



**Cyfoeth
Naturiol**
Cymru
**Natural
Resources**
Wales

Regulatory fees and charges
for 2025/26

Consultation summary and
NRW response

February 2025

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Introduction

As a Welsh Government (WG) body, Natural Resources Wales (NRW) must comply with requirements set out in 'Managing Welsh Public Money.' This requires that wherever possible, we fully recover the costs of the regulatory services we provide from those who use them, rather than having those services funded through general taxation.

Many of NRW's fees and charges had not been fully reviewed in several years. Starting with the recent Strategic Review of Charging for applications, we continue our long-term programme of work to ensure that charging across NRW is cost reflective.

Our charge proposals

We proposed increasing the amount of money we collect from our charging schemes to ensure they reflect full cost-recovery, to deliver our regulatory approach and the outcomes needed for the Welsh environment.

When proposing new fees and charges, we follow [Managing Welsh Public Money](#) principles as well as HM Treasury rules and our legislative obligations, ensuring that only eligible costs are included within charges. This approach is also consistent with the polluter pays principle. It would not normally be appropriate to seek additional Grant in Aid funding for regulatory activities that should be covered by charges, nor to cross-subsidise between income streams.

We keep our regulatory processes under review, adjusting and adapting our policy and approaches to risk or to our statutory duties, ensuring that they are as efficient as possible. Any review of charges will involve more in-depth analysis of our processes and cost base. We also need to provide a service within an evolving regulatory or legislative landscape which often brings increasing complexity or demand that can affect service levels or efficiency. Improvements we make help streamline processes however if we are driven by evidence or statutory duties to do more we will. We will seek to do this as efficiently as possible whilst achieving the purpose of that duty.

We recognise the financial impact our charging proposals might have on some businesses, especially as our proposals coincide with wider financial pressures from inflation and the increased cost of living. A failure to manage our charging schemes to ensure they reflect full cost recovery would however restrict our ability to deliver our regulatory duty, prevent pollution and contribute to tackling the climate and nature emergencies. Sustainable funding means we can maintain our specialist competencies, secure compliance with legislation and permits and adapt regulation. It is important that we adapt regulation and funding to deliver the level of regulation needed in Wales to prevent pollution and to ensure natural resources are sustainably maintained, enhanced, and used, now and in the future.

CPI Increase

The latest CPI index forecast for 2025/26 from HM Treasury is 2.8%. We will however apply 3% to specific areas, such as permitting, as outlined in our consultation as there is likely to be ongoing inflationary pressure. Any regulatory fees

and charges not contained within this consultation will remain in place at current 2024/25 rates for 2025/26.

How we consulted

Prior to our consultation in October 2024, we hosted a Chargepayers Consultative Group meeting to share the reasons for proposed changes and our methodology, aiming to raise public and business awareness of our proposals. Welsh Government were kept informed throughout this process.

When we launched the consultation, we published media briefings and used social media postings, seeking input from stakeholders and the wider public. We also sent direct emails to over 300 individuals, businesses, and trade bodies. We followed up with social media posts and direct email reminders halfway through the consultation.

The consultation was hosted online through NRW's Consultation Hub which was open from 18th October 2024 to 12th January 2025. The consultation and response options were available in both Welsh and English.

We also accepted responses by post and by email.

How we considered the consultation responses

Our analysis of the on-line consultation responses used both quantitative analysis (for example Likert scale '*Strongly Agree*' to '*Strongly disagree*'), and a qualitative approach using thematic analysis of the free text responses. This is a widely recognised approach to qualitative data analysis that enabled us to generate insights and concepts derived from responses.

We have outlined the feedback received through the consultation and our responses below. Where necessary, responses have been abridged in the 'you said' section below to distil the key points. The full text of all responses can be found in Appendix 2.

Much of this information is anonymous but where a respondent has included their organisation in their response, this has not been removed.

Consultation responses

Number of responses:

We received thirteen responses through the consultation. One of these was received from an individual, ten were received from organisations (including trade bodies) on behalf of their members and two were received from businesses. Three of the responses from organisations were submitted as written responses only rather than via our consultation hub.

Where possible we have grouped points made in response to free-text consultation questions into recurring themes.

