduce a power to bring WAI into EPP2 via secondary legislation. The regulations to enable this would be subject to public consultation and the Parliamentary process.

- **Carriers and Brokers (C&B)** – the regulation of (some) carriers of controlled waste where they have other environmental permits. This was consulted on in summer 2008; consultation responses will be considered with the intent of issuing amended regulations for the C&B system shortly (the EP regulations will not need to be amended).

1.4. EPP is taking a phased approach to incorporating candidate regimes. Following consultation on the policy, draft regulations and IA (February – May 2009) the Government confirmed its intention to extend the common systems to include DC, GW and RSR. This IA accompanies the proposed single set of regulations which incorporate three of the above regimes: WDA, GW and RSR and which consolidate the EPP1 regimes and MWD and BD. It also describes and, where possible, quantifies the benefits of the ongoing policy development on WAI, the remaining EPP2 candidate regime. This will be subject to separate consultations. The number of EP and candidate regime permits and registered waste exemptions is shown in Figure 1 after EPP2.

Figure 1. Number of permits and registered exemptions in the EP and candidate regimes in England and Wales after EPP2



## Document Structure

- 1.5. This document is structured as follows:
- Section 1: Introduction
  - Section 2: Approach to assessing costs and benefits
  - Section 3: Evidence supporting conclusions
  - Section 4: Implementation, enforcement and sanctions

- Section 5. Conclusion
- Annex A: Operators involved in QA of baseline and benefits estimates
- Annex B: Specific impact checklist
- Annex C: Macro assumptions used for baselines and benefits

## 2. Approach to assessing costs and benefits

- 2.1. The Environmental Permitting Programme is currently in its second phase. In the first phase, the Government consulted on a number of options to modernise environmental permitting and sought views on the range of existing permitting systems that might be brought within the scope of such an exercise. Subsequently, Government confirmed its preference for a single integrated environmental permitting system. The immediate focus was the integration of the systems for Waste Management Licensing and Pollution Prevention and Control, but it was also made clear that the Government aspired to extend the common system in due course to include additional permitting regimes, subject to further consultation.
- 2.2. EPP2 extends environmental permitting (EP) by:
- **Absorbing the existing regimes of:** WDA, RSR, WAI and C&B. For these, the baseline scenario assesses the current and likely future costs of operating each regime without EPP2. This only covers those categories that are likely to change as a result of EPP2 and not, for example, environmental assessment costs which will not be affected. Estimates were developed using the standard cost model (see Box 1) by reference to the PricewaterhouseCoopers 2005 data and in dialogue with Environment Agency staff; they were cross-checked by 35 industry representatives, some of whom answered questions on more than one regime, and some had several hundred permits in a regime. 19 were small firms (see [Annex A](#)). To estimate the implementation costs and cost savings of EPP2, assumptions were developed with expert colleagues, building on the work done for EPP1, and again estimates were cross-checked by industry representatives.
  - **Incorporating the requirements of new directives into EPP:** GW, MWD and BD. The baseline scenario assesses the impact of transposing without using EPP and the EPP2 option **assesses the cost savings relative to that baseline**. The assessment for the MWD assesses the cost of using EPP against the three other baseline scenarios presented in that Directive's IA (see section 3).
- 2.3. In general, EPP2 does not change the substantive requirements of permits, but it does reduce the administration necessary to deliver those requirements. The benefits are therefore generally expressed in terms of savings in administrative costs. The costs are those that are incurred in implementing the new system. Where there are changes to the substantive requirements of permitting, the ongoing costs and benefits of those changes are also considered.

### Box 1: Administrative costs and the standard cost model (SCM)

The SCM method is a way of breaking down the costs of regulation into manageable components that can be measured. The model breaks down the costs of complying with regulations into: 1) '**substantive compliance costs**', which are the costs incurred in achieving the intended results of the policy (for example, the costs of fitting a filter to comply with environmental requirements), and 2) '**administrative burden costs**', which are the administrative activities that businesses are required to conduct in order to comply with the information obligations of central government regulation (for example, the costs of documenting and reporting that the filter has been fitted).

Administrative burdens are calculated using the formula  $N \times W \times T$  where N is the number of businesses affected, W is the cost per hour taken to meet the obligation and T is the number of hours taken per year.

For further details see 'Measuring Administrative Cost: UK Standard Cost Model Manual' Better Regulation Executive, September 2005 (<http://bre.berr.gov.uk/files/file44503.pdf>).

#### 2.4. Cost savings are quantified where they arise from:

- i) **Integration of regimes** – this has been described by industry as the single most important change in modernising environmental regulation. Where operators hold multiple permits, EPP will allow for businesses and the Environment Agency to administer all of a site's permits in an integrated way, which will make single applications/inspections possible<sup>2</sup>. Sites with multiple permits will be able to realise further savings (see Table 1 for estimated numbers).

In order to more accurately estimate the benefits of the integration of regimes a set of assumptions was developed to represent the likely distribution of permits among sites, shown in Table 2. The methodology follows that, where there are 2, 3, 4, 5, and 6 permits on a site, if the permitting requirements were precisely replicated across the regimes and these could be merged then there would be incremental savings of up to 50 per cent, 66 per cent, 75 per cent, 80 per cent or 83 per cent on the typical cost of administering permits respectively. This percentage saving is then further moderated by two additional factors:

- a. The common ground between regimes for each task. These assumptions describe the degree to which the administering of environmental permits is common in terms of the information required and therefore time taken.
- b. The probability that an operator would require tasks to be processed at the same time for any site.

The savings due to these overlaps have then been multiplied by the relevant baseline costs.

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<sup>2</sup> Where integration leads to cost savings to holders of existing environmental permits, such as where a landfill site also has a water discharge consent, these additional savings have been allocated to the EPP2 candidate regimes.

## Box 2: Integration of Permitting Regimes Cost Savings – Worked Example

Taking just one example of some of the savings that are achievable by bringing together permitting regimes, Table 1 estimates that 5,938 of the total 22,856 WAI permits (26%) are for sites that also hold other permits.

The model assumes that where a permit is held on a site with one other permit, then under a common permitting approach (and assuming the requirements were identical for both permits) the administrative burdens could be cut in half. In this case, effectively 50% of the associated costs for each regime would be avoided. Similarly, where a site holds three permits, the implication is a 67% overlap (the same tasks repeated under each regime). In the case of this WAI example, since some sites have two permits and others have three or four etc., the weighted average overlap is calculated to be 57%.

This overlap then has to be moderated by the degree of common ground between the different permitting regimes. In terms of time spent transferring permits, the common ground between regimes is estimated to be 60% of the full transfer process.

Furthermore, the probability that the individual regime permits would naturally be transferred at the same time is, also in this case, estimated to be 60%.

Overall, these factors suggest that savings of 5% ( $26\% \times 57\% \times 60\% \times 60\%$ ) from the total baseline permit transfer costs are possible under a common permitting approach. With baseline annual industry transfer costs at £184,000, total annual industry savings for this activity within this one regime (bearing in mind that similar savings will be accredited to the other regimes) are just over £9,000 per annum. Additional savings will be achieved due to this avoidance of replication at the Environment Agency.

- ii) **Common inspections** – this is where, because there is more than one regime, more than one Environment Agency inspector visits the same site and there is an opportunity for common inspections, saving time for both industry and regulator. Estimates were made using a similar process as for integration of regimes. Savings were further reduced to reflect the need for some inspections to be undertaken by specialist regime-specific staff. As well as savings made through reduced Environment Agency and industry staff time due to avoided inspections, there are associated savings in Environment Agency vehicle costs and fuel CO2 emissions (see Annex B).
- iii) **Multiple site applications** – savings due to applications made by operators for common activities on a number of their sites were estimated. This required an assumed proportion of applications that would be made on this basis.
- iv) **Simplified guidance** – re-written, simpler guidance should increase the efficiency of the entire permitting process for operators, regulators and others. An overall savings factor was estimated based on the potential for improvement. Transitional costs were estimated for the Environment Agency developing new guidance and for operators reading the guidance to inform themselves of the new system.
- v) **Standard rules permits (SPs)** – these are suitable for low risk activities, and will be easier and cheaper for operators to obtain than the existing bespoke permits<sup>3</sup>. In order to model the potential savings of introducing SPs, it was necessary to estimate for each candidate regime the proportion of:
  - extant and new permits that are suitable for SPs
  - steady state savings of holding an SP as opposed to a bespoke permit for each permitting task in turn
  - new applicants and extant permit holders who would opt for SPs when given the choice
- vi) **Exemption from the requirement for a permit** – this could provide a more risk-based approach for those lowest risk activities, such as small scale, largely

<sup>3</sup> For further background on standard permits see the Environment Agency's website: [www.environment-agency.gov.uk/epr](http://www.environment-agency.gov.uk/epr)

domestic sewerage discharges and some low risk groundwater activities. This would benefit operators and regulators.

vii) **Time savings for consultees** – consultees should save time due to integrated consultations and the introduction of a system of risk-based consultation.

viii) **Environment Agency support and administration savings** – it is envisaged that EPP2 will reduce the support that staff require as EPP2 represents the simpler regulatory system. A reduction in the administrative requirements is also likely, particularly those associated with updating and maintaining the guidance.

2.5. Some benefits are **less tangible and are not quantified**. These include:

- a simplified system to transpose future directives
- improved environmental outcomes:
  - a better risk-based regime which targets inspections etc. more consistently
  - more integrated and holistic thinking by industry, which could lead to better management of environmental risks
  - regulations which are simpler to follow, resulting in better compliance by businesses (particularly smaller organisations)
- savings in the cost of compliance, due to more integrated thinking resulting in innovative and therefore cheaper compliance
- opportunities to tackle existing limitations and issues within each regime
- potential savings on Environment Agency IT costs, as discussed in section 2.8

Table 1. Estimated<sup>4</sup> incidence of overlaps between regimes including EP Waste and EP PPC A(1) in England and Wales

Candidate regimes	Extant permits	Overlap count	WDA	GW	Non-Nuclear RSR	Nuclear RSR	MWD	BD	WAI	C&B	EP waste	EP PPC A(1)
WDA	104,490	5,561	----	10	250	7	NE	NE	4,044	400	500	350
GW	8,104	421	10	----	50	1	NE	NE	360	0	0	0
Non-Nuclear RSR	3,734	751	250	50	----	0	NE	NE	140	0	0	311
Nuclear RSR	36	38	7	1	0	----	NE	NE	7	0	7	16
MWD	1,650	NE	NE	NE	NE	NE	----	NE	NE	NE	NE	NE
BD	10	NE	NE	NE	NE	NE	NE	----	NE	NE	NE	NE
WAI	22,856	5,938	4,044	360	140	7	NE	NE	----	50	525	812
C&B	77,547	5,000	400	0	0	0	NE	NE	50	----	5,000	200
EP Waste	9,150	6,032	500	0	0	7	NE	NE	525	5,000	----	0
EP PPC A(1)	3,600	1,689	350	0	311	16	NE	NE	812	200	0	----

Note: 'NE' is not estimated

Table 2. Savings attributable to sites with permits for more than one regime (see 2.5i)

	WDA	GW	Non-Nuclear RSR	Nuclear RSR	MWD	BD	WAI	C&B	EP Waste	EP PPC A(1)
Exactly 2 permits	80%	90%	70%	10%	NE	NE	70%	100%	70%	50%
Exactly 3 permits	10%	10%	15%	40%	NE	NE	15%	0%	20%	24%
Exactly 4 permits	10%	0%	10%	40%	NE	NE	10%	0%	10%	20%
Exactly 5 permits	0%	0%	5%	10%	NE	NE	5%	0%	0%	5%
Exactly 6 permits	0%	0%	0%	0%	NE	NE	0%	0%	0%	1%
Total	100%	100%	100%	100%	NE	NE	100%	100%	100%	100%
Cost allocation	46%	48%	44%	30%	NE	NE	44%	50%	44%	39%
Saving for overlap sites	54%	52%	57%*	70%*	NE	NE	57%	50%	56%	61%

\*Note: despite overlaps with other regimes at nuclear and non-nuclear sites, no cost savings have been accounted since security considerations necessitate maintaining separate systems for these permitting systems. Again, 'NE' is not estimated. Small sewage treatment plants(WDA and GW) are excluded from the figures here.

<sup>4</sup> The Environment Agency does not currently record the EPP candidate regimes on the same database. It has therefore estimated and in some cases counted the overlap between regimes. MWD and BD have been excluded from the exercise and GW has been included as currently permitted, rather than by making a guess about implementation of the new Groundwater Directive.

2.6. Many of the assumptions used to develop the baselines were also used in the savings model (such as wage rates). General assumptions have been made to estimate the costs of industry and Environment Agency staff time (see Annex C).

2.7. **Implementation costs arise as a result of:**

i) **Activities the Environment Agency undertakes to prepare** – these include:

- input into the regulatory process
- time taken to train staff and for them to familiarise themselves with the new system
- development and consultation on SPs and the transfer of existing permits to SPs
- some reduction of process efficiency in the first year
- amalgamating the public register
- the need to explain the new system to industry and respond to enquiries.

ii) **The need to upgrade the Environment Agency's IT systems** – this represents a significant transitional cost for EPP2. However, the cost balances here are complex. The Environment Agency has already initiated a programme of modernisation of its IT systems which incorporates many of the capabilities required for EPP2. This work is well advanced. Although further work will be necessary, the individual cost to each regime reduces significantly as subsequent regimes move to an integrated IT system. Indeed, the costs associated with the necessary redevelopment of individual IT systems in the absence of EPP2 are anticipated to greatly exceed the costs of an integrated approach. As such, significant forward savings on IT can be expected to be delivered by EPP2. These savings have not, however, been accounted in the modelling due to both the difficulty in assessing the levels of expenditure necessary with and without EPP2, and uncertainties concerning the timings of required system upgrades.

iii) **Operators understanding new systems and guidance**

iv) **Time taken for operators to consider whether to convert to SPs, and to apply**

2.8. **Other methodological points to note are:**

- The SCM is intended to capture the administrative burden placed on all private sector organisations. This IA includes the Environment Agency costs as they are recovered from industry.
- The Treasury Green Book discount rate of 3.5 per cent is used. Discount rates are used to reflect how society values the costs and benefits that arise in future time periods.
- The Regulatory Impact Assessment (RIA) for EPP1 assessed costs and benefits over a ten year period. This length of time has been retained for this IA.

### 3. Evidence supporting conclusions

3.1. EPP2, along with EPP1, is an important part of achieving Defra's 25 per cent target for reducing net administrative burdens and is included in its simplification plan 'Better Regulation, Better Business'<sup>5</sup>. This section summarises the estimates of costs and benefits of EPP2. The impact of including all the regimes is derived by aggregating costs and benefits of the individual regimes.

#### Headline cost benefit summary

3.2. The headline cost benefits of introducing EPP2 are anticipated to give a total discounted saving of £44.8million over ten years for England and Wales. The larger proportion of the

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<sup>5</sup> [www.defra.gov.uk/corporate/policy/regulat/better/simplify.htm](http://www.defra.gov.uk/corporate/policy/regulat/better/simplify.htm)

savings (67 per cent) are expected to be generated from reduced burdens to industry, with the Environment Agency and consultees expected to achieve the remaining savings (31 per cent and 1 per cent respectively).

