

Title: Validatory IA : Reduction in the requirements for the public registration of environmental permits. IA No: Defra1461b Lead department or agency: Defra Other departments or agencies: Welsh Government, DECC, DCLG and the Environment Agency	Impact Assessment (IA)		
	Date: 25/06/2013		
	Stage: Final		
	Source of intervention: Domestic		
	Type of measure: Secondary legislation		
Contact for enquiries: Eddie Bailey/Mike Denbigh @defra.gsi.gov.uk 020 7238 6294			
Summary: Intervention and Options		RPC Opinion: EANCB Validated	

Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Two-Out? Measure qualifies as
£4.39m	-£0.004m	£0.0004Mm	Yes IN

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

The Environmental Permitting (England and Wales) Regulations 2010 (EPR 2010) require local authorities to maintain a duplicate of the Environment Agency's public information relevant to their area on their own public register. They also require the Environment Agency to provide relevant local authorities with the information necessary for it to comply with this duty. The cost of providing this service and supplying data are disproportionate to the level of benefit being derived by the Public and Businesses alike. As permitting is a regulatory based framework any proposed changes need to be underpinned in law to bring them into effect.

What are the policy objectives and the intended effects?

The policy objective is to improve the Environmental Permitting process by reducing costs and burdens on regulators without any reduction in environmental protection. We propose to stop regulators from having to maintain twin systems of public registers containing information connected with permit determinations as presently required under EPR 2010.

A move to a single register will result in savings both within the Environment Agency and Local Authorities.

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

Option 0 is 'do nothing'. Maintain the status quo, not introducing the proposed change. This is not in keeping with the government initiative to reduce costs and burdens on regulators and/or businesses.

Option 1 - Introduce the proposed change.

A non regulatory approach cannot be considered as this is a regulatory based requirement and the proposed change needs to be underpinned in law to be brought into effect.

Option 1 is the preferred option as this is the only viable choice.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 04/2018					
Does implementation go beyond minimum EU requirements?			No		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro Yes	< 20 No	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: N/A		Non-traded: N/A

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.

Signed by the responsible SELECT SIGNATORY: _____ Dan Rogerson _____ Date: _____ 10/02/2014 _____

Summary: Analysis & Evidence

Policy Option 1

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2013	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: 4.39

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	0	0.0005	0.004

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

Based on the low number of visits to local authorities to view public registers (approx. 20 visits per year) it is estimated that the additional cost to business of having to travel to an Environment Agency office, rather than to a Local Authority office, incurring a 50 mile round trip at 50p per mile, would be approximately £500 pa from 2014 onwards. The consultation raised the question of this additional cost with stakeholders with no respondent raising any concerns over this particular aspect.

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

N/A

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate		0.58	4.4

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

The benefits are restricted to the Environment Agency and Local Authorities and occur annually from 2014 onwards. The cost savings relate to administrative functions and associated staff time, including stationary and postage savings. These represent annual savings of £0.374m. In addition there are cost savings for Local Authorities from not having to maintain the registers and provide public access. This is shared across all 340 authorities and represents a saving of £0.204m.

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

N/A

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
-------------------------------------	-------------------	-----

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:	In scope of OITO?	Measure qualifies as
Costs: 0.0004M	Yes	IN
Benefits: £0.00M		
Net: £0.0004M		

Evidence Base (for summary sheets)

1.0 Introduction

1.1 The Environmental Permitting (England and Wales) Regulations 2007 established an environmental permitting framework for waste management licensing and pollution prevention and control and came into force in April 2008. The framework cuts administrative red tape without affecting environmental standards. It allows businesses that would otherwise require several permits for activities falling under the regulations on a single site to have just one permit and enables regulators to focus resources on higher risk activities. By comprising a common set of definitions, processes and controls for the permitting of specified activities to prevent pollution, it rationalises various permitting regimes into a common framework that is intended to be easier to understand and use.

1.2 In April 2010, the EPR expanded the framework to include water discharge and groundwater activities and radioactive substances regulation. In general, environmental permitting does not change the substantive requirements of permits, but it is expected to reduce the administration necessary to deliver those requirements. The benefits are, therefore, generally expressed in terms of savings in administrative costs.

2.0 Problem under consideration

2.1 The EPR 2010 require local authorities to maintain a duplicate of the Environment Agency's public information relevant to their area on their own public register. They also require the Environment Agency to provide relevant local authorities with the information necessary for it to comply with this duty. The cost of providing this service and supplying data are disproportionate to the level of benefit being derived by the Public and Businesses alike.

3.0 Rationale for intervention/policy objective

3.1 The policy objective is to improve the Environmental Permitting process by reducing costs and burdens on regulators without any reduction in environmental protection. We propose to stop regulators from having to maintain twin systems of public registers containing information connected with permit determinations as presently required under the EPR 2010. A move to a single register will result in savings both within the Environment Agency and Local Authorities.

4.0 Description of options considered

4.1 Option 0 is 'do nothing'. Maintain the status quo, not introducing the proposed change. This is not in keeping with the government initiative to reduce costs and burdens on regulators and/or businesses.

4.2 Option 1 – introduce the proposed change.

4.3 A non regulatory approach cannot be considered as this is a regulatory based requirement and the proposed change needs to be underpinned in law to be brought into effect.

4.4 Option 1 is the preferred option as this is the only viable course of action.

5.0 Costs and Benefits*

Proposal	Transition costs	Annual costs (best estimate)		Annual benefits (best estimate)			10 year NPV
		To business	To public sector	To business	To public sector	To society	
Reduction in the requirement for the public registration of environmental permits.	0	£0.0005m	0	0	£0.58m savings from reduced postage costs and staff time	0	£4.39m

* Note all impacts are estimated over the period 2013-2022, with all annual impacts occurring from 2014 onwards.