Sectors represented:

We received responses from individuals, organisations, and businesses in the following sectors:

- Agriculture, Forestry and Fishing (3)
- Electricity, gas, steam, and air conditioning supply (2)
- Manufacturing (1)
- Mining and quarrying (1)
- Other service activities (2)
- Professional, scientific, and technical activities (1)
- Water supply, sewerage, waste management and remediation activities (3)

Geographical locations of respondents:

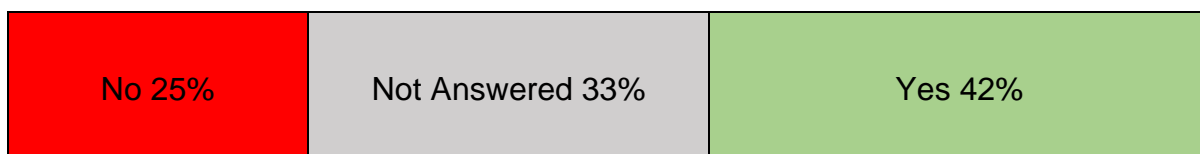
- Wales-wide
- North-East (Denbighshire, Flintshire, or Wrexham)
- South-West (Carmarthenshire, Neath Port Talbot, Pembrokeshire, or Swansea)
- South-East (Blaenau Gwent, Caerphilly, Monmouthshire, Newport, or Torfaen)
- Location not given / other.

Do you currently hold a licence, permit or consent issued by NRW?

Responses from individuals:

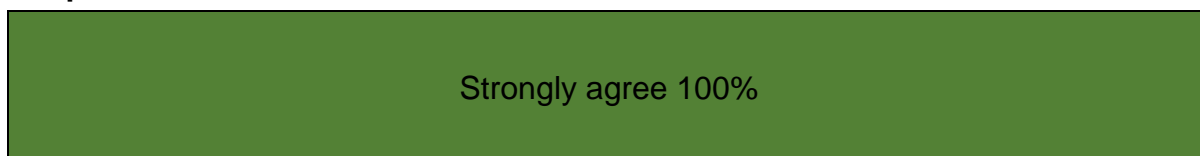


Responses from organisations and businesses:



NRW's regulatory services should be paid for by those who use them and not by the taxpayer or other charge payers. Do you agree or disagree?

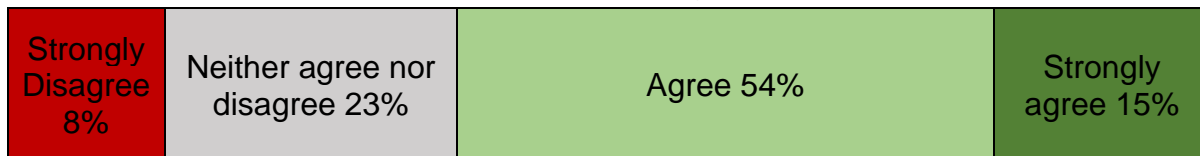
Responses from individuals:



Responses from organisations and businesses:



Without demarcation between individuals and organisations/businesses



You said:

- We are aware of the Welsh Governments ongoing activity to refocus its resources on actions that will have the most impact on nature, climate, and minimise pollution. We support NRW recovering the cost for this work which is complex and requires additional effort to review and make decisions. It is fair to expect that NRW should be remunerated by operators for its work.

- We believe that, in the context of permitting, the application of the ‘polluter pays’ principle is not clear cut. Where, through the permitting regime, the delivery of wider public goods, including food security and rural vitality and socio-economic benefit can be secured we believe a compelling case can be made to support the delivery of the charging regime through grant in aid. There is also a need for NRW to recognise that farmers will be central to the delivery of its environmental objectives going forward and farm businesses can only deliver wider benefits for society from a position of economic viability. An enabling regulatory regime, including permitting, is vital for farmers to develop and build economic and, therefore, environmental resilience for the future.

Our response:

Most respondents agree that the cost to NRW of providing regulatory services should be funded by those receiving the benefit of that service rather than other sources of income such as general taxation (Grant in Aid). This is in keeping with *Managing Welsh Public Money* and HM Treasury rules.

We believe it would be unreasonable to seek alternative funding for regulatory activities where these should be covered by those directly benefiting from the service we provide to them. We cannot subsidise one regulatory regime from other unrelated income streams.

In the same way, we are not able to subsidise charges for any one business sector even where the regulated activity also provides some wider benefit through its operation. In exceptional, specific circumstances and for non-commercial activities, NRW supports a small number of activities through waivers although these are regularly reviewed.