3.3. Table 3 summarises the information in this IA, giving:

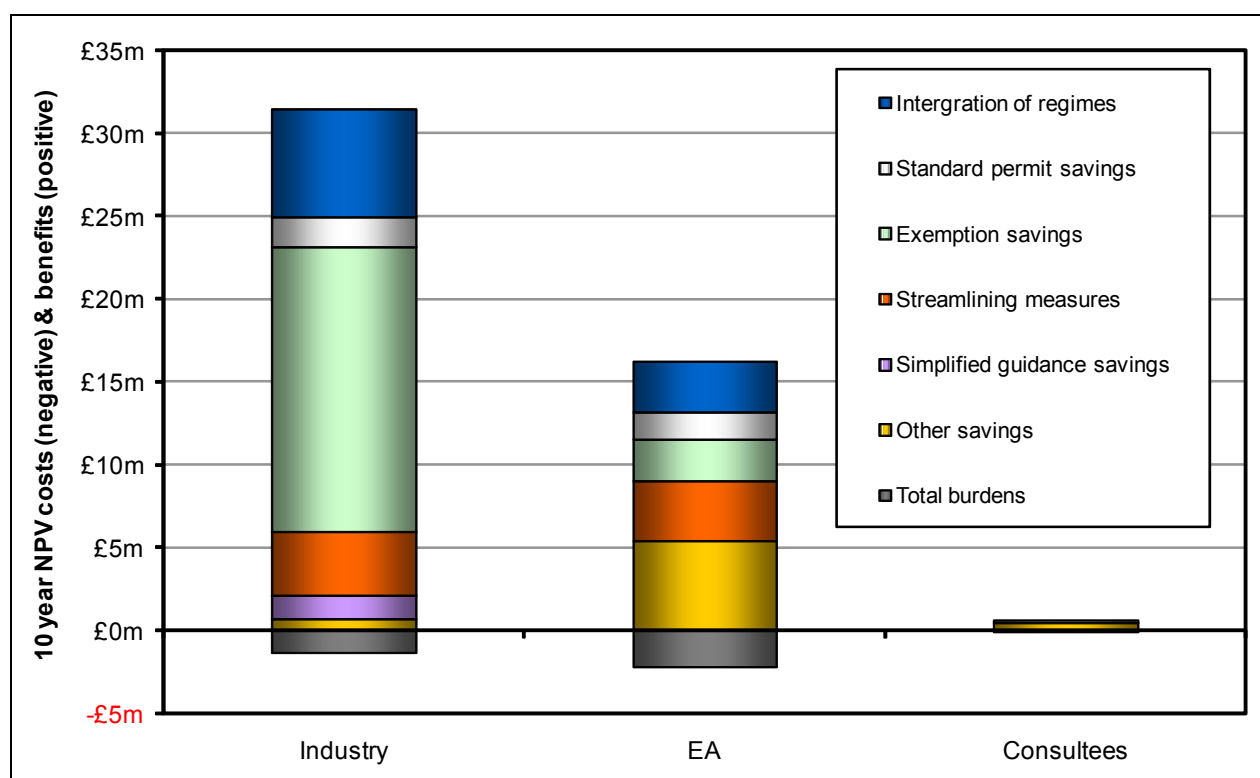
- permit numbers for the candidate regimes (see also Figure 1)
- the administrative burden baselines (for England and Wales, combined and separately)
- the benefits for each candidate regime discounted over ten years (for England and Wales, combined and separately)
- the percentage of the baseline saved (and how this is split between industry, the Environment Agency and consultees)
- a note on how the benefits were calculated

3.4. The greatest benefits are expected to be found in the Groundwater regime (a total of £14.9 million discounted over ten years); a significant proportion of this is due to efficiencies gained in relation to the large number of small sewage treatment plants (SSTPs) that require permitting. The next greatest benefits are for the Water Discharge Activities regime (a total of £11.1 million over ten years); a large majority of these benefits are also predicted to result from the efficiencies gained in relation to the large number of SSTPs that require permitting. The RSR regime is expected to release the third greatest savings (a total of £8.2 million discounted over ten years); the major contributor to this is streamlined nuclear variations – reducing the level of prescription within EP permits, while maintaining the level of provision of information to local authorities. The majority of the remaining benefits are from the MWD and WAI regimes (respectively £4.4 million and £4.5 million discounted over ten years). The final £1.7 million benefits (discounted over ten years) are divided between BD and C&B.

3.5. When examining all regimes together, a total benefit of £16.7 million is saved over ten years by allowing licensed exemptions for SSTPs under the Groundwater and Water Discharge Activities regimes; this is explained further in section 3.22. A further benefit of £9.6 million over ten years is delivered through the integration of regimes due to harmonisation of permit applications, permit modifications and site inspections. Standard permits deliver £2.2 million in savings over ten years. Simplified guidance leads to savings of £0.6 million over ten years, net of the development costs. Additional savings (such as those associated with reduced consultations, single form applications for multiple sites, the integration of the Mining Waste and Batteries Directives, and other streamlining measures) make up the balance of the overall £44.8 million ten year NPV cost benefit figure. A high level summary of the costs and benefits can be found in Figure 2.

3.6. Section 5 gives more details on the overall benefits.

Figure 2. High level Cost Benefit Summary Table<sup>6</sup>



### Sensitivity Analysis

3.7. We have focused the sensitivity analysis on modelling benefits to small sewage treatment plants<sup>7</sup> (SSTPs) discharging 5m<sup>3</sup> or less per day to surface or 2m<sup>3</sup> or less per day to groundwater. This is because almost half of the total savings are associated with SSTP (£20.8 million NPV over ten years). Any small efficiency saving achieved for a permit application (for instance) resulting from EPP2 is greatly amplified in the modelling due to the large number of these discharges, thus changes in assumptions made will have the single biggest impact on the results. We consider that other modelling sensitivities, for all regimes, can be considered to be eclipsed by the range evaluated for SSTPs.

3.8. Key assumptions in our modelling for SSTPs include:

- a. New SSTPs must still go through a permit application process but they may be entitled to acquire an exemption. Although proper site investigation is still required to ensure that the SSTP meets the conditions of the exemption, this process avoids the currently required pre-application discussions with the EA and reduces form filling time from 4 hours to an assumed 30 minutes (this remains a conservative assumption – online form filling time will be considerably less but additional time is allocated to allow for accessing website, information gathering etc.).
- b. As part of the EPP2 simplification process, existing SSTPs will automatically move to exemptions if they meet the criteria in the regulations, without needing to go through any further registration process. The baseline accounts for 40 minutes of industry time for permit applications as conducted by a conveyancer during house sales. However, significant sensitivity surrounds this assumption. It is possible that the application process may match that for a simple standard permit, in this case four hours may be

<sup>6</sup> Consultees are those consulted in the permitting process

<sup>7</sup> In areas where no sewerage system is available, householders frequently have sewage treated via the use of septic tanks or small sewage treatment plants and discharge to either surface waters or groundwater. The new Regulations will allow many of those small volume discharges of sewage effluent to simply register an exemption, rather have to apply for permits for SSTPs.

expected (and consequently the EPP2 savings will be increased). Equally, the current process could be accelerated by an alternative new online registration process, or furthermore we may consider that the automatic move to exemptions may not be a saving attributed to EPP2.

- c. number of properties with unregistered SSTPs sold each year. In the central case we assume 20,000 properties although a range of 5,000 to 40,000 may be conceivable.
- d. time taken to process applications at the Environment Agency application receipt centre under the current system. The central case assumes 20 minutes, though we may consider a range here from 0 (where the move to exemptions is automated outside of EPP2) to 40 minutes.

3.9. Individual sensitivity investigation on each of these factors (in bullets b. to d.) suggests that additional savings of £19.9m, £5.3m and £1.3m respectively (as NPV over ten years) may be possible. However, with each factor adjusted concurrently, the effects are compounded and a net cost saving of £47.8m additional NPV over ten years may be achieved. Equally, using the most conservative assumptions, the compounded loss in cost benefit is evaluated to be £5.3m (less) NPV over ten years. These ranges are quoted on the summary table at the head of this Impact Assessment.

3.10. The ranges suggested by this sensitivity analysis show that the cost benefit may either be marginally less than or significantly more than the headline figures (i.e. from £39.5m to £92.6m). The realistic stance, taken with respect to the central assumptions for the modelling, is deliberately conservative in order to take account of any possible optimism bias.

#### **Benefits for Wales**

3.11. The total benefits to Wales for EPP2 are £6.2 million over ten years. Although this sum is relatively modest it is proportionately greater than that for England. Each regime has higher benefits than the costs of being included. Benefits are proportionally higher for regimes such as Groundwater and WAI where there is a higher incidence of these activities in Wales than in England.

3.12. We have not attempted to evaluate the cost to Wales which would ensue if EPP2 was taken forward on an England only basis, but note that benefits would be greatly reduced and potentially eliminated.

#### **Regime specific cost benefits**

3.13. In the remainder of this section, each candidate system is considered in turn, looking first at baselines then benefits: Water Discharge Activities (WDA) and Groundwater Authorisations (GW) from section 3.14, Radioactive Substances Regulation permitting (RSR) in section 3.31, Mining Waste Directive (MWD) in section 3.39, Batteries Directive (BD) in section 3.41, Water Abstraction and Impoundment (WAI) in section 3.44 and Waste Carriers and Brokers (C&B) in section 3.51.

Table 3. Summary of headline cost benefits of each of the regimes and the percentage baseline saving for England and Wales

Prog.	System	No of permits in England and Wales	No of permits in England	No of permits in Wales	Baseline for England and Wales	NPV benefit over ten years England and Wales	NPV benefit over ten years England	NPV benefit over ten years Wales	Steady State saving % of base line	Industry saving % of NPV (and base line)	EA saving % of NPV (and base line)	Cons-ultee saving % NPV (and base line)	Means of forecasting costs and benefits
EPP1	PPC A(1)	3,556	3,200	356	-----	-----	-----	-----	-----	-----	-----	-----	EPP1 RIA
EPP1	PPC A(2)	400	384	16	-----	-----	-----	-----	-----	-----	-----	-----	EPP1 RIA
EPP1	PPC Part B	22,000	21,120	880	-----	-----	-----	-----	-----	-----	-----	-----	EPP1 RIA
EPP1	Waste Management licensing	9,010	8,110	900	-----	-----	-----	-----	-----	-----	-----	-----	EPP1 RIA
EPP1	Registered waste exemptions	70,000	64,400	5,600	-----	-----	-----	-----	-----	-----	-----	-----	EPP1 RIA
EPP1	Registered waste exemptions at farms	560,000	480,300	79,700	-----	-----	-----	-----	-----	-----	-----	-----	EPP1 RIA
EPP2	Water Discharge Activities	104,490	95,861	8,629	£77.7m	£11.1m	£10.2m	£0.9m	2%	81% (3%)	18% (1%)	2% (0%)	SCM and policy discussions
EPP2	Groundwater	8,104	6,153	1,951	£4.6m	£14.9m	£11.3m	£3.6m	43%	86% (47%)	14% (29%)	0% (0%)	Baseline data – and policy discussions (showing cost avoidance)
EPP2	RSR – all RSR (NN authorisations) (Nuclear permits)	3,770 (800 NN) (36 Nuc)	3,549 (761 NN)) (33 Nuc)	221 (39 NN) (3 Nuc)	£7.4m	£8.2m	£7.7m	£0.5m	8%	54% (29%)	45% (11%)	1% (0%)	SCM and policy discussions
EPP2	Mining Waste Directive	1,650	1,474	176	-----	£4.4m	£3.9m	£0.5m	Not calc	Not calc	Not calc	Not calc	Extract from MWD impact assessment (showing cost avoidance)
EPP2	Batteries Directive	<10	<10	1	-----	£0.8m	£0.8m	£0.1m	Not calc	Not calc	Not calc	Not calc	Not calculated
EPP2	Water Abstraction and Impoundment	22,856	20,027	2,829	£27.3m	£4.5m	£3.9m	£0.6m	3%	64% (16%)	29% (1%)	7% (0%)	SCM and policy discussions
EPP2	Carriers and brokers	5,000 <sup>8</sup>	4,500	500	£3.1m	£0.9m	£0.9m	£0.1m	4%	54% (13%)	46% (2%)	0% (0%)	SCM and policy discussions
<b>EPP2 total</b>	-----	<b>145,880</b>	<b>131,573</b>	<b>14,307</b>	<b>£118.8m</b>	<b>£44.8m</b>	<b>£38.6m</b>	<b>£6.2m</b>	<b>5%</b>	<b>67%</b>	<b>31%</b>	<b>1%</b>	-----

<sup>8</sup> There are 77,500 registered carriers and brokers, however it is intended that only those with other EPP permits would be including in EPP2.

## Water Discharge Activities and Groundwater baselines

- 3.14. The permit holders in the WDA and GW regime include a large number of householders, farmers, and others not generally encompassed by the term 'industry'. As the term 'industry' could in this regime be wrongly taken to mean only the 'water and sewerage companies', this point is acknowledged each time 'industry' is mentioned in this section of the IA.
- 3.15. The WDA regime authorises effluent discharges to controlled waters (i.e. excluding discharges to groundwater). Operators range from large water and sewerage companies to individual householders. In areas where no sewerage system is available householders frequently have sewage treated via the use of septic tanks or small sewage treatment plants (SSTPs) and discharge to either controlled waters or groundwater (see below).
- 3.16. Currently, there are two broad permitting types that deliver the existing Groundwater Directive:
- The first type occurs where the requirements of the Directive are delivered through existing arrangements (e.g. EP Regulations' landfill permits, rather than through specific groundwater authorisations);
  - The second type is a specific permit that an operator must obtain. There are six broad types of authorisation, of which three relate to disposal of farm effluents (pesticides, sheep dip and a combination of the two), one to the burial of carcasses and ash resulting from the foot and mouth epidemic, one to the discharge of mining wastes and the final one for SSTPs (where it is estimated that 75% of discharges are to groundwater).
- 3.17. The Environment Agency has taken a proportionate approach to the need for permits for SSTP where discharges of up to 5m<sup>3</sup> per day for surface water and 2m<sup>3</sup> per day for groundwater are currently allowed without the requirement for a permit (with the exception of discharges to groundwater within groundwater Source Protection Zone 1)
- 3.18. The Environment Agency has recently changed the way these permits are administered, from local offices administering the regime to three national centres employing specialist staff to undertake the work relating to applications, variations, transfers etc. The Environment Agency is also simplifying its application forms for smaller consents (it estimates a reduction in time taken from over 3 hours to 40 minutes). These changes have been accounted for in the baseline costs to the Environment Agency and are not therefore shown as EPP2 benefits. However, the EP single system does facilitate these efficiency savings and as such, we show the total savings including the benefit associated with these SSTP consents within the sensitivity analysis from Paragraph 3.7.
- 3.19. For the purposes of estimating the administrative burden on industry (including householders) and the Environment Agency, permits have been divided into four broad categories based upon risk:
- Exemptions (for the small scale, largely domestic sewage discharges)
  - Standard permits (sewage treatment plants discharging 5-20m<sup>3</sup> per day, cooling water discharges and for enzyme treated sheep dip discharges to ground. Further standard permits may be developed in the future).
  - Simple bespoke permits (which may be larger wastewater treatment plants etc.); and
  - Complex bespoke permits (more complex examples of SSTPs, wastewater treatment works etc.).
- 3.20. In addition, a number of the complex bespoke permits have moved more towards self monitoring, with the Environment Agency acting as an auditor rather than undertaking large numbers of samples directly. Again, these changes have been incorporated into the baseline figures and are not therefore shown as EPP2 benefits.