6.0 Proposal - simplifying requirements in relation to regulators maintaining twin systems of public registers containing information connected with permit determinations

6.1 Currently, in most cases, the EPR 2010 require local authorities to maintain a duplicate of the Environment Agency's public information relevant to their area on their own public register. They also require the Environment Agency to provide relevant local authorities with the information necessary for it to comply with this duty. A straw poll of 17 local authorities provided evidence that these duplicate entries at local authority offices are not referred to by the public or businesses to justify the costs associated with the process. Seventy-five per cent **had had no visits** to view this part of the Public Register in the past 10 years, **15% had had one visit** and **10% had had more than one visit**. The aim of this proposal is therefore to remove this obligation with compensatory measures taken to ensure that such information remains available to those who request it in a less costly, more targeted way. A move to a single register will result in savings both within the Environment Agency and local authorities.

6.2 The savings to regulators are accrued from reduced Environment Agency staff time spent on compiling the information and despatching it to local authorities, reduced stationery and postage costs and from local authorities no longer having the need to store information and provide access to it.

6.3 Costs for Environment Agency to send data to local authorities comprise:

- Stationery costs - based on a study done in North West Region of the Environment Agency the paper cost is approximately £800 per annum. Extrapolated across all Environment Agency areas leads to an estimated cost of £16,800 per year. In addition, the Environment Agency's National Permitting Service (NPS) receives over 10,000 pieces of correspondence a year, all of which needs to be sent to the local authorities, half of which are sent as letters and half as CDs. Estimated NPS stationery costs are £13,500 per year. Total stationery costs are approximately £30,000 per year.
- Postage costs - the North West Region of the Environment Agency posts around 2,000 pieces of correspondence per annum. Postage costs are based on weight & size and some assumptions have been made on most of the hard copy data fitting in a large letter or packet but some will be larger. The overall postage cost in North Area is approximately £1,550 per annum. Extrapolated across all Environment Agency areas leads to an estimated cost of £32,600 per year. In addition, the Environment Agency's National Permitting Service (NPS) post approximately 15090 CDs and 5030 pieces of correspondence (hard copy) at a cost of approximately £11,500 per year. Total postage costs are approximately £44,000 per year.
- Staff time - based on information supplied by the Environment Agency, the average time spent on sending information to Local Authority public registers is 0.2 FTE per year, predominantly at AO level but with some supervisory oversight, amounting to an area cost of £10,900 per year including overheads and employer costs such as National Insurance and pensions. Extrapolated across all Environment Agency areas leads to an estimated cost of £229,000 per year. In addition, the National Permitting Service estimates that about 1.6 FTE is dedicated to providing this service, amounting to £70,500 per year. Total staff costs are approximately £300,000 per year.

The overall total cost to the Environment Agency is therefore approximately **£374,000** per year.

6.4 The approximate cost in the storing and maintaining the information provided by the Environment Agency and the associated staff time dedicated to it and providing access to registers was on average £594 per year per authority. Extrapolated across all 340 local authorities leads to an estimated overall cost of **£204,000** per year.

6.5 The overall annual saving between the period 2014 to 2022 to the Environment Agency and local authorities is therefore approximately **£0.58m**, giving a best estimate of the 10 year NPV of £4.40m. Based on the low number of visits to local authorities to view public registers (approximately 20 visits per year across England and Wales), it is estimated that the additional cost to business of having to travel to an Environment Agency office, rather to a local authority office, incurring a 50 mile round trip at 50p per

mile, would be approximately £500 per annum between the period 2014 to 2022. We tested this assumption as part of the consultation with no respondent raising any concerns.

6.5 For this proposal to be implemented fully the Environment Agency will take compensatory measures to ensure that such information remains available to those who request it in a less costly, more targeted way, namely:

- Increase the provision of information on the internet; free access to which is now available in libraries. This is in line with the Government's "digital by default" agenda;
- Send out hard copy or emailed documents to members of public/ businesses who request them. This information is free of charge unless a copyright licence is requested where a charge of £50 + VAT would apply.
- In keeping with its commitment to the Environment Agency's Public Participation Statement, the Environment Agency will provide enhanced opportunities for engagement and access to information in the case of sites of high public interest, through libraries, surgeries, exhibitions, public meetings etc.

These compensatory measures form part of a group of measures already being introduced by the EA and will not attract any additional cost as a result of this proposal. No new measures were requested by respondents from the consultation.

7.0 Wider impacts

7.1 No wider impacts have been identified or monetised.

7.2 The consultation document was widely circulated to business, NGOs and local Authorities as regulators. There was almost unanimity in support of the proposal with no business expressing concerns.

8.0 Summary

8.1 This proposal is a low cost **IN** which is in keeping with the commitment to continue to streamline and reduce costs from all aspects the permitting process. Analysis of the consultation shows consistent support for the proposal by local authorities with only one raising concerns. No objections were raised by any stakeholders.

8.2 Equivalent annual net cost to business (EANCB) is calculated for one in two out (OITO). Specifically, the present value of the net cost to business of option 2 is £0.0038m in 2012 pounds and a present value base year of 2013. This is then converted into 2009 pounds giving a net cost to business of £0.0036m and then the present value base year is rebased from 2013 to 2010 giving £0.0032m. The latter is then divided by the annuity rate (8.60769) to give the **EANCB of £0.0004m** in 2009 pounds and 2010 present base year. Note that this figure is different from the Impact Assessment calculator which does not show EANCB's of more than two decimal places. The IA calculator used was the version issued on the 13th May 2013.

8.2 This proposal forms part of a range of regulatory amendments being introduced in October 2013.