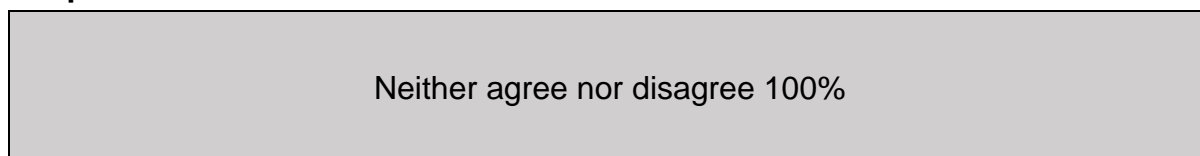
We regulate many individuals and businesses through a variety of legislation. Much of the activity we regulate has elements of societal benefit, and the potential to support our role delivering wellbeing, and may provide opportunities for enhancement. We often need to regulate these activities to carefully balance any risk of harm associated with them.

Regulation provides societal benefit by providing environmental protection and preventing harm. Regulatory effort is therefore fundamental in ensuring that the natural resources of Wales are sustainably managed, that nature can recover, and that we adapt to climate change.

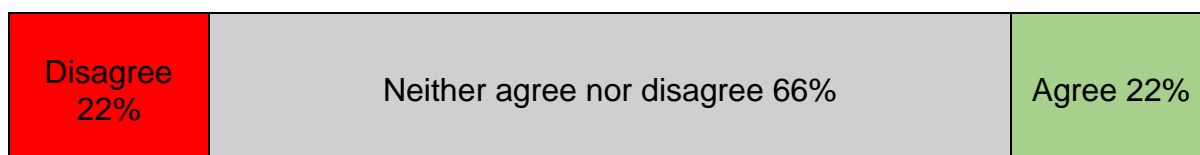
We follow the Regulators Code, routinely working with those we regulate to apply and adapt regulation in a proportionate and risk-based way to minimise the burden on businesses and maintain a fair and consistent approach across sectors.

Do you think there are better alternatives to how NRW proposes to fund its regulatory activities?

Responses from individuals:



Responses from organisations and businesses:



You said:

- Nil response.

UK Emissions Trading Scheme

NRWs UK Emissions Trading Scheme (UK ETS) is expected to be in deficit by - £0.4m by the end of 2024/25.

We needed to amend our charges to recover this deficit and to ensure that our charges going forwards reflect the cost of work and complexity undertaken by NRW.

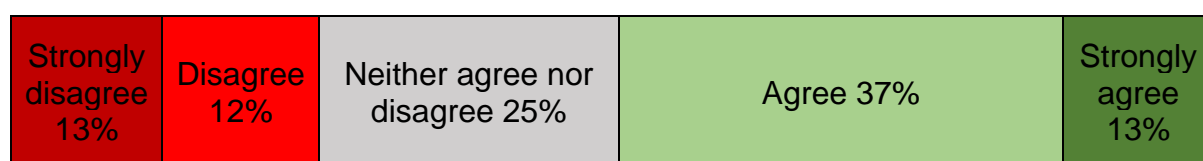
As well as the changes we proposed to our charges, we have proposed new charges for:

- Administration of Civil Penalty Notices (CPNs)
- Pre-application charges
- Ultra Small Emitter baseline data collection
- Addition of a new activity to a permit will be charged as a new application
- First-of-a-kind applications will be charged a standard application fee plus a supplementary hourly rate (where relevant).

Consultation question:

Having considered our proposals and supporting information, to what extent to you agree or disagree with our charging proposals for UK ETS?

Of the respondents who answered this question:



Deficit management

You said:

- It is noted the NRW UK ETS is in deficit by -£0.4m and that as a result many of the charges are increasing and a few decreasing.

Our response

The proposed charges calculate the recovery of the -£0.4m deficit over the next five years. We have since secured £100k of additional funding that will reduce the deficit that we need to recover.

As a result, the proposed UK ETS subsistence charges have been revised downwards by 3.1% and proposed permitting charges have been revised downwards by 1.3% from those consulted on for 2025/26.