The estimated baseline costs for the WDA regime and GW regimes are presented in Table 4 and Table 5 respectively.

Table 4. Baseline Annual Costs of the WDA Regime in England and Wales

	Description	Permit type	Quantity	Environment Agency	Industry (including householders and others) <sup>9</sup>	
Applications	Processing application	Simple standard consent	6	£246	£6,180	
		New SSTPs	1,250	£51,211	£987,715	
		Existing unregistered SSTPs 2-5m <sup>3</sup> /day permitted with house sales	5,000	£57,258	£131,040	
		Simple Bespoke consent	129	£127,348	£461,468	
		Complex bespoke consent	30	£172,770	£562,636	
	Advertising		1,203	-	£25,002	
	Appeals	Appeals withdrawn	168	£143,401	£288,655	
Appeals reaching a full hearing		25	£117,948	£1,234,644		
Variations	Applications for variations	Simple standard consent	14	£1,564	£14,420	
		Small STW	0	£0	£0	
		Simple Bespoke consent	301	£297,146	£1,076,759	
		Complex bespoke consent	70	£403,131	£1,312,818	
	Undertake Routine Reviews	Total reviews per year	4,600	£158,758		
		Consents needing amendment	920	£994,025	£159,495	
	Major Reviews	Only FTE info supplied	-	£857,599		
Transfers		Non-SSTPs	1,125	<b>£12,206</b>	<b>£61,675</b>	
		SSTPs	0	<b>£2,712</b>	<b>£13,705</b>	
Subsistence.	Sampling	Simple standard consent	670	£7,094	£26,339	
		Small STW	0	£0	£0	
		Simple Bespoke consent	157,296	£1,665,548	£6,183,627	
		Complex bespoke consent (self monitoring)	19,662	£208,194	£772,953	
		Complex bespoke consent (non self monitoring)	39,324	£416,387	£16,980,818	
	Inspections	Simple standard consent	0	£0	£0	
		Small STW	0	£0	£0	
		Simple Bespoke consent	117,972	£11,742,637	£9,275,440	
		Complex bespoke consent (self monitoring)	983	£241,376	£142,996	
		Complex bespoke consent (non self monitoring)	19,662	£4,827,529	£2,859,927	
Surrenders		All Consents	495	£10,739	£54,263	
<b>Sub-Total</b>				<b>£22,516,828</b>	<b>£42,632,575</b>	
Other	IT costs			£3,357,000		
	EA policy			£1,000,000		
	EA process			£515,000		
	Support services	Direct services staff (finance, legal, admin)			£772,000	
		Other (e.g. vehicle ops, labs, depreciation)			£6,886,000	
<b>Total</b>				<b>£35,046,828</b>	<b>£42,632,575</b>	

<sup>9</sup> 'industry' includes householders, farmers, industrial units and water and sewage companies.

Table 5. Baseline Annual Costs of the GW Regime in England and Wales

	Description	Permit type	Quantity	Environment Agency	Industry (including householders and others)
Applications	Processing application	Liquid disposal	75	£21,549	£27,273
		Solid disposal	1	£4,195	£364
		New SSTPs	3,750	£153,633	£2,963,145
		Existing unregistered SSTPs 2-5m3/day permitted with house sales	15,000	£171,775	£393,120
	Advertising		76	£0	£70,919
Variations	Applications for variations	Excluding routine reviews	15	£792	£369
	Undertake Routine Reviews	Liquid disposal	1,250	£65,990	£0
		Solid disposal	1	£323	£0
Transfers		Transfer existing registered SSTPs	750	£8,137	£41,116
		Other permit transfers	75	£1,980	£6,265
Subsistence	Inspections and sampling	Liquid disposal	1,250	£247,461	£104,423
		Solid disposal	16	£5,809	£1,337
Surrenders		All Consents	588	£46,562	£14,447
<b>Sub-Total</b>				<b>£728,206</b>	<b>£3,622,777</b>
Other	IT costs			£97,000	
	EA policy			£45,000	
	EA process			£8,000	
	Direct services staff			£17,000	
	Other			£73,000	
<b>Total</b>				<b>£968,206</b>	<b>£3,622,777</b>

## Water Discharge Activities and Groundwater Benefits

- 3.21. The estimated costs and benefits for the WDA and GW regime are presented in Table 6 and Table 7 respectively.
- 3.22. The majority of the savings for WDA and GW are associated with exemptions for SSTPs and standard permits for low environmental risk permit applications. A total saving (accounting for associated transitional costs) of £20.8 million NPV over ten years in England and Wales is possible, of which over 90 per cent is from SSTP exemptions. This is based on the following assumptions for SSTPs:
- 98 per cent of SSTPs, will be eligible for exemptions (i.e. those discharging 5m<sup>3</sup> or less per day to surface or 2m<sup>3</sup> or less per day to groundwater, plus other criteria described in the EP Regulations)
  - The existing permitted 55,000 SSTPs will move administratively to become registered exemptions, by means of notification on the Environment Agency's website. This will minimise the administrative burden on permit holders, who need do nothing and will reduce the demand on the Environment Agency time compared to individually converting each of these permits into a registered exemption (transitional costs are estimated at £20,000). Since there are no monitoring or maintenance requirements for these permits, benefits can only be realised at the point where the permit would have needed to be transferred. This would have previously required the application from the transferor and the transferee, but can now simply be an application from the transferee.
- 3.23. The new Groundwater Directive will mean a change in the Environment Agency's approach to permitting discharges to groundwater in England and Wales. Currently small discharges to groundwater are not regulated. Such discharges will need to be regulated after 31 December 2011 after which date it will become an offence to operate the SSTP without either having a permit or being registered. It is estimated that around 250,000 SSTPs in England and Wales will come under regulation, but it may be nearer 500,000. It is acknowledged that some 20,000 SSTP are sold by manufacturers each year in England and Wales, while at present only 3-4,000 are permitted each year by the Environment Agency. The EP Regulations introduce an exemption for these discharges if they are two cubic metres per day or less. There will be an on-line registration system for these exemptions giving significant savings over the need to permit them.

### WDA Benefits

- 3.24. In the case of the WDA regime, a significant amount of the benefits (£4.9 million) are expected to be associated with exemptions for SSTPs. 25 per cent of the total SSTPs are assumed to currently fall within the WDA regime, the remainder discharging to groundwater and therefore being regulated in the Groundwater regime.
- 3.25. The WDA benefits associated with the integration of regimes amount to total savings of £4.6 million NPV over ten years in England and Wales. £1.2 million of the £4.6 million is expected to be savings attributed for new applicants, the rest being savings on administration of existing permits. A more detailed illustration of integration of regimes cost savings, as shown in Table 6 is given here:
- Industry WDA savings resulting from the integration of regimes amount to an annual £3.1 million (NPV over ten years). The majority of these are attributed to new applications and integrated inspections.
  - Industry savings for new permit applications are £1.2 million (NPV over ten years).

- Integrated inspections lead to £1.0 million (NPV over ten years) of savings a year for industry alone with largest proportion being accredited to the Water Abstraction regime (£323,000 each year).
  - Of the annual £1.5 million of Environment Agency integration of regimes savings, three quarters of which is due to integrated inspections.
- 3.26. In the case of Water Discharge Activities, the savings delivered through simplification of guidance (£0.5 million NPV over ten years for England and Wales, including the costs of preparing and understanding the guidance) are significant due to the large number of new applicants and variations each year.
- 3.27. Permit revocation for discharge consents is currently a two-stage process involving both industry and the Environment Agency. Under EPP2, the proposal is that operators merely return their permit, thereby cutting the industry time significantly (although Environment Agency time will remain unaffected). This results in industry cost savings of £0.4 million NPV over ten years.

### **Water Discharge Activities Summary**

It is estimated that the NPV of using EPP2 is £11.1 million over ten years for England and Wales (£9.0 million industry, £2.0 million to the Environment Agency and £0.2 million to consultees). **GW Benefits**

- 3.28. Considering the Groundwater regime, similarly to the WDA regime the greatest benefits are associated with the SSTPs. Of the total £14.9 million (NPV over ten years), £14.7 million (NPV over ten years) are expected to be accrued from the use of exemptions for SSTPs. Of the total savings associated with SSTPs, 87% are realised by Industry.
- 3.29. Examining areas of other expected savings, the benefits of standard permits deliver savings of £0.1 million (NPV over ten years) to Industry and £0.3 million (NPV over ten years) to the Environment Agency.

### **Groundwater Summary**

- 3.30. For Groundwater, it is expected that the NPV of using EPP2 is £14.9 million over ten years for England and Wales (£12.8 million industry and £2.1 million to the Environment Agency).

Table 6. Costs and Benefits of the Water Discharge Activities Regime in England and Wales

EPP2 Costs & Benefits Matrix Water Discharge Activities		Preparation	Transition	Ongoing savings				10 Year NPV		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15			
INDUSTRY	Transition costs	Consider move to SP/Exemption	£0	£0	£0	£0	£0	£0	£0	
		Apply for SP	£0	£0	£0	£0	£0	£0	£0	
		Apply for Exemption	£-6,775	£-6,775	£-6,775	£0	£0	£0	£-19,645	
		Understand guidance	£-3,931	£-3,931	£-3,931	£0	£0	£0	£-11,399	
	Simplified guidance	Applications	£0	£21,106	£21,106	£21,106	£21,106	£21,106	£160,566	
		Variations	£0	£48,080	£48,080	£48,080	£48,080	£48,080	£365,777	
		Transfers	£0	£1,233	£1,233	£1,233	£1,233	£1,233	£9,384	
		Surrenders/lapses and revocations	£0	£1,085	£1,085	£1,085	£1,085	£1,085	£8,256	
	Integration of regimes	Applications (inc consultations)	£0	£164,011	£164,011	£164,011	£164,011	£164,011	£1,247,745	
		Variations	£0	£40,726	£40,726	£40,726	£40,726	£40,726	£309,828	
		Transfers	£0	£7,357	£7,357	£7,357	£7,357	£7,357	£55,968	
		Surrenders/lapses and revocations	£0	£53,513	£53,513	£53,513	£53,513	£53,513	£407,114	
		Integrated inspections	£0	£135,528	£135,528	£135,528	£135,528	£135,528	£1,031,058	
	Operator permits	Multiple applications under 1 form	£0	£18,732	£18,732	£18,732	£18,732	£18,732	£142,511	
	Standard permits	Applications	£0	£78,753	£78,753	£78,753	£78,753	£78,753	£599,126	
		Subsistence (>flexibility, <inspections)	£0	£0	£0	£0	£0	£0	£0	
		Variations	£0	£3,179	£3,179	£3,179	£3,179	£3,179	£24,186	
	Exemptions	Annual savings on new applications	£0	£548,731	£548,731	£548,731	£548,731	£548,731	£4,174,570	
		Annual savings on transfers	£0	£13,705	£13,705	£13,705	£13,705	£13,705	£104,267	
	Streamlining	New dispensations for transfers	£0	£0	£0	£0	£0	£0	£0	
		Streamlined permit revocation (DCs)	£0	£45,219	£45,219	£45,219	£45,219	£45,219	£344,011	
		Streamlined RSR variations	£0	£0	£0	£0	£0	£0	£0	
	Mining waste	Savings on application - existing sites	£0	£0	£0	£0	£0	£0	£0	
		Savings on application - new sites	£0	£0	£0	£0	£0	£0	£0	
	<b>INDUSTRY TOTALS</b>		<b>£-10,706</b>	<b>£1,170,253</b>	<b>£1,170,253</b>	<b>£1,180,959</b>	<b>£1,180,959</b>	<b>£1,180,959</b>	<b>£8,953,323</b>	
	ENVIRONMENT AGENCY	Preparation costs	Input into regulatory process	£-30,454	£0	£0	£0	£0	£0	£-30,454
			Net IT costs	£-200,000	£0	£0	£0	£200,000	£0	£-25,712
Staff training/reading guidance			£-183,695	£0	£0	£0	£0	£0	£-183,695	
Develop SPs and consultations			£-75,000	£0	£0	£0	£0	£0	£-75,000	
Rewrite guidance			£-60,908	£0	£0	£0	£0	£0	£-60,908	
Amalgamating public registers			£-289,901	£0	£0	£0	£0	£0	£-289,901	
Transition costs		Move to SPs	£0	£0	£0	£0	£0	£0	£0	
		Move to Exemptions	£0	£0	£0	£0	£0	£0	£0	
		Reduction in process efficiency	£-13,404	£0	£0	£0	£0	£0	£-13,404	
Integration of regimes		Applications (inc consultations)	£0	£30,239	£30,239	£30,239	£30,239	£30,239	£230,052	
		Variations	£0	£15,603	£15,603	£15,603	£15,603	£15,603	£118,700	
		Transfers	£0	£2,110	£2,110	£2,110	£2,110	£2,110	£16,053	
		Surrenders/lapses and revocations	£0	£6,517	£6,517	£6,517	£6,517	£6,517	£49,577	
		Integrated inspections	£0	£144,483	£144,483	£144,483	£144,483	£144,483	£1,099,184	
Operator permits		Multiple applications under 1 form	£-106	£-106	£-106	£-106	£-106	£-106	£-911	
Standard permits		Applications	£0	£33,791	£33,791	£33,791	£33,791	£33,791	£257,071	
		Subsistence	£0	£2,011	£2,011	£2,011	£2,011	£2,011	£15,299	
		Variations	£0	£928	£928	£928	£928	£928	£7,061	
Exemptions		Annual savings on new applications	£0	£81,352	£81,352	£81,352	£81,352	£81,352	£618,900	
		Annual savings on transfers	£0	£2,712	£2,712	£2,712	£2,712	£2,712	£20,635	
Streamlining		New dispensations for transfers	£0	£0	£0	£0	£0	£0	£0	
		Streamlined RSR variations	£0	£0	£0	£0	£0	£0	£0	
		Reduced number of consultations	£0	£6,122	£6,122	£6,122	£6,122	£6,122	£46,571	
Other savings		Policy and process savings	£0	£13,790	£13,790	£13,790	£13,790	£13,790	£104,909	
		Admin savings	£0	£4,574	£4,574	£4,574	£4,574	£4,574	£34,798	
<b>ENVIRONMENT AGENCY TOTALS</b>		<b>£-853,467</b>	<b>£344,126</b>	<b>£344,126</b>	<b>£344,126</b>	<b>£544,126</b>	<b>£344,126</b>	<b>£1,938,827</b>		
CONSULTEES		Costs	Input into rewriting of guidance	£-6,091	£0	£0	£0	£0	£0	£-6,091
	SP consultations		£-11,941	£0	£0	£0	£0	£0	£-11,941	
	Savings	Integrated consultations	£0	£110	£110	£110	£110	£110	£835	
		Standard Permitting	£0	£7,996	£7,996	£7,996	£7,996	£7,996	£60,834	
		Reduced number of consultations	£0	£18,814	£18,814	£18,814	£18,814	£18,814	£143,128	
<b>CONSULTEE TOTALS</b>		<b>£-18,032</b>	<b>£26,920</b>	<b>£26,920</b>	<b>£26,920</b>	<b>£26,920</b>	<b>£26,920</b>	<b>£186,766</b>		
<b>Monetised CO<sub>2</sub> Savings</b>		<b>£0</b>	<b>£263</b>	<b>£263</b>	<b>£263</b>	<b>£263</b>	<b>£263</b>	<b>£2,002</b>		
<b>TOTALS: INDUSTRY, EA, CONSULTEES &amp; CO<sub>2</sub></b>		<b>£-882,205</b>	<b>£1,541,563</b>	<b>£1,541,563</b>	<b>£1,552,269</b>	<b>£1,752,269</b>	<b>£1,552,269</b>	<b>£11,080,918</b>		