Affordability

You said:

- Fuels Industry UK believes that it is fair for operators to expect that the charges for verification of UK ETS emissions will be fair and proportionate.
- Chartered Institution of Wastes Management (CIWM) Cymru consider that some price increases (notably for hospitals and small emitters) may be challenging for operators to afford. We would therefore be more supportive of a graduated increase.
- CIWM Cymru are concerned that the NHS's budget is already stretched, and the price increase may result in funding being diverted away from critical healthcare services. Bringing in this change with limited time to prepare for the increase will result in an impact on these services.
- For installations in receipt of free allocation the proposed subsistence changes will lead to a substantial increase in annual fees compared to England, with £4,790 proposed for England compared to £7,486 to £15,867 in Wales. How can NRW justify charging so much more? Mineral Products Association (MPA) strongly recommend NRW liaise with the Environment Agency (EA) to understand how they can undertake the same regulatory activity far more efficiently and cheaply. Such significant differences in regulatory cost puts sites in Wales at a competitive disadvantage compared to competitor sites in England and this must be avoided. MPA strongly objects to NRW charges being significantly more than those charged by the EA.
- MPA also has concerns regarding the new permit charges, variation charges and permit transfer, surrender/ revocation charges. They are significantly in excess of the EA charges as set out below. NRW are increasing some of

these charges by more than 100%, while the EA have reduced several, again how can NRW justify charging so much more?

Our response:

NRW has not historically fully cost-recovered for ETS work, charging significantly less than other UK regulators for several years. We are no longer able to maintain these services if we do not increase the fees and charges in line with our deficit position and ongoing costs.

Over the next five years, the proposed charges will address this deficit created by historic under recovery.

NRW continues to work with other regulators to understand cost, however comparisons of charges between regulatory organisations are not straightforward and can differ for a variety of reasons. For example, policy development does not scale easily in Wales. This means NRW often has a policy development need for fewer customers compared to some other UK regulators.

Having compared our proposed subsistence charges with those levied by other UK Regulators, we consider our proposals to be broadly comparable.

49% of permit holders in the two lowest installation categories (hospital or small emitters and Cat A) will see their subsistence charge increase although NRW's revised charges remain lower than those charged by other UK Regulators.

Category B and C emitters (7% of permit holders) will see their charge reduce.

The largest increases relate to permits with more than one sub-installation. The increased charge for permits with 1 to 2 sub-installations will impact on 37% of permit holders. The largest increased charge for three or more sub-installations will impact 6% of permit holders. These increases reflect added complexity and the subsequent work undertaken on the various categories by NRW staff.

The charges proposed for 2025/26 include the recovery of a £400k deficit in this regime over five years. NRW has secured an additional sum that will be used to reduce the deficit and will slightly reduce the charges proposed in the consultation.

As part of the UK ETS, sites with more than two sub-installations can apply to receive free allocation of emissions allowances. Whilst the allocation itself is free to operators, managing that allocation and reviewing Activity Level Change reports to ensure fairness and accuracy requires a significant amount of NRW staff time. This is reflected in the charges we proposed in this consultation.

As a further update, we have secured a small amount of funding to cover the costs for the administration of Civil Penalty Notices (CPN's) and so will not be introducing a new charge for this activity.

Guidance and pre-application advice

You said:

- CIWM Cymru would be very supportive of an improvement in the guidance and pre-application services provided by NRW to improve the quality of applications which should in turn improve the efficiency of the determination process and subsequently costs/fees.

Our response:

The UK ETS Authority are committed to publishing and updating guidance. NRW usually work in conjunction with other UK regulators in producing guidance.

A certain level of basic pre-application advice is provided. This is to help customers complete application forms, clarify guidance, sign post best practice and industry standards. We may also agree to provide additional guidance without charge where there are clear gaps in NRW policy and guidance, where the activity proposed is novel (new) or is in response to new legislation or where activities need to be researched or trialled to confirm their viability or impacts.

The provision of further advice would be chargeable and is available where NRW have the capacity and expertise to fulfil the request. Where NRW are not able to provide the service requested by an applicant, we would suggest that external expert assistance is obtained.

Efficiency

You said:

- It is important that NRW operate the UK ETS regulatory activity in the most efficient manner. MPA would expect UK ETS charges across all regulators to be broadly aligned given the activity undertaken is the same, wherever the installation is located. We strongly object to NRW charging significantly more than the EA. The charges must also reflect the service provision to participants, so where there are increases, we would expect the service quality to businesses to improve.
- It is acknowledged with the change from EU to UK ETS that this could lead to uncertainty on the regulatory effort required for NRW. However, the magnitude of the changes suggests this has not been understood very well and MPA is particularly concerned that the proposed charges vary significantly from the EA for sites in England.
- Fuels Industry is aware that in some cases, additional work is created through NRW and its consultants undertaking additional analysis that goes beyond what is perceived to be reasonable and proportionate. Monitoring data will have already been accurately quantified, at the operator's expense, by an independent verifier from an NRW approved list prior to submission. Occasionally during the UK Emissions Trading Scheme (UK ETS) reporting and verification process, operators see the level of analysis by NRW, and its consultants go beyond reasonable and proportionate.
- Will there be tight regulation of allowances?

Our response:

NRW have been charging significantly less than other regulators over a number of years which is why a significant review of UK ETS fees and charges was required.

SEPA and EA raised their charges earlier than NRW. NRW chose to take longer in obtaining data on the time needed by the UK ETS process, to ensure we had reliable data on which to base charges. This has unfortunately contributed to the larger

deficit associated with the scheme. In addition, NRW does not benefit from the same economies of scale held by other larger UK regulators.

The scale of change in ETS charges relates to the amount of regulatory effort rather than the change from EU to UK. That said, the EU to UK change has resulted in increased regulatory effort associated with the introduction of Activity Level Reporting.

The introduction of Activity Level Reporting (ALR) for sites eligible to Free Allocation (FA) from 2021 has significantly increased regulatory costs. The work is associated with all sites applying for free allocation regardless of the number of sub-installations. However, our review showed that as the number of sub-installations increases, so does the associated regulatory effort. It is a legislative requirement for all ALRs to be reviewed by regulators, ensuring the robustness of the submissions and implications of energy efficiency are assessed to enable accurate calculations of FAs. As the Free Allocation (FA) process is voluntary for operators, we do not believe it is unreasonable to increase the corresponding subsistence charge per operator to cover our costs for the increased work incurred.

We have reviewed our process and disagree that unnecessary work is being done by NRW staff on applications monitoring data. We would encourage operators to provide us with details of any specific examples so that we can investigate further.

We strive to provide a risk-based approach to the work that we undertake and are satisfied that the work undertaken by NRW staff is reasonable and proportionate. Our analysis demonstrated that more regulatory effort is expended on the more complex sites which is reflected in the charges outlined in our scheme.

EPR Waste Standard Rules

We have created three new waste Standard Rules Permits (SRPs) for tyres, mattresses, and recyclable waste.

As a result of reforms to waste exemptions being carried out by Government to improve compliance with exemptions and reduce waste crime, we expect that more activities will need to be regulated by environmental permits. For example, the withdrawal of the T8 exemption means anyone treating tyres will need a permit in future.

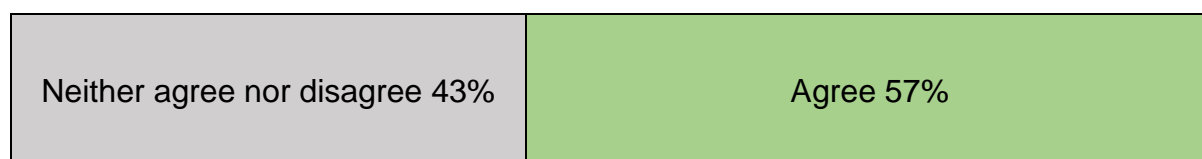
These new standard rules permits will help some operators to transition from the exemption's regime to the permitting regime. They are aimed at operators of waste sites currently operating under exemptions T8 (tyre recycling), T12 (for mattress recycling) and T4 (for paper, cardboard, and plastic baling).

The charges proposed for these three new SRPs are in line with similar existing SRPs but will also be subject to the proposed inflationary or deficit management increases in 2025/26, given the overall deficit position of EPR Waste regime.

Consultation question:

Having considered our proposals and supporting information, to what extent do you agree with our charging proposals for Waste Standard Rules permits?

Of the respondents who answered this question:



Service level

You said:

- CIWM Cymru agrees with the price increases, however we would like to communicate an anticipated expectation that service levels will improve as a result.

Our response:

The charges proposed in this consultation are intended to ensure we cost recover for the work that we currently do. Our proposals are based on current regulatory effort. It is our intention to conduct more in-depth reviews of subsistence and associated service levels over the coming years.

Affordability

You said:

- CIWM Cymru would also like to highlight that any increases in regulatory fees will be passed on to waste company customers which will include public sector organisations, which have highly stretched budgets.
- CIWM Cymru also highlights that these increases are due in a financial year which also sees the launch of digital waste tracking, which is also a financial addition for waste companies.