Table 7. Costs and Benefits of the Groundwater Regime in England and Wales

EPP2 Costs & Benefits Matrix		Preparation --> Transition --> Ongoing savings					10 Year NPV		
Groundwater		2009/10	2010/11	2011/12	2012/13	2013/14		2014/15	
INDUSTRY	Transition costs	Consider move to SP/Exemption	£0	£0	£0	£0	£0	£0	
		Apply for SP	-£32,432	-£32,432	-£32,432	£0	£0	£0	-£94,044
		Apply for Exemption	-£20,324	-£20,324	-£20,324	£0	£0	£0	-£58,934
		Understand guidance	£0	£0	£0	£0	£0	£0	£0
	Simplified guidance	Applications	£0	£792	£792	£792	£792	£792	£6,023
		Variations	£0	£7	£7	£7	£7	£7	£56
		Transfers	£0	£125	£125	£125	£125	£125	£953
		Surrenders/lapses and revocations	£0	£289	£289	£289	£289	£289	£2,198
	Integration of regimes	Applications (inc consultations)	£0	£298	£298	£298	£298	£298	£2,263
		Variations	£0	£2	£2	£2	£2	£2	£18
		Transfers	£0	£128	£128	£128	£128	£128	£972
		Surrenders/lapses and revocations	£0	£248	£248	£248	£248	£248	£1,888
		Integrated inspections	£0	£0	£0	£0	£0	£0	£0
	Operator permits	Multiple applications under 1 form	£0	£0	£0	£0	£0	£0	£0
	Standard permits	Applications	£0	£14,771	£14,771	£14,771	£14,771	£14,771	£112,376
		Subsistence (>flexibility, <inspections)	£0	£0	£0	£0	£0	£0	£0
		Variations	£0	£63	£63	£63	£63	£63	£481
	Exemptions	Annual savings on new applications	£0	£1,646,192	£1,646,192	£1,646,192	£1,646,192	£1,646,192	£12,523,710
		Annual savings on transfers	£0	£41,116	£41,116	£41,116	£41,116	£41,116	£312,801
	Streamlining	New dispensations for transfers	£0	£0	£0	£0	£0	£0	£0
		Streamlined permit revocation (DCs)	£0	£0	£0	£0	£0	£0	£0
		Streamlined RSR variations	£0	£0	£0	£0	£0	£0	£0
	Mining waste	Savings on application - existing sites	£0	£0	£0	£0	£0	£0	£0
		Savings on application - new sites	£0	£0	£0	£0	£0	£0	£0
	<b>INDUSTRY TOTALS</b>		<b>-£52,757</b>	<b>£1,651,275</b>	<b>£1,651,275</b>	<b>£1,704,032</b>	<b>£1,704,032</b>	<b>£1,704,032</b>	<b>£12,810,762</b>
	ENVIRONMENT AGENCY	Preparation costs	Input into regulatory process	£0	£0	£0	£0	£0	£0
			Net IT costs	£0	£0	£0	£0	£0	£0
Staff training/reading guidance			£0	£0	£0	£0	£0	£0	£0
Develop SPs and consultations			£0	£0	£0	£0	£0	£0	£0
Rewrite guidance			£0	£0	£0	£0	£0	£0	£0
Amalgamating public registers			-£47,471	£0	£0	£0	£0	£0	-£47,471
Transition costs		Move to SPs	-£11,233	-£11,233	-£11,233	£0	£0	£0	-£32,573
		Move to Exemptions	£0	-£6,667	-£6,667	-£6,667	£0	£0	-£19,324
		Reduction in process efficiency	-£14,401	£0	£0	£0	£0	£0	-£14,401
Integration of regimes		Applications (inc consultations)	£0	£0	£0	£0	£0	£0	£0
		Variations	£0	£0	£0	£0	£0	£0	£0
		Transfers	£0	£0	£0	£0	£0	£0	£0
		Surrenders/lapses and revocations	£0	£0	£0	£0	£0	£0	£0
		Integrated inspections	£0	£0	£0	£0	£0	£0	£0
Operator permits		Multiple applications under 1 form	£0	£0	£0	£0	£0	£0	£0
Standard permits		Applications	£0	£14,481	£14,481	£14,481	£14,481	£14,481	£110,168
		Subsistence	£0	£13,045	£13,045	£13,045	£13,045	£13,045	£99,245
		Variations	£0	£11,521	£11,521	£11,521	£11,521	£11,521	£87,651
Exemptions		Annual savings on new applications	£0	£244,056	£244,056	£244,056	£244,056	£244,056	£1,856,701
		Annual savings on transfers	£0	£8,137	£8,137	£8,137	£8,137	£8,137	£61,905
Streamlining		New dispensations for transfers	£0	£0	£0	£0	£0	£0	£0
		Streamlined RSR variations	£0	£0	£0	£0	£0	£0	£0
		Reduced number of consultations	£0	£0	£0	£0	£0	£0	£0
Other savings		Policy and process savings	£0	£0	£0	£0	£0	£0	£0
		Admin savings	£0	£0	£0	£0	£0	£0	£0
<b>ENVIRONMENT AGENCY TOTALS</b>		<b>-£73,106</b>	<b>£273,341</b>	<b>£273,341</b>	<b>£284,574</b>	<b>£291,241</b>	<b>£291,241</b>	<b>£2,101,901</b>	
CONSULTEES		Costs	Input into rewriting of guidance	£0	£0	£0	£0	£0	£0
	SP consultations		£0	£0	£0	£0	£0	£0	£0
	Savings	Integrated consultations	£0	£0	£0	£0	£0	£0	£0
		Standard Permitting	£0	£0	£0	£0	£0	£0	£0
		Reduced number of consultations	£0	£0	£0	£0	£0	£0	£0
<b>CONSULTEE TOTALS</b>		<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	
<b>Monetised CO<sub>2</sub> Savings</b>		<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	
<b>TOTALS: INDUSTRY, EA, CONSULTEES &amp; CO<sub>2</sub></b>		<b>-£125,863</b>	<b>£1,924,616</b>	<b>£1,924,616</b>	<b>£1,988,606</b>	<b>£1,995,273</b>	<b>£1,995,273</b>	<b>£14,912,663</b>	

## Radioactive Substances Regulation baseline

3.31. The baseline costs, generated in consultation with the Environment Agency and validated with the industry quality assurance, are shown in Table 8, Table 9 and Table 10.

3.32. RSR currently applies to certain radioactive material and wastes. It comprises nuclear and non-nuclear regulation, which have been calculated separately in this IA:

- RSR regulates the use and storage of radioactive material, and the storage and disposal of radioactive wastes. There are currently around 4,000 non-nuclear permits, operated through a system of registration and authorisation. Controls apply to fixed radioactive sources and mobile ones. A series of exemption orders render lower risk substances and wastes exempt from the need for a permit<sup>10</sup>.
- There are currently 36 nuclear permits (sites permitted include power stations, research and military establishments). The storage of radioactive substances and wastes is regulated along with health and safety issues undertaken by the Nuclear Installations Inspectorate (part of Health and Safety Executive), through a site licence issued under the Nuclear Installations Act 1965. The Environment Agency regulates disposal of radioactive wastes from those sites.

Table 8. Baseline annual costs of the non-nuclear regime in England and Wales

Process	Description	Quantity	Environment Agency	Industry
<b>Applications</b>	Non-nuclear authorisations	50	£15,647	£122,850
	Non-nuclear registrations	120	£18,776	£117,936
<b>Variation</b>	Non-nuclear authorisations	160	£63,798	£116,364
	Non-nuclear registrations	380	£101,014	£134,812
<b>Subsistence (Inspections)</b>	Non-nuclear authorisations	395	£126,003	£87,346
	Non-nuclear registrations	1,293	£206,230	£285,921
<b>Surrenders</b>	Non-nuclear authorisations	70	£24,460	£68,796
	Non-nuclear registrations	380	£53,114	£149,386
<b>Sub-Total</b>			<b>£609,043</b>	<b>£1,083,411</b>
<b>Other</b>	IT costs		£149,000	
	EA policy		£216,000	
	EA process		£201,000	
	Support services		£23,000	
<b>Totals</b>			<b>£1,198,043</b>	<b>£1,083,411</b>

Notes: \*Support services staff includes finance, legal, admin.

<sup>10</sup>

Table 9. Baseline annual costs of the nuclear regime in England and Wales

Process	Description	Quantity	Environment Agency	Industry
Variation	Nuclear authorisations	6	£1,800,000	£442,260
Transfers	Nuclear authorisations	7	£132,000	£113,514
Subsistence	Inspections	720	£1,008,000	£238,821
	Samples	36	£432,000	£269,071
<b>Sub-Totals</b>			<b>£3,372,000</b>	<b>£1,063,666</b>
Other	IT costs		£76,000	
	EA policy		£180,000	
	Environment Agency process		£381,000	
	Support services*		£40,000	
<b>Totals</b>			<b>£4,049,000</b>	<b>£1,063,666</b>

Notes:  
 \*Support services staff (finance, legal, admin) and other (vehicle ops, labs, depreciation)  
 It was reported that there have only been a couple of nuclear authorisations surrendered in the last decade. Baseline costs for administering surrenders have not therefore been provided by the Environment Agency.

Table 10. Summary of baseline annual costs of the non-nuclear and nuclear regimes in England and Wales

Description	Industry	Environment Agency	Total
<b>Non-nuclear</b>	£1,083,411	£1,198,043	<b>£2,281,454</b>
<b>Nuclear</b>	£1,063,666	£4,049,000	<b>£5,112,666</b>
<b>Total</b>	<b>£2,147,077</b>	<b>£5,247,043</b>	<b>£7,394,120</b>

### Radioactive Substances Regulation benefits

- 3.33. The estimated costs and benefits for the RSR regime are presented in Table 11, Table 12 and Table 13.
- 3.34. Security considerations and the need for most inspections to be undertaken by specialist staff mean that the benefits of EPP2 to the RSR regime are more limited than they would otherwise be. There is a need to keep the application process separate and distinct from that of the other regimes, hence cost savings for applications seen under the other regimes do not occur here. Similarly, permitting applications and inspections will not be integrated with the other regimes. However, similar design of guidance documents and application forms may deliver efficiency improvements.
- 3.35. Some of the small users of radioactive materials may also be able to use standard rules, rather than requiring a site-specific (bespoke) permit. With an assumed 50 per cent of non-nuclear RSR permits able to operate under standard rules and 40 per cent of existing qualifying permits transferring to standard rules, the ten year NPV cost saving amounts to £0.6 million (£0.4 million to industry and £0.2 million to the Environment Agency).
- 3.36. The ability to transfer permits between operators will also bring benefits amounting to £0.2 million as a ten year NPV.
- 3.37. The major contributor to the nuclear cost savings is streamlined nuclear and non-nuclear variations. Currently, authorisations are framed in a manner that means that any changes to

the destination to which radioactive wastes are sent for off-site disposal (to separately authorised facilities) requires a formal variation. The proposal under EPP2 is to streamline these arrangements by reducing the level of prescription within environmental permits to allow such changes to be made without formal variation, whilst maintaining the provision of information to local authorities. To counter a possible loss of transparency, the appropriate local authorities would be informed of the new transfer arrangement by the waste recipient. The modelling assumes that four of the six nuclear variations per year can be streamlined, and that 90 per cent of both the Environment Agency's and industry's 1,500 hours are saved. This delivers £4.5 million of savings as an NPV over ten years. Further savings may be delivered to non-nuclear permit holders. Assuming 25 per cent of non-nuclear variations can be avoided and that a further 50 per cent are able to be streamlined (again with 90 per cent time savings), the cost savings amount to £2.2 million over ten years. Furthermore, consultations will not be required on avoided or streamlined non-nuclear variations, which leads to further savings of £91,000 (NPV over ten years) to consultees and £0.1 million (NPV over ten years) to the Environment Agency. These contribute to the "reduced number of consultations" savings in the tables.

### **Radioactive Substances Regulation summary**

- 3.38. As illustrated in the combined Table 13 for both nuclear and non-nuclear radioactive substances, it is estimated that the NPV of using EP is £8.2 million over ten years for England and Wales (£4.4 million to industry, £3.7 million to the Environment Agency and £0.1 million to consultees).