Our response:

We recognise the financial impact our charging proposals might have on some businesses, especially as our proposals coincide with wider financial pressures from inflation and the increased cost of living.

NRW must work in line with the principles of Welsh Governments' *Managing Welsh Public Money*. This means that we should not incur either a profit or a loss from our regulatory activities. We only seek to recover our costs, and we are not able to cross subsidise from other unrelated income streams. In the same way, we are not able to subsidise charges for any one business sector.

A failure to manage our charging schemes to ensure they reflect full cost recovery would restrict our ability to deliver our regulatory duty, prevent pollution and contribute to tackling the climate and nature emergencies.

Acknowledging feedback from industry stakeholders and delivery partners indicating that introducing a digital waste tracking system by April 2025 would present significant challenges, Ministers from the UK Government, Department of Agriculture, Environment and Rural Affairs, Northern Ireland, Scottish Government, and Welsh Government have decided that project will not become mandatory in April 2025. The implementation date has been deferred to April 2026. Further updates on timelines are due in May 2025.

Rewarding good performance

You said:

- Should there be incentives for good operating performance?

Our response:

We incentivise good performance through the compliance adjustment applied to subsistence charges. Poor performing sites have increased subsistence fees to fund additional regulatory effort on those sites with the aim of bringing them back into compliance.

Green List Waste- Article 18 of the retained [Waste Shipments Regulation](#)

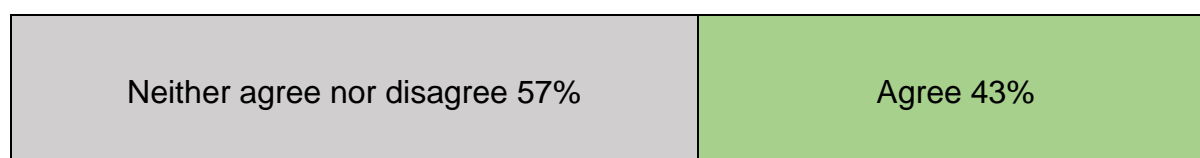
In anticipation of NRW having new regulatory duties for article 18 of the retained [Waste Shipments Regulation](#) also known as 'Green List Waste' controls (GLW), and powers to produce a charging scheme for this new work. The charge we proposed to levy for GLW will recover the cost of our future regulatory activities for this waste stream.

Currently GLW is a self-regulated system and means exporters and importers are not required to pay fees to cover our regulatory compliance activity or submit [Annex VII forms](#) (notifiable waste only). NRW does not currently have a charging scheme in place for GLW. Charges will be implemented once the regulatory requirements are implemented through legislation.

Consultation question:

Having considered our proposals and supporting information, to what extent do you agree with our charging proposals for Green List Waste?

Of the respondents who answered this question:



Timescale for introduction of charges

You said:

- With the additional funding coming from these increases, CIWM Cymru welcomes the opportunity for NRW to more proactively regulate exports to prevent and address illegal activity.
- CIWM Cymru anticipates that these changes will be proactively communicated widely within Wales by NRW to ensure that the resources and waste sector is aware and can make changes to their internal procedures and practices.

Our response:

Acknowledging feedback from industry stakeholders and delivery partners indicating that introducing a digital waste tracking system by April 2025 would present significant challenges, Ministers from the UK Government, Department of Agriculture, Environment and Rural Affairs, Northern Ireland, Scottish Government, and Welsh Government have decided that project will not become mandatory in April 2025. The implementation date has been deferred to April 2026. Further updates on timelines are due in May 2025.

As the charging Bands proposed within the consultation for Article 18 Green List Waste were developed to work with the Digital Waste Tracking System, NRW intends to delay the introduction of these charges. We will set a date for introduction once we have updates regarding the introduction of the Digital Waste Tracking System.

Guidance

You said:

- CIWM Cymru suggests the availability of clear guidance specific to NRW; waste import and export is a complex area of regulation and law.

Our response:

Advice & guidance regarding Green List Waste process will be produced and published prior to introduction.