Table 11. Costs and benefits of the non-nuclear Radioactive Substances Regulation regime in England and Wales

EPP2 Costs & Benefits Matrix Non-Nuclear RSR		Preparation -->	Transition -->	Ongoing savings				10 Year NPV	
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15		
INDUSTRY	Transition costs	Consider move to SP/Exemption	-£16,380	-£16,380	-£16,380	£0	£0	£0	-£47,497
		Apply for SP	-£85,628	-£85,628	-£85,628	£0	£0	£0	-£248,296
		Apply for Exemption	£0	£0	£0	£0	£0	£0	£0
		Understand guidance	-£16,380	-£16,380	-£16,380	£0	£0	£0	-£47,497
	Simplified guidance	Applications	£0	£24,079	£24,079	£24,079	£24,079	£24,079	£183,183
		Variations	£0	£25,118	£25,118	£25,118	£25,118	£25,118	£191,086
		Transfers	£0	£0	£0	£0	£0	£0	£0
		Surrenders/lapses and revocations	£0	£21,818	£21,818	£21,818	£21,818	£21,818	£165,986
	Integration of regimes	Applications (inc consultations)	£0	£0	£0	£0	£0	£0	£0
		Variations	£0	£0	£0	£0	£0	£0	£0
		Transfers	£0	£0	£0	£0	£0	£0	£0
		Surrenders/lapses and revocations	£0	£0	£0	£0	£0	£0	£0
	Operator permits	Multiple applications under 1 form	£0	£0	£0	£0	£0	£0	£0
		Standard permits	Applications	£0	£48,157	£48,157	£48,157	£48,157	£48,157
	Standard permits	Subsistence (>flexibility, <inspections)	£0	£5,645	£5,645	£5,645	£5,645	£5,645	£42,942
		Variations	£0	£37,982	£37,982	£37,982	£37,982	£37,982	£288,958
		Exemptions	Annual savings on new applications	£0	£0	£0	£0	£0	£0
	Streamlining	Annual savings on transfers	£0	£0	£0	£0	£0	£0	£0
		New dispensations for transfers	£0	£22,408	£22,408	£22,408	£22,408	£22,408	£170,472
		Streamlined permit revocation (DCs)	£0	£0	£0	£0	£0	£0	£0
	Mining waste	Streamlined RSR variations	£0	£175,823	£175,823	£175,823	£175,823	£175,823	£1,337,603
		Savings on application - existing sites	£0	£0	£0	£0	£0	£0	£0
		Savings on application - new sites	£0	£0	£0	£0	£0	£0	£0
	<b>INDUSTRY TOTALS</b>		<b>-£118,388</b>	<b>£242,641</b>	<b>£242,641</b>	<b>£361,029</b>	<b>£361,029</b>	<b>£361,029</b>	<b>£2,403,305</b>
ENVIRONMENT AGENCY	Preparation costs	Input into regulatory process	-£32,797	£0	£0	£0	£0	£0	-£32,797
		Net IT costs	£0	£0	£0	£0	£0	£0	£0
		Staff training/reading guidance	-£63,017	£0	£0	£0	£0	£0	-£63,017
		Develop SPs and consultations	-£75,000	£0	£0	£0	£0	£0	-£75,000
		Rewrite guidance	-£32,797	£0	£0	£0	£0	£0	-£32,797
		Amalgamating public registers	-£26,890	£0	£0	£0	£0	£0	-£26,890
	Transition costs	Move to SPs	-£38,950	-£38,950	-£38,950	£0	£0	£0	-£112,944
		Move to Exemptions	£0	£0	£0	£0	£0	£0	£0
		Reduction in process efficiency	-£12,181	£0	£0	£0	£0	£0	-£12,181
	Integration of regimes	Applications (inc consultations)	£0	£0	£0	£0	£0	£0	£0
		Variations	£0	£0	£0	£0	£0	£0	£0
		Transfers	£0	£0	£0	£0	£0	£0	£0
		Surrenders/lapses and revocations	£0	£0	£0	£0	£0	£0	£0
	Operator permits	Multiple applications under 1 form	£0	£0	£0	£0	£0	£0	£0
		Standard permits	Applications	£0	£10,757	£10,757	£10,757	£10,757	£10,757
	Standard permits	Subsistence	£0	£15,072	£15,072	£15,072	£15,072	£15,072	£114,663
		Variations	£0	£24,923	£24,923	£24,923	£24,923	£24,923	£189,604
		Exemptions	Annual savings on new applications	£0	£0	£0	£0	£0	£0
	Streamlining	Annual savings on transfers	£0	£0	£0	£0	£0	£0	£0
		New dispensations for transfers	£0	-£2,720	£2,378	£2,378	£2,378	£2,378	£13,168
		Streamlined RSR variations	£0	£115,369	£115,369	£115,369	£115,369	£115,369	£877,688
	Other savings	Reduced number of consultations	£0	£13,132	£13,132	£13,132	£13,132	£13,132	£99,901
		Policy and process savings	£0	£14,405	£14,405	£14,405	£14,405	£14,405	£109,590
		Admin savings	£0	£3,201	£3,201	£3,201	£3,201	£3,201	£24,353
<b>ENVIRONMENT AGENCY TOTALS</b>		<b>-£281,631</b>	<b>£155,188</b>	<b>£160,287</b>	<b>£199,237</b>	<b>£199,237</b>	<b>£199,237</b>	<b>£1,155,180</b>	
CONSULTEES	Costs	Input into rewriting of guidance	-£3,280	£0	£0	£0	£0	£0	-£3,280
		SP consultations	-£12,860	£0	£0	£0	£0	£0	-£12,860
	Savings	Integrated consultations	£0	£0	£0	£0	£0	£0	£0
		Standard Permitting	£0	£3,365	£3,365	£3,365	£3,365	£3,365	£25,603
		Reduced number of consultations	£0	£11,932	£11,932	£11,932	£11,932	£11,932	£90,772
<b>CONSULTEE TOTALS</b>		<b>-£16,139</b>	<b>£15,297</b>	<b>£15,297</b>	<b>£15,297</b>	<b>£15,297</b>	<b>£15,297</b>	<b>£100,236</b>	
<b>Monetised CO<sub>2</sub> Savings</b>		<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	
<b>TOTALS: INDUSTRY, EA, CONSULTEES &amp; CO<sub>2</sub></b>		<b>-£416,159</b>	<b>£413,126</b>	<b>£418,224</b>	<b>£575,563</b>	<b>£575,563</b>	<b>£575,563</b>	<b>£3,658,721</b>	

Table 12. Costs and benefits of the nuclear Radioactive Substances Regulation regime in England and Wales

EPP2 Costs & Benefits Matrix		Preparation --> Transition --> Ongoing savings						10 Year NPV		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15			
INDUSTRY	Transition costs	Consider move to SP/Exemption	£0	£0	£0	£0	£0	£0	£0	
		Apply for SP	£0	£0	£0	£0	£0	£0	£0	
		Apply for Exemption	£0	£0	£0	£0	£0	£0	£0	
		Understand guidance	£0	£0	£0	£0	£0	£0	£0	
	Simplified guidance	Applications	£0	£0	£0	£0	£0	£0	£0	
		Variations	£0	£0	£0	£0	£0	£0	£0	
		Transfers	£0	£0	£0	£0	£0	£0	£0	
		Surrenders/lapses and revocations	£0	£0	£0	£0	£0	£0	£0	
	Integration of regimes	Applications (inc consultations)	£0	£0	£0	£0	£0	£0	£0	
		Variations	£0	£0	£0	£0	£0	£0	£0	
		Transfers	£0	£0	£0	£0	£0	£0	£0	
		Surrenders/lapses and revocations	£0	£0	£0	£0	£0	£0	£0	
	Operator permits	Integrated inspections	£0	£0	£0	£0	£0	£0	£0	
		Multiple applications under 1 form	£0	£0	£0	£0	£0	£0	£0	
	Standard permits	Applications	£0	£0	£0	£0	£0	£0	£0	
		Subsistence (>flexibility, <inspections)	£0	£0	£0	£0	£0	£0	£0	
		Variations	£0	£0	£0	£0	£0	£0	£0	
	Exemptions	Annual savings on new applications	£0	£0	£0	£0	£0	£0	£0	
		Annual savings on transfers	£0	£0	£0	£0	£0	£0	£0	
	Streamlining	New dispensations for transfers	£0	£0	£0	£0	£0	£0	£0	
		Streamlined permit revocation (DCs)	£0	£0	£0	£0	£0	£0	£0	
		Streamlined RSR variations	£0	£265,356	£265,356	£265,356	£265,356	£265,356	£2,018,747	
	Mining waste	Savings on application - existing sites	£0	£0	£0	£0	£0	£0	£0	
		Savings on application - new sites	£0	£0	£0	£0	£0	£0	£0	
	<b>INDUSTRY TOTALS</b>		<b>£0</b>	<b>£265,356</b>	<b>£265,356</b>	<b>£265,356</b>	<b>£265,356</b>	<b>£265,356</b>	<b>£2,018,747</b>	
	ENVIRONMENT AGENCY	Preparation costs	Input into regulatory process	-£32,797	£0	£0	£0	£0	£0	-£32,797
			Net IT costs	£0	£0	£0	£0	£0	£0	£0
Staff training/reading guidance			-£63,017	£0	£0	£0	£0	£0	-£63,017	
Develop SPs and consultations			£65,593	£0	£0	£0	£0	£0	£0	
Rewrite guidance			-£65,593	£0	£0	£0	£0	£0	-£65,593	
Amalgamating public registers			-£259	£0	£0	£0	£0	£0	-£259	
Transition costs		Move to SPs	£0	£0	£0	£0	£0	£0	£0	
		Move to Exemptions	£0	£0	£0	£0	£0	£0	£0	
		Reduction in process efficiency	-£18,108	£0	£0	£0	£0	£0	-£18,108	
Integration of regimes		Applications (inc consultations)	£0	£0	£0	£0	£0	£0	£0	
		Variations	£0	£0	£0	£0	£0	£0	£0	
		Transfers	£0	£0	£0	£0	£0	£0	£0	
		Surrenders/lapses and revocations	£0	£0	£0	£0	£0	£0	£0	
Operator permits		Integrated inspections	£0	£0	£0	£0	£0	£0	£0	
		Multiple applications under 1 form	£0	£0	£0	£0	£0	£0	£0	
Standard permits		Applications	£0	£0	£0	£0	£0	£0	£0	
		Subsistence	£0	£0	£0	£0	£0	£0	£0	
		Variations	£0	£0	£0	£0	£0	£0	£0	
Exemptions		Annual savings on new applications	£0	£0	£0	£0	£0	£0	£0	
		Annual savings on transfers	£0	£0	£0	£0	£0	£0	£0	
Streamlining		New dispensations for transfers	£0	£0	£0	£0	£0	£0	£0	
		Streamlined RSR variations	£0	£327,059	£327,059	£327,059	£327,059	£327,059	£2,488,165	
		Reduced number of consultations	£0	£0	£0	£0	£0	£0	£0	
Other savings		Policy and process savings	£0	£22,140	£22,140	£22,140	£22,140	£22,140	£168,431	
		Admin savings	£0	£4,920	£4,920	£4,920	£4,920	£4,920	£37,429	
<b>ENVIRONMENT AGENCY TOTALS</b>		<b>-£179,774</b>	<b>£354,119</b>	<b>£354,119</b>	<b>£354,119</b>	<b>£354,119</b>	<b>£354,119</b>	<b>£2,514,250</b>		
CONSULTEES		Costs	Input into rewriting of guidance	-£6,559	£0	£0	£0	£0	£0	-£6,559
	SP consultations		-£12,860	£0	£0	£0	£0	£0	-£12,860	
	Savings	Integrated consultations	£0	£0	£0	£0	£0	£0	£0	
		Standard Permitting	£0	£0	£0	£0	£0	£0	£0	
		Reduced number of consultations	£0	£0	£0	£0	£0	£0	£0	
<b>CONSULTEE TOTALS</b>		<b>-£19,419</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>-£19,419</b>		
<b>Monetised CO<sub>2</sub> Savings</b>		<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>		
<b>TOTALS: INDUSTRY, EA, CONSULTEES &amp; CO<sub>2</sub></b>		<b>-£199,193</b>	<b>£619,475</b>	<b>£619,475</b>	<b>£619,475</b>	<b>£619,475</b>	<b>£619,475</b>	<b>£4,513,579</b>		

Table 13. Combined costs and benefits of the nuclear and non-nuclear Radioactive Substances Regulation regime in England and Wales

EPP2 Costs & Benefits Matrix Nuclear and Non-Nuclear Combined		Preparation		Transition		Ongoing savings		10 Year NPV
		2009/10	2010/11	2011/12	2012/13	2013/14		
INDUSTRY	Transition costs	Consider move to SP/Exemption	-£16,380	-£16,380	-£16,380	£0	£0	-£47,497
		Apply for SP	-£85,628	-£85,628	-£85,628	£0	£0	-£248,296
		Apply for Exemption	£0	£0	£0	£0	£0	£0
		Understand guidance	-£16,380	-£16,380	-£16,380	£0	£0	-£47,497
	Simplified guidance	Applications	£0	£24,079	£24,079	£24,079	£24,079	£183,183
		Variations	£0	£25,118	£25,118	£25,118	£25,118	£191,086
		Transfers	£0	£0	£0	£0	£0	£0
		Surrenders/lapses and revocations	£0	£21,818	£21,818	£21,818	£21,818	£165,986
	Integration of regimes	Applications (inc consultations)	£0	£0	£0	£0	£0	£0
		Variations	£0	£0	£0	£0	£0	£0
		Transfers	£0	£0	£0	£0	£0	£0
		Surrenders/lapses and revocations	£0	£0	£0	£0	£0	£0
		Integrated inspections	£0	£0	£0	£0	£0	£0
	Operator	Multiple applications under 1 form	£0	£0	£0	£0	£0	£0
	Standard permits	Applications	£0	£48,157	£48,157	£48,157	£48,157	£366,365
		Subsistence (>flexibility, <inspections)	£0	£5,645	£5,645	£5,645	£5,645	£42,942
		Variations	£0	£37,982	£37,982	£37,982	£37,982	£288,958
	Exemptions	Annual savings on new applications	£0	£0	£0	£0	£0	£0
		Annual savings on transfers	£0	£0	£0	£0	£0	£0
	Streamlining	New dispensations for transfers	£0	£22,408	£22,408	£22,408	£22,408	£170,472
Streamlined permit revocation (DCs)		£0	£0	£0	£0	£0	£0	
Streamlined RSR variations		£0	£441,179	£441,179	£441,179	£441,179	£3,356,351	
Mining waste	Savings on application - existing sites	£0	£0	£0	£0	£0	£0	
	Savings on application - new sites	£0	£0	£0	£0	£0	£0	
<b>INDUSTRY TOTALS</b>		<b>-£118,388</b>	<b>£507,997</b>	<b>£507,997</b>	<b>£626,385</b>	<b>£626,385</b>	<b>£4,422,052</b>	
ENVIRONMENT AGENCY	Preparation costs	Input into regulatory process	-£65,593	£0	£0	£0	£0	-£65,593
		Net IT costs	£0	£0	£0	£0	£0	£0
		Staff training/reading guidance	-£126,034	£0	£0	£0	£0	-£126,034
		Develop SPs and consultations	-£75,000	£0	£0	£0	£0	-£75,000
		Rewrite guidance	-£98,390	£0	£0	£0	£0	-£98,390
		Amalgamating public registers	-£27,149	£0	£0	£0	£0	-£27,149
	Transition costs	Move to SPs	-£38,950	-£38,950	-£38,950	£0	£0	-£112,944
		Move to Exemptions	£0	£0	£0	£0	£0	£0
		Reduction in process efficiency	-£30,289	£0	£0	£0	£0	-£30,289
	Integration of regimes	Applications (inc consultations)	£0	£0	£0	£0	£0	£0
		Variations	£0	£0	£0	£0	£0	£0
		Transfers	£0	£0	£0	£0	£0	£0
		Surrenders/lapses and revocations	£0	£0	£0	£0	£0	£0
		Integrated inspections	£0	£0	£0	£0	£0	£0
	Operator	Multiple applications under 1 form	£0	£0	£0	£0	£0	£0
	Standard permits	Applications	£0	£10,757	£10,757	£10,757	£10,757	£81,837
		Subsistence	£0	£15,072	£15,072	£15,072	£15,072	£114,663
		Variations	£0	£24,923	£24,923	£24,923	£24,923	£189,604
	Exemptions	Annual savings on new applications	£0	£0	£0	£0	£0	£0
		Annual savings on transfers	£0	£0	£0	£0	£0	£0
Streamlining	New dispensations for transfers	£0	-£2,720	£2,378	£2,378	£2,378	£13,168	
	Streamlined RSR variations	£0	£442,428	£442,428	£442,428	£442,428	£3,365,854	
	Reduced number of consultations	£0	£13,132	£13,132	£13,132	£13,132	£99,901	
Other savings	Policy and process savings	£0	£36,545	£36,545	£36,545	£36,545	£278,021	
	Admin savings	£0	£8,121	£8,121	£8,121	£8,121	£61,782	
<b>ENVIRONMENT AGENCY TOTALS</b>		<b>-£461,406</b>	<b>£509,307</b>	<b>£514,405</b>	<b>£553,356</b>	<b>£553,356</b>	<b>£3,669,431</b>	
CONSULTEES	Costs	Input into rewriting of guidance	-£9,839	£0	£0	£0	£0	-£9,839
		SP consultations	-£25,719	£0	£0	£0	£0	-£25,719
	Savings	Integrated consultations	£0	£0	£0	£0	£0	£0
		Standard Permitting	£0	£3,365	£3,365	£3,365	£3,365	£25,603
		Reduced number of consultations	£0	£11,932	£11,932	£11,932	£11,932	£90,772
<b>CONSULTEE TOTALS</b>		<b>-£35,558</b>	<b>£15,297</b>	<b>£15,297</b>	<b>£15,297</b>	<b>£15,297</b>	<b>£80,817</b>	
Other	Public Register Saving	£0	£0	£0	£0	£0	£0	
<b>Monetised CO<sub>2</sub> Savings</b>		<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	
<b>TOTALS: INDUSTRY, EA, CONSULTEES &amp; CO<sub>2</sub></b>		<b>-£615,352</b>	<b>£1,032,601</b>	<b>£1,037,699</b>	<b>£1,195,038</b>	<b>£1,195,038</b>	<b>£8,172,300</b>	