Hazardous Waste Premises Notification

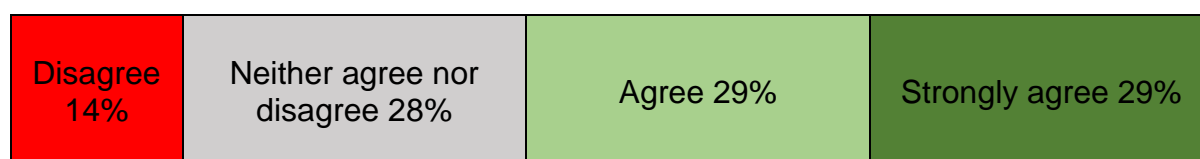
Hazardous Waste Premises Notification is the requirement under Hazardous Waste Regulations (Wales) 2005 for anyone producing more than 500kg of hazardous waste in a year to register their details with NRW. This provides NRW officers with the details of producers in Wales which enables us to effectively target our compliance effort.

As we identified an ongoing surplus in this area, we proposed to reduce the registration fee to £0 from April 1st, 2025. Producers will still have the requirement to register with us.

Consultation question:

Having considered our proposals and supporting information, to what extent do you agree with our charging proposals for Hazardous Waste premises notifications?

Of the respondents who answered this question:



Retain the charge

You said:

- CIWM Cymru suggests NRW maintain a charge on the basis of the 'polluter pays principle.' In addition, there is likely to be an increased administration cost following the implementation of digital waste tracking.

Our response:

We are continuing to apply the polluter pays principle as the removal of the registration charge is being funded from a surplus in the hazardous waste regime. *Managing Welsh Public Money* directs that we should not incur either a profit or a loss from our regulatory activities. Additionally, NRW are not able to cross subsidise, using funding from one regulatory regime to fund another. As such, we would be unable to use this surplus to fund the cost of any increased administration costs that may be associated with the digital waste tracking system.

General comments

You said:

- CIWM Cymru considers it would be useful to invest in data validation between hazardous waste registrations and digital waste tracking rather than lose the income stream.
- Glad this charge is being removed.
- This is really where you need to be extra vigilant re compliance.

Our response:

We take onboard your points with regards data validation and extra vigilance.

Water Industry Act s.166 consents – 5-Year scour valve release renewals

In July 2023 as part of our Strategic Review of Charging, we introduced chargeable s166 a and b Water Industry Act (WIA) consents. This covers water company activities that needed to discharge treated, or untreated, water into a watercourse from a pipe greater than 229mm in diameter. These consents were previously funded by Grant in Aid.

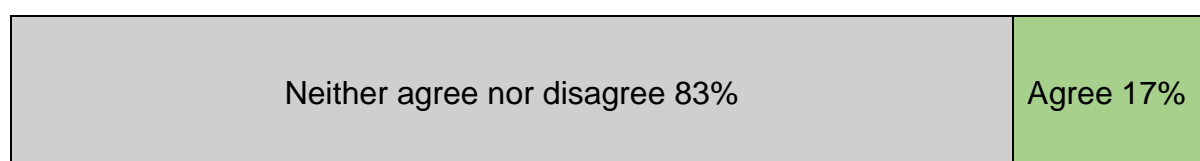
For 2025/26, we proposed introducing a charge for 5-year bi-annual scour valve release renewals, which solely relate to water companies. A Habitat Regulations Assessment may also be required.

Each additional discharge at other sites listed on the same consent will each be charged at 10% of the single water discharge rate.

Consultation question:

Having considered our proposals and supporting information, to what extent do you agree with our charging proposals for s166 a/b Scour valve release renewals?

Of the respondents who answered this question:



You said:

- Nil response.

Water Resources - Same / Different terms renewals

We have refined how we define simple and complex renewals because of under-recovery on same-term renewals.

We proposed only applying the lower simple variation fee to the following areas:

- same terms renewal (where no environmental or other concerns have been raised in your renewal reminder letter)
- different terms renewals (where the change is a reduction, meaning a reduction in volumes or removal of a point/purpose and associated volumes).

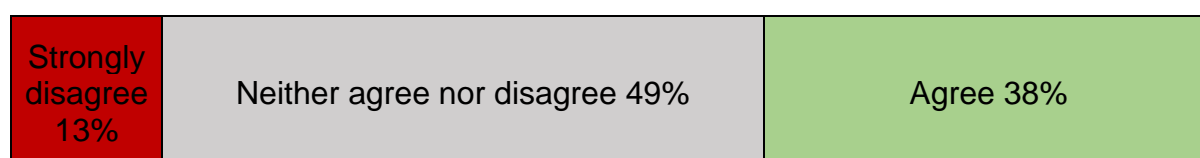
For renewals that do not meet the criteria above, we proposed that these be charged at the same rate as a technical variation, and will include:

- increasing the quantities you abstract
- changing the location of the abstraction
- change of purpose
- changes to drawings and maps attached to the licence document.