## Mining Waste Directive

- 3.39. The Mining Waste Directive (Directive 2006/21/EC) is a new directive relating to the management of waste from the extractive industries. The Government has transposed the Directive through amended EP Regulations<sup>11</sup> with the Environment Agency as the principal competent authority. The Government considered and consulted on several regulatory options:
- Delivery through the existing town and country planning and environmental discharge consent regimes
  - Delivery through the EPP with the Minerals and Waste Planning Authority (MWPA) as the competent authority or “regulator”
  - Delivery through the EPP with the Environment Agency as the competent authority or “regulator” (save for some separate, ‘stand-alone’ provisions to deliver requirements relating to major accident prevention and emergency planning)
  - Delivery through the planning system and EPP (specifically, with the permit requirements for waste facilities under Article 7 of the Directive delivered through the EPP)
- 3.40. Using information taken from the MWD IA<sup>12</sup> we have calculated the cost avoidance of transposing and implementing the MWD through EPP2 with the Environment Agency as regulator compared with the other options identified in the impact assessment (see Table 14). The headline benefits are estimated at £4.4 million NPV over ten years (for England and Wales). Table 5.10a in Annex 1 of the MWD IA shows that the EP system can deliver the requirements of the MWD at lowest cost. This, together with the relative cost savings between operators and public sector in Table 5.9d, in the MWD IA, is used to calculate the ten year NPV cost benefit used in this document.

Table 14. Estimated savings of implementing the Mining Waste Directive for England and Wales

Savings Comparison	10 year NPV (millions)
Option 1 (current planning regime) vs. Option 2a (use of MWPA)	£4.3
Option 1 vs. Option 2b (EPP)	£4.4
Option 1 vs. Option 3 (Hybrid)	£0.3

## Batteries Directives

- 3.41. The Batteries Directive (2006/66/EC) is also a new directive. It seeks to improve environmental performance at each stage in the life cycle of batteries and accumulators, e.g. production, distribution and end use, and particularly, the treatment and recycling of waste batteries and accumulators. The permitting parts of the BD have been transposed through the amendment to the EP Regulations<sup>13</sup>. Other BD requirements have been transposed through a producer responsibility scheme (not linked to the EP Regulations).
- 3.42. It is estimated that there will be few sites, currently only four sites across England and Wales, subject to the permitting requirements of the BD. These sites will also be required to have a Waste Framework Directive permit and possibly a Waste Electrical and Electronic Equipment Directive Permit, i.e. EP regime permits. First, we estimated the set-up and ongoing costs to the anticipated regulator (the Environment Agency) of using a separate new system (i.e. the baseline scenario) and secondly, the cost savings of implementing using EP. The costs avoided are estimated at about £1.0 million NPV over ten years in England and Wales for the Environment Agency (see Table 15).

<sup>11</sup> [http://www.opsi.gov.uk/si/si2009/uksi\\_20091799\\_en\\_1](http://www.opsi.gov.uk/si/si2009/uksi_20091799_en_1)

<sup>12</sup> [http://www.opsi.gov.uk/si/si2009/em/uksiem\\_20091799\\_en.pdf](http://www.opsi.gov.uk/si/si2009/em/uksiem_20091799_en.pdf) (Annex 1)

<sup>13</sup> <http://www.opsi.gov.uk/si/sis21-04>

3.43. We have not at this stage attempted to quantify the cost savings to industry because so few sites are anticipated to have a BD permit. We do think that there are savings for industry in being able to apply (in one step) for an EP permit rather than an EP waste permit and non-EP batteries permit. While such industry savings might be small in total, they may be significant at an individual site level and could be investigated further as the policy develops.

Table 15. Savings of implementing the Batteries Directive using EPP for England and Wales

<b>Environment Agency Setup Costs</b>				
<b>Without EPP</b>				
Function	Description	%	@/year	Cost
Project Manager	1/2 G6	50%	£60,908	£30,454
Project Board	8 * Senior Managers 1/20 of portfolio	40%	£92,000	£36,800
Legal	1/3 G6	33%	£60,908	£20,303
Finance	1/2 G5	50%	£47,764	£23,882
Communications	1/2 G4	50%	£37,758	£18,879
Policy	1/2 G6	50%	£60,908	£30,454
Process	1/2 G5	50%	£47,764	£23,882
<b>Total without EPP costs</b>				<b>£184,654</b>
<b>With EPP</b>				
Function	Description	%	@/year	Cost
Policy	1/3 G6	33%	£60,908	£20,303
Process	1/3 G5	33%	£47,764	£15,921
<b>Total with EPP costs</b>				<b>£36,224</b>
<b>EPP Savings on setup</b>	<b>£148,430</b>			
<b>Environment Agency Ongoing Cost</b>				
	Without EPP		With EPP	
Function	%	Cost	%	Cost
Process G5	100%	£47,764	25%	£11,941
Policy G6	100%	£60,908	25%	£15,227
Total per year		<b>£108,672</b>		<b>£27,168</b>
Total ongoing saving/year	<b>£81,504</b>			
<b>10 Year NPV of EPP</b>	<b>£701,563</b>			
<b>Total EPP savings (£m 10 Years NPV)</b>	<b>£0.85</b>			

### Water Abstraction and Impoundment baseline

3.44. The baseline costs are shown in Table 16.

3.45. WAI has been through a modernisation initiative under the Water Act 2003 (Water Act) that will continue to be delivered into 2008. As a consequence the Environment Agency is pursuing a productivity project called Streamlining Abstraction Processes (SAP). We have developed our baseline building onto the SAP changes. The Water Act deregulated smaller abstraction permits which led to a significant drop in the number of extant permits (from about 46,000 to 23,000).

3.46. The Water Act changes achieved a stand-alone functional modernisation in line with the decisions in 'Taking Water Responsibly'<sup>14</sup>. It was never intended to achieve a one-site one-

<sup>14</sup> <http://www.defra.gov.uk/corporate/policy/regulat/better/simplify.htm>

permit approach for operators holding abstraction licences and other environmental permits, which is something that respondents to the first and second EPP consultations suggested<sup>15</sup>.

3.47. Licences are split into three categories: temporary (<28 days), transfer, and full licences. Full licences have protected rights. All new licences are time limited but can be renewed. Of the current 22,856 licences, only 3,925 have an expiry date/time. The EP Regulations would not change the policy position for protected rights and continue to allow for the time-limitation of permits.

Table 16. Baseline annual costs of the Water Abstraction and Impoundment regime in England and Wales

Process	Description	Quantity	Environment Agency	Industry
<b>Applications</b>	New full licences	169	£327,810	£285,681
	Temporary abstraction licences	30	£76,162	£44,816
	New transfer licences	43	£109,165	£72,688
	Time limit renewals	425	£442,495	£478,952
	Advertising	479	£27,327	
<b>Variation, transfers &amp; surrenders</b>	Downward variations	73	£3,436	£11,479
	Minor amendments	618	£29,087	£97,179
	Transfers	1,000	£47,066	£167,076
	Apportionments (division/transfer)	100	£4,707	£16,708
	Revoked/lapsed/expired	1,599	£75,259	£251,440
<b>Variations (EA initiated)</b>	Appeal for compensation	0	£0	£0
	Upward variations	291	£564,454	£491,912
<b>Subsistence</b>	Monitoring & compliance	1,900	£325,072	£298,771
	Inspections	12,067	£1,018,868	£711,568
	Licence administration	22,856	£271,188	
<b>Subtotal</b>			<b>£3,322,097</b>	<b>£2,928,269</b>
<b>Other</b>	IT costs		£5,277,000	
	EA policy		£1,110,000	
	EA process		£579,000	
	Direct services & other		£14,049,000	
<b>TOTALS</b>			<b>£24,337,097</b>	<b>£2,928,269</b>
Notes:				
- Includes Impoundment licences.				
- 'Direct services & other' includes finance, legal, admin, vehicle ops, labs, depreciation.				

### Water Abstraction and Impoundment benefits

3.48. The estimated costs and benefits for the WAI regime are presented in Table 17.

3.49. Due to WAI licences commonly going hand in hand with discharge consents (as well as potentially other permit types), the benefits for this regime primarily arise through savings associated with permitting integration. An estimated £2.1 million NPV of savings are realised

<sup>15</sup> Available from the EPP team by emailing [eppadministrator@defra.gsi.gov.uk](mailto:eppadministrator@defra.gsi.gov.uk)

over ten years for England and Wales through integrated permit applications alone, and further savings are observed for the other licensing-related and site inspection activities.

### **Water Abstraction and Impoundment summary**

- 3.50. It is estimated that the total NPV of using EP for Water Abstraction and Impoundment is £4.5 million over ten years for England and Wales (£2.9 million to industry, £1.3 million to the Environment Agency and £0.3 million to consultees).

Table 17. Costs and benefits of the Water Abstraction and Impoundment regime in England and Wales

EPP2 Costs & Benefits Matrix		Preparation → Transition → Ongoing savings					10 Year NPV			
		2009/10	2010/11	2011/12	2012/13	2013/14		2014/15		
<b>Water Abstraction</b>										
<b>INDUSTRY</b>	Transition costs	Consider move to SP/Exemption	-£17,502	-£17,502	-£17,502	£0	£0	£0	-£50,750	
		Apply for SP	-£83,861	-£83,861	-£83,861	£0	£0	£0	-£243,173	
		Apply for Exemption	£0	£0	£0	£0	£0	£0	£0	
		Understand guidance	-£170,929	-£170,929	-£170,929	£0	£0	£0	-£495,641	
	Simplified guidance	Applications	£0	£17,643	£17,643	£17,643	£17,643	£17,643	£134,220	
		Variations	£0	£10,068	£10,068	£10,068	£10,068	£10,068	£76,593	
		Transfers	£0	£3,676	£3,676	£3,676	£3,676	£3,676	£27,963	
		Surrenders/lapses and revocations	£0	£6,972	£6,972	£6,972	£6,972	£6,972	£53,044	
	Integration of regimes	Applications (inc consultations)	£0	£225,260	£225,260	£225,260	£225,260	£225,260	£1,713,705	
		Variations	£0	£23,353	£23,353	£23,353	£23,353	£23,353	£177,664	
		Transfers	£0	£14,574	£14,574	£14,574	£14,574	£14,574	£110,878	
		Surrenders/lapses and revocations	£0	£86,604	£86,604	£86,604	£86,604	£86,604	£658,858	
	Operator permits	Integrated inspections	£0	£41,462	£41,462	£41,462	£41,462	£41,462	£315,429	
		Multiple applications under 1 form	£0	£3,968	£3,968	£3,968	£3,968	£3,968	£30,184	
	Standard permits	Applications	£0	£31,757	£31,757	£31,757	£31,757	£31,757	£241,596	
		Subsistence (>flexibility, <inspections)	£0	£2,027	£2,027	£2,027	£2,027	£2,027	£15,421	
		Variations	£0	£14,340	£14,340	£14,340	£14,340	£14,340	£109,098	
	Exemptions	Annual savings on new applications	£0	£0	£0	£0	£0	£0	£0	
		Annual savings on transfers	£0	£0	£0	£0	£0	£0	£0	
	Streamlining	New dispensations for transfers	£0	£0	£0	£0	£0	£0	£0	
		Streamlined permit revocation (DCs)	£0	£0	£0	£0	£0	£0	£0	
		Streamlined RSR variations	£0	£0	£0	£0	£0	£0	£0	
	Mining waste	Savings on application - existing sites	£0	£0	£0	£0	£0	£0	£0	
		Savings on application - new sites	£0	£0	£0	£0	£0	£0	£0	
	<b>INDUSTRY TOTALS</b>		<b>-£272,292</b>	<b>£209,412</b>	<b>£209,412</b>	<b>£481,704</b>	<b>£481,704</b>	<b>£481,704</b>	<b>£2,875,091</b>	
	<b>ENVIRONMENT AGENCY</b>	Preparation costs	Input into regulatory process	-£60,908	£0	£0	£0	£0	£0	-£60,908
			Net IT costs	£0	£0	£0	£0	£0	£0	£0
Staff training/reading guidance			-£208,188	£0	£0	£0	£0	£0	-£208,188	
Develop SPs and consultations			-£75,000	£0	£0	£0	£0	£0	-£75,000	
Rewrite guidance			-£60,908	£0	£0	£0	£0	£0	-£60,908	
Amalgamating public registers			-£133,885	£0	£0	£0	£0	£0	-£133,885	
Transition costs		Move to SPs	-£71,623	-£71,623	-£71,623	£0	£0	£0	-£207,684	
		Move to Exemptions	£0	£0	£0	£0	£0	£0	£0	
		Reduction in process efficiency	-£59,940	£0	£0	£0	£0	£0	-£59,940	
Integration of regimes		Applications (inc consultations)	£0	£44,238	£44,238	£44,238	£44,238	£44,238	£336,548	
		Variations	£0	£15,497	£15,497	£15,497	£15,497	£15,497	£117,895	
		Transfers	£0	£4,221	£4,221	£4,221	£4,221	£4,221	£32,110	
		Surrenders/lapses and revocations	£0	£13,992	£13,992	£13,992	£13,992	£13,992	£106,448	
		Integrated inspections	£0	£67,733	£67,733	£67,733	£67,733	£67,733	£515,290	
Operator permits		Multiple applications under 1 form	-£212	-£212	-£212	-£212	-£212	-£212	-£1,823	
Standard permits		Applications	£0	£55,291	£55,291	£55,291	£55,291	£55,291	£420,640	
		Subsistence	£0	£11,025	£11,025	£11,025	£11,025	£11,025	£83,876	
		Variations	£0	£16,178	£16,178	£16,178	£16,178	£16,178	£123,076	
Exemptions		Annual savings on new applications	£0	£0	£0	£0	£0	£0	£0	
		Annual savings on transfers	£0	£0	£0	£0	£0	£0	£0	
Streamlining		New dispensations for transfers	£0	£0	£0	£0	£0	£0	£0	
		Streamlined RSR variations	£0	£0	£0	£0	£0	£0	£0	
		Reduced number of consultations	£0	£11,162	£11,162	£11,162	£11,162	£11,162	£84,920	
Other savings		Policy and process savings	£0	£11,916	£11,916	£11,916	£11,916	£11,916	£90,653	
		Admin savings	£0	£22,223	£22,223	£22,223	£22,223	£22,223	£169,069	
<b>ENVIRONMENT AGENCY TOTALS</b>		<b>-£670,664</b>	<b>£201,642</b>	<b>£201,642</b>	<b>£273,265</b>	<b>£273,265</b>	<b>£273,265</b>	<b>£1,272,189</b>		
<b>CONSULTEES</b>		Costs	Input into rewriting of guidance	-£6,091	£0	£0	£0	£0	£0	-£6,091
	SP consultations		-£11,941	£0	£0	£0	£0	£0	-£11,941	
	Savings	Integrated consultations	£0	£953	£953	£953	£953	£953	£7,252	
		Standard Permitting	£0	£10,105	£10,105	£10,105	£10,105	£10,105	£76,874	
		Reduced number of consultations	£0	£32,470	£32,470	£32,470	£32,470	£32,470	£247,022	
	<b>CONSULTEE TOTALS</b>		<b>-£18,032</b>	<b>£43,528</b>	<b>£43,528</b>	<b>£43,528</b>	<b>£43,528</b>	<b>£43,528</b>	<b>£313,116</b>	
<b>Monetised CO<sub>2</sub> Savings</b>		<b>£0</b>	<b>£166</b>	<b>£166</b>	<b>£166</b>	<b>£166</b>	<b>£166</b>	<b>£1,259</b>		
<b>TOTALS: INDUSTRY, EA, CONSULTEES &amp; CO<sub>2</sub></b>		<b>-£960,988</b>	<b>£454,748</b>	<b>£454,748</b>	<b>£798,663</b>	<b>£798,663</b>	<b>£798,663</b>	<b>£4,461,656</b>		

## Waste Carriers and Brokers baseline

- 3.51. It is proposed in the second consultation on the 'Controls on the handling, transfer and transport of waste' (June 2008) that any person who applies for a permit under the EP Regulations will not need to complete a separate application form if they want to register as a waste carrier and/or broker. Those not requiring an environmental permit will continue to register using the existing waste carrier and broker application process.
- 3.52. When an environmental permit is applied for there will be an option to declare if operators wish to carry and/or broker waste. It is thought that those operators holding other environmental permits are of lower risk in terms of waste crime and will already have an understanding of the EP Regulations. There are no consultees for C&B registrations and they are therefore not included in the baseline.
- 3.53. In establishing our baseline (see Table 18), we have assumed the other simplification changes proposed in the June 2008 consultation are taken forward (i.e. beyond being able to apply for an EP permit) and we have not included them in this IA. Overall the administrative burden of the regime is extremely small, with the registration form being simple to complete and simple to process.

Table 18. Baseline annual costs of the Waste Carriers & Brokers regime in England and Wales

Process	Description	Permit type	Quantity	Environment Agency	Industry
Application	Registration	Paper	5,445	£86,483	£135,135
		Electronic	5,445	£57,655	£67,568
		Convictions check	110	£6,406	
	Renewal	Paper	6,800	£72,003	£167,076
		Electronic	6,800	£36,001	£83,538
Variation	Notify change of details		3,600	£12,706	£44,226
<b>Sub-Totals</b>				<b>£271,254</b>	<b>£497,543</b>
Other	Compliance (roadside checks)			£1,975,000	£6,143
	IT costs			£83,000	
	EA policy			£197,000	
	EA process			£55,000	
	Direct services staff (finance, legal, admin)			£30,000	
	Other (e.g. vehicle ops, labs, depreciation)			£28,000	
<b>Totals</b>				<b>£2,639,254</b>	<b>£503,686</b>
Notes:					
* Direct services staff (finance, legal, admin)					

## Carriers and Brokers benefits

- 3.54. The estimated costs and benefits for the C&B regime are presented in Table 19.
- 3.55. Benefits to C&B are more marginal than for other regimes, primarily because licensing requirements are already straightforward and of limited encumbrance to either industry or the Environment Agency (as regulator). However, where a company is involved with any other type of permit, under the proposed EPP2 system a simple check box within the generic application form can be used to register a carrier. In this instance, only limited additional form filling and no further discussions with the Environment Agency will need to be undertaken and the majority of the administrative burden associated with the current carriers and brokers

system during applications or licence variations can be avoided. This is evident in Table 19 – the significant annual cost savings being £320,000 per year for industry and £250,000 for the Environment agency through reduced specific Carriers and Brokers applications.

### **Carriers and Brokers summary**

- 3.56. It is estimated that there is a potential benefit to those who also hold other environmental permits of £0.9 million NPV over ten years for England and Wales (£0.5 million to industry and £0.4 million to the Environment Agency).

Table 19. Costs and benefits of the Carriers and Brokers regime in England and Wales

EPP2 Costs & Benefits Matrix Carriers & Brokers		Preparation	Transition	Ongoing savings			10 Year NPV		
		2009/10	2010/11	2011/12	2012/13	2013/14		2014/15	
INDUSTRY	Transition costs	Consider move to SP/Exemption	£0	£0	£0	£0	£0	£0	
		Apply for SP	£0	£0	£0	£0	£0	£0	
		Apply for Exemption	£0	£0	£0	£0	£0	£0	
		Understand guidance	-£1,157	-£1,157	-£1,157	£0	£0	£0	-£3,354
	Simplified guidance	Applications	£0	£3,303	£3,303	£3,303	£3,303	£3,303	£25,127
		Variations	£0	£0	£0	£0	£0	£0	£0
		Transfers	£0	£0	£0	£0	£0	£0	£0
		Surrenders/lapses and revocations	£0	£0	£0	£0	£0	£0	£0
	Integration of regimes	Applications (inc consultations)	£0	£42,119	£42,119	£42,119	£42,119	£42,119	£320,425
		Variations	£0	£22,440	£22,440	£22,440	£22,440	£22,440	£170,717
		Transfers	£0	£0	£0	£0	£0	£0	£0
		Surrenders/lapses and revocations	£0	£0	£0	£0	£0	£0	£0
		Integrated inspections	£0	£0	£0	£0	£0	£0	£0
	Operator permits	Multiple applications under 1 form	£0	£0	£0	£0	£0	£0	£0
	Standard permits	Applications	£0	£0	£0	£0	£0	£0	£0
		Subsistence (>flexibility, <inspections)	£0	£0	£0	£0	£0	£0	£0
		Variations	£0	£0	£0	£0	£0	£0	£0
	Exemptions	Annual savings on new applications	£0	£0	£0	£0	£0	£0	£0
		Annual savings on transfers	£0	£0	£0	£0	£0	£0	£0
	Streamlining	New dispensations for transfers	£0	£0	£0	£0	£0	£0	£0
Streamlined permit revocation (DCs)		£0	£0	£0	£0	£0	£0	£0	
Streamlined RSR variations		£0	£0	£0	£0	£0	£0	£0	
Mining waste	Savings on application - existing sites	£0	£0	£0	£0	£0	£0	£0	
	Savings on application - new sites	£0	£0	£0	£0	£0	£0	£0	
<b>INDUSTRY TOTALS</b>		<b>-£1,157</b>	<b>£66,705</b>	<b>£66,705</b>	<b>£67,862</b>	<b>£67,862</b>	<b>£67,862</b>	<b>£512,915</b>	
ENVIRONMENT AGENCY	Preparation costs	Input into regulatory process	-£15,227	£0	£0	£0	£0	£0	-£15,227
		Net IT costs	£0	£0	£0	£0	£0	£0	£0
		Staff training/reading guidance	-£10,497	£0	£0	£0	£0	£0	-£10,497
		Develop SPs and consultations	£0	£0	£0	£0	£0	£0	£0
		Rewrite guidance	-£6,091	£0	£0	£0	£0	£0	-£6,091
		Amalgamating public registers	£0	£0	£0	£0	£0	£0	£0
	Transition costs	Move to SPs	£0	£0	£0	£0	£0	£0	£0
		Move to Exemptions	£0	£0	£0	£0	£0	£0	£0
		Reduction in process efficiency	-£5,425	£0	£0	£0	£0	£0	-£5,425
	Integration of regimes	Applications (inc consultations)	£0	£32,749	£32,749	£32,749	£32,749	£32,749	£249,146
		Variations	£0	£25,048	£25,048	£25,048	£25,048	£25,048	£190,557
		Transfers	£0	£0	£0	£0	£0	£0	£0
		Surrenders/lapses and revocations	£0	£0	£0	£0	£0	£0	£0
		Integrated inspections	£0	£0	£0	£0	£0	£0	£0
	Operator permits	Multiple applications under 1 form	£0	£0	£0	£0	£0	£0	£0
	Standard permits	Applications	£0	£0	£0	£0	£0	£0	£0
		Subsistence	£0	£0	£0	£0	£0	£0	£0
		Variations	£0	£0	£0	£0	£0	£0	£0
	Exemptions	Annual savings on new applications	£0	£0	£0	£0	£0	£0	£0
		Annual savings on transfers	£0	£0	£0	£0	£0	£0	£0
Streamlining	New dispensations for transfers	£0	£0	£0	£0	£0	£0	£0	
	Streamlined RSR variations	£0	£0	£0	£0	£0	£0	£0	
	Reduced number of consultations	£0	£0	£0	£0	£0	£0	£0	
Other savings	Policy and process savings	£0	£3,961	£3,961	£3,961	£3,961	£3,961	£30,137	
	Admin savings	£0	£0	£0	£0	£0	£0	£0	
<b>ENVIRONMENT AGENCY TOTALS</b>		<b>-£37,240</b>	<b>£61,759</b>	<b>£61,759</b>	<b>£61,759</b>	<b>£61,759</b>	<b>£61,759</b>	<b>£432,601</b>	
CONSULTEES	Costs	Input into rewriting of guidance	£0	£0	£0	£0	£0	£0	
		SP consultations	£0	£0	£0	£0	£0	£0	
	Savings	Integrated consultations	£0	£0	£0	£0	£0	£0	
		Standard Permitting	£0	£0	£0	£0	£0	£0	
	Reduced number of consultations	£0	£0	£0	£0	£0	£0	£0	
<b>CONSULTEE TOTALS</b>		<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	
<b>Monetised CO<sub>2</sub> Savings</b>		<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	
<b>TOTALS: INDUSTRY, EA, CONSULTEES &amp; CO<sub>2</sub></b>		<b>-£38,397</b>	<b>£128,463</b>	<b>£128,463</b>	<b>£129,620</b>	<b>£129,620</b>	<b>£129,620</b>	<b>£945,516</b>	

## 4. Implementation, enforcement and sanctions

- 4.1. The Environment Agency is the regulator for each of the EPP2 regimes. It is part of the joint team developing EPP2, and implementation issues have been considered throughout the policy development process. The proposals do not change the role of the Environment Agency as regulator for the EPP2 candidate regimes<sup>16</sup>. Neither is it anticipated that there would be alterations in the compliance assessment undertaken by the regulator beyond those changes already underway as part of the Environment Agency's modernisation programme.
- 4.2. The Hampton principles (see Box 3) have been considered with regard to EPP2 enforcement options. EPP2 covers neither novel criminal sanctions nor civil penalties. Defra's Fairer and Better Environmental Enforcement Project is developing possible proposals for a new framework for environmental enforcement and sanctions. This will include proposals for introducing civil administrative sanctions as part of a more graduated set of enforcement measures<sup>17</sup>.
- 4.3. The Environment Agency is developing its Operational Risk Appraisal (Opra) tool, extending its risk-based approach where appropriate to the candidate EPP2 (and other) regimes. These developments are linked to the Environment Agency's Unified Charging Framework<sup>18</sup> tiers. The full Opra methodology only applies to activities with bespoke permits, with a simplified approach being taken for the rest.

### Box 3: Enforcement: the Hampton Principles

- Regulators, and the regulatory system as a whole, should use comprehensive risk assessment to concentrate resources on the areas that need them most.
- Regulators should be accountable for the efficiency and effectiveness of their activities, while remaining independent in the decisions they take.
- All regulations should be written so that they are easily understood, easily implemented, and easily enforced, and all interested parties should be consulted when they are being drafted.
- No inspection should take place without a reason.
- Business should not have to give unnecessary information, nor give the same piece of information twice.
- The few businesses that persistently break regulations should be identified quickly, and face proportionate meaningful sanctions.
- Regulators should provide authoritative, accessible advice easily and cheaply.
- When new policies are being developed, explicit consideration should be given to how they can be enforced using existing regimes and data to minimise the administrative burden imposed.
- Regulators should be of the right size and scope, and no new regulator should be created where an existing one can do the work; regulators should recognise that a key element of their activity will be to allow, or even encourage, economic progress and only to intervene when there is a clear case for protection.

## 5. Conclusion

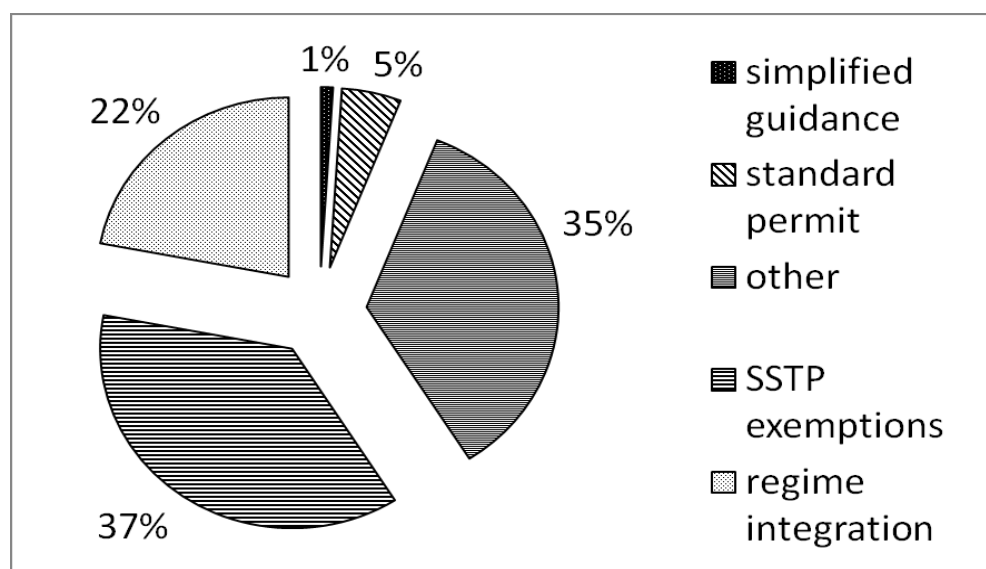
<sup>16</sup> The Mining Waste and Batteries Directives, as new directives, have no existing regulator and the Environment Agency is the proposed regulator for the EPP2 parts of these directives.

<sup>17</sup> [www.defra.gov.uk/environment/policy/enforcement/project/index.htm](http://www.defra.gov.uk/environment/policy/enforcement/project/index.htm)

<sup>18</sup> [www.environment-agency.gov.uk/business/regulation/38837.aspx](http://www.environment-agency.gov.uk/business/regulation/38837.aspx)

- 5.1. This IA forecasts the costs and benefits associated with the second phase of the EPP. The headline costs and benefits are anticipated to give a total discounted saving of £44.8 million over ten years for England and Wales. The larger proportion of the savings (67%) are expected to be generated from reduced burdens to industry, with the Environment Agency and consultees (involved in the permitting process) expected to achieve the remaining savings (31% and 1% respectively).
- 5.2. In assessing the potential impacts of the proposals, the Government has considered the views of a wide range of stakeholders, including industry, local authorities, environmental groups and other interested parties. A draft of this IA was publicly consulted from February – May 2009, with a stakeholder event being held on 31 March.
- 5.3. The proposals do not change the substantive requirements of permitting, but do reduce the administration necessary to deliver the requirements. Therefore the benefits are generally expressed in terms of savings in administrative costs. The costs are those that are incurred in implementing the new system. Where there are changes to the substantive requirements of permitting, the ongoing costs and benefits of those changes are also considered.
- 5.4. Cost savings are quantified where they arise from the integration of regimes, common inspections, multiple site applications, standard permits, simplified guidance and exemptions from the need to have a permit (SSTPs), see figure 3.

Figure 3. Pie chart of benefits in percentage terms<sup>19</sup>



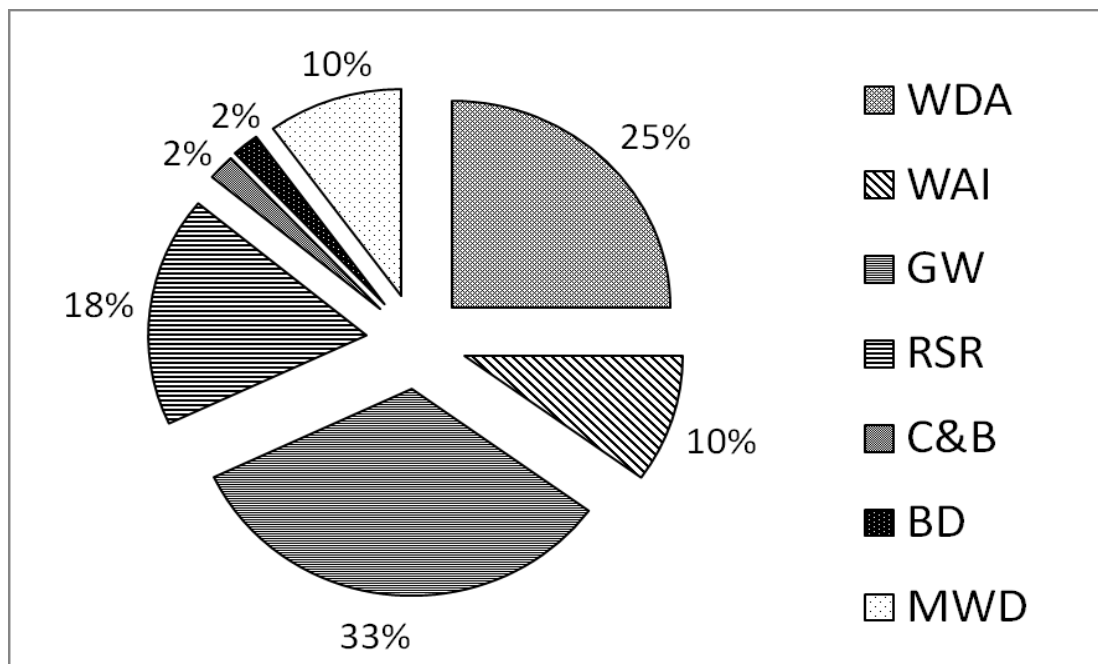
- 5.5. Some benefits are less tangible and it has not been possible to quantify them. These include: improved environmental outcomes, a simplified system to transpose future directives, savings in the cost of compliance and opportunities to tackle limitations and issues within each regime.

### Benefits by regime

- 5.6. This IA considers each regime separately, so that the costs and benefits can more accurately be forecast. Figure 4 shows the relative contribution of each candidate regime to the total.
- 5.7. As might be expected there is a positive correlation between the size of the benefit and the permitted population. In addition, there is wide variety in the numbers of affected operators within regimes, from the BD with less than ten sites to WDA/ and GW with more than 100,000 sites now and an estimated 350,000 sites in the future.

<sup>19</sup> Other includes reduced consultations, single form applications for multiple sites, the integration of the Mining Waste and Batteries Directives etc.

Figure 4. Pie chart of savings in percentage terms



#### 5.8. Regime benefits:

- **GA** and **WDA** are expected to result in headline benefits of £14.9 million and £11.1 million NPV over ten years for England and Wales respectively. The key EPP2 benefit is due to the efficiencies gained in relation to the large number of SSTP that would otherwise require permitting.
- The **RSR** regime is expected to result in the third greatest saving total, £8.2 million NPV over ten years for England and Wales. The major contributor to this is the streaming of nuclear variations while maintaining the level of information to local authorities (the other non-quantified benefit for RSR is modernisation by incorporation into the common system).
- **WAI** benefits account for £4.5 million NPV over ten years for England and Wales. The key EPP2 benefit is regime integration, as these permits are often associated with discharge consents.
- **MWD** benefits are forecast as £4.4 million NPV over ten years for England and Wales. This is the cost avoided by transposing through the EP Regulations rather than other options.
- **C&B** benefits are forecast as £0.9 million NPV over ten years for England and Wales. These small benefits will accrue only to those who also hold other EP Regulations permits.
- **BD** benefits are forecast as £0.8m NPV over ten years for England and Wales. This is the cost avoided by transposing through the EP Regulations rather than setting up a separate system.

## Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

**Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.**

Type of testing undertaken	Results in Evidence Base?	Results annexed?
Competition Assessment	No	Yes
Small Firms Impact Test	No	Yes
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	Yes
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	No	No
Disability Equality	No	No
Gender Equality	No	No
Human Rights	No	No
Rural Proofing	No	Yes

## Annexes

### Annex A

#### **Types of operators involved in the QA of the baseline and benefits assessment**

- A1. Table A1 shows the number and type of operators interviewed as part of the research into the costs and benefits of the proposed changes. In total, over 300 operators were contacted directly. 35 operators were interviewed, some of whom answered questions on more than one regime and some had several hundred permits within a regime.
- A2. The anonymous interviews focused on obtaining the costs to each operator of administering the current regime, from pre-licence application through to surrender. From this, the cost implications of the proposed changes were estimated.
- A3. For many operators it was not possible to gather all the information required, since not all operators had transferred, modified or surrendered permits. In addition, some permits were granted before the relevant person was employed by the company.

Table A1. The number and type of operators interviewed as part of research into the costs and benefits of the proposed changes to the Environmental Permitting Programme.

Type of operators interviewed (and number when more than one)	
Agricultural research	Material scientist (2)
Chemistry & analysis	Motor vehicle salvage (2)
Concrete production	Nature reserve
Construction/geotechnical engineer (2)	Other
Consulting engineer	Paper manufacturer
Farm (3)	Pharmaceutical production
Fish farm	Power generation (2)
Garage	Radioactive source supplier
Golf club	Radiographer
Hospital	School
Householder	Scrap metal recycler (2)
Housing association	Waste management
Housing developer	Water company (3)

### **Specific impact checklist**

- B1. Each of the tests in the Specific Impact Checklist has been considered for EPP2 (see Checklist above). The anticipated effect of the proposed Regulations on competition, small firms, carbon assessment and rural proofing are included below. While quality assuring estimates with industry, care was taken to examine these potential issues. None of the other impacts from the Checklist are considered relevant.

### **Competition Assessment**

- B2. Considering the four questions posed in the competition assessment laid out by the Office of Fair Trading<sup>20</sup>, the Regulations are not expected to either directly or indirectly limit the number or range of suppliers. The Regulations are not expected to limit the ability of the suppliers to compete or to reduce suppliers' incentives to compete vigorously.
- B3. For the purpose of this competition assessment, charges relating to new environmental permits, where a licensing system already exists, are likely to be less or equal when compared with previous **permits** or licences. The Environment Agency will be conducting its own public consultation (with an IA) on charging for EPP2.

### **Small Firm Impact Assessment**

- B4. The proposal is not anticipated to negatively affect small businesses, their customers or competitors. Indeed any proposal which reduces administrative burden should help small firms as they will spend a lower proportion of their time on administrative tasks. The EPP enables a risk-based approach to regulation, set within the Government's obligation to transpose EU directives. It is not therefore possible to simply exclude all small firms from regulation. EPP's focus on reducing administrative burdens, and its risk-based approach allow us to minimise burdens to all regulated businesses, but its benefits will be greatest for small businesses who have less time to spend on administration.
- B5. Of those operators interviewed to quality assure (QA) the data in this IA, 19 were small firms.
- B6. The QA suggested that the main cause of variance in the time taken for permitting requirements was the nature of the permit itself. In many cases the larger companies tend to be the ones with the more complex, and more involved, permits. However, it may not be surprising that the QA revealed that for certain types of permit, smaller companies take slightly increased amounts of time compared with their larger company counterparts on administration. This would suggest the value of the savings of a more streamlined permitting system may be greater for small firms.

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<sup>20</sup> Office of Fair Trading (August 2007) *Completing competition assessments in Impact Assessments: Guideline for policy makers*. OFT876

### **Carbon Assessment**

- B7. It is not considered there will be significant effects on emissions of greenhouse gases as a result of the implementation of this policy. Therefore, a full carbon assessment is not **appropriate**. However, incorporation of the candidate regimes into the single system may reduce the number of sites visits as a result of a single, combined inspection. Analysis carried out predicts a saving in fuel usage resulting in the saving of 23 tonnes of carbon dioxide per year. Using the Defra shadow rate for carbon of £26.48, this generates a saving of £609 per year.

### **Rural Proofing**

- B8. No consequences are expected to arise from the additional changes being considered under the proposal. Rural communities often have a higher proportion of smaller businesses and so this proposal may reduce barriers to entry for smaller, more dispersed rural markets, leading to increased competition and decreased centralisation of services.

**Macro assumptions used for baselines and benefits estimates****Industry baselines**

- C1. Assumptions within industry sectors are shown in Table C1. Specific assumptions were made for the Carriers & Brokers and RSR regimes.

Table C1. Industry wage rates including on-costs for England and Wales

		<b>Carriers and Brokers</b>	<b>RSR</b>	<b>Other</b>
<b>Professional</b>	Annual	£40,000	£90,000	£70,000
	Hourly	£24.57	£55.28	£43.00
<b>Non-professional</b>	Annual	£25,000	£40,000	£40,000
	Hourly	£15.36	£24.57	£24.57

Source: Based on EPP1 RIA figures with adjustments for RSR and Carriers and Brokers regimes

Notes:

1. Assumed industry productivity assumptions are for 220 productive days a year of 7.4 hours in length.
2. Professional staff include: company owner, directors, senior managers, other managers, internal professionals (e.g. lawyers, accountants) and technicians/officers (e.g. building inspectors, estate agents, vets).
3. Non-professional staff include: clerical staff and skilled/unskilled trades.
4. Includes on-costs (e.g. employer's National Insurance contributions, employer's pension contributions) but not cost of support staff activities.

- C2. The assumed mix of staff required to achieve different tasks is shown in Table C2.

Table C2. Assumed allocation of resources by industry for permitting tasks

		<b>Applications, Variations &amp; Subsistence</b>	<b>Appeals</b>	<b>Transfer &amp; Surrenders</b>
<b>Senior Managers</b>	Professional Rates	10%	10%	5%
<b>Internal Professionals</b>		10%	50%	0%
<b>Technicians/Officers</b>		60%	30%	60%
<b>Administrative and Clerical Staff</b>	Non-Professional Rates	20%	10%	35%

**Environment Agency baselines**

- C3. The Environment Agency has a streamlined pay structure across all of the candidate regimes (see Table C3). The exception is the RSR regime which, due to specialist knowledge, typically commands greater rates of pay. This was

reflected by assuming a 10 per cent higher on-cost for this regime (see Table C4).

Table C3. Environment Agency direct staff costs

	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Senior Manager
<b>Annual</b>	£24,447	£30,471	£37,758	£47,764	£60,908	£76,440	£92,000
<b>Hourly</b>	£21.18	£26.40	£32.71	£41.38	£52.76	£66.22	£79.70

Source: Environment Agency Finance Department 2008

Notes:

1. Environment Agency productivity time assumptions are for 156 productive days per year of 7.4 hours length.
2. 2008/9 wage rates used, including cost of line management support.
3. Includes on-costs (e.g. employer's National Insurance contributions and employer's pension contributions) but not cost of support staff activities.

Table C4. Environment Agency direct staff costs (nuclear and non-nuclear RSR)

	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Senior Manager
<b>Annual</b>	£26,328	£32,815	£40,663	£51,438	£65,593	£82,320	£99,077
<b>Hourly</b>	£22.81	£28.43	£35.22	£44.56	£56.82	£71.31	£85.83

Notes:

1. On-costs have assumed to be 10 per cent greater in these regimes to reflect the higher salaries of those working within the regime.
2. Environment Agency productivity time assumptions are for 156 productive days per year of 7.4 hours length.
3. 2008/9 wage rates used including cost of line management support.
4. Includes on-costs (e.g. employer's National Insurance contributions, employer's pension contributions) but not cost of support staff activities.

C4. Detailed assumptions were developed by Environment Agency representatives about the average mix of different grades of Environment Agency staff deployed for each type of permitting process. These are incorporated in the modelling done to support this IA.