Consultation question:

Having considered our proposals and supporting information, to what extent do you agree with our proposed definitions and associated charges for same and different terms renewals?

Of the respondents who answered this question:



You said:

Abstraction location point changes

- Quarries will often change the location of the abstraction as the site progresses. It is unlikely that the change in location will be substantial enough to make a change to the local environment/ be from or to a different water

resource. In these situations, the renewal should be considered as the same location, and an extra fee should not be incurred.

- We would also consider that other minor variations to the existing licence should not be charged at the full fee. However, without evidence of the full cost breakdown incurred by NRW when processing renewals it is difficult to comment further on this.
- The BHA believe that this consultation does not consider the broader remit of NRW especially within the context of the Welsh Government's aspirations for Net Zero, renewable energy targets, and local energy ownership, and the difficulty in achieving these ambitions.
- The BHA believe that NRW, as a statutory body, are not offering the delivery of services in a cost-effective and proportionate manner.
- There are likely to be a wide range of unintended consequences caused by the current proposals which have not been subjected to a proper impact analysis (as required by Government guidance).
- The BHA will welcome the opportunity to work on a way forward that combines industry knowledge & experience with NRW resources to maximise future hydropower opportunities and thereby help deliver the Net Zero ambitions of the Welsh Government.

Licence classification

- Difficulties may arise in the classification of type of application, a process to review or challenge the classification should be considered. The examples given for a technical variation could lead to minor changes requiring a disproportionate fee, for example changing purpose of water use.
- Without evidence or further information on the renewals processed by NRW and how many do not meet the criteria for same-term renewals it is difficult to respond to this question.

Our response:

- Our proposal clarifies the way in which we define renewals to better reflect the technical assessments and consultation required to ensure full cost recovery. This helps ensure that complex variations are not being applied for as simple renewals (same or simple different terms).
 - We do not consider any technical variation to be minor in terms of our licence categories.
 - Where a renewal is on same terms and we have not identified any environmental risk or non-compliance requiring variation, the lower charge will continue to apply (subject to the proposed inflationary increase).
 - Similarly, where the renewal is on different terms but has a reduced environmental risk requiring less technical assessment, we will use the lower charge under existing different terms renewal category.
 - For more complex renewals which also require a technical variation such as changing the location of abstraction or change of use, the higher charge band will now apply to ensure that we fully recover our costs.
 - Administrative variations remain free of charge.

- Where renewals are required, the majority are likely to fit into simple same terms or simple different terms renewal categories. In situations where an operator wishes to make a variation either at the time of renewal or otherwise, our existing variation requirement and charges will apply. For example, where a licence includes an area, operators will not need to vary during the renewal or apply to vary their permit if moving the abstraction within that area. If the licence is a fixed abstraction point, and the operator wishes to move it, a technical variation would be required. This may or may not happen at the time of renewal (complex different terms) and a charge will apply to recover the cost of technical assessment and consultation. As well as this clarification we are proposing an inflationary increase to variation charges (+3%).

While it is not possible to identify which quarry operators may or may not need to change the point of abstraction over half of quarries already have an area-based licence and many have multiple point-based licences or less flexible points such as groundwater abstractions from boreholes.

- NRW fully support Welsh Government's aspirations for Net Zero renewable energy targets however that needs to be introduced in a way that does not have unintended negative consequences on other parts of the environment. Although much of the activity we regulate has elements of societal benefit, we need to regulate these activities to carefully balance any risk of harm associated with them.

Species Licensing

Proposal

We introduced new charges through our Strategic Review of Charging in 2023 and undertook to waive charges in certain cases to support wider benefits. Since their introduction we have identified complexity in certain types of licence and the need for greater clarity of waivers and where they apply.

We proposed new charges and refining associated waivers for 2025/26 meaning the following activities will now be charged for.

Householder developments

We proposed a new fixed charge for species licence applications associated with home extensions, roof conversions, re-roofing and permitted development within the curtilage of a dwelling.

Amendments will be charged at a fixed rate, while more complex amendments will be charged an hourly rate of £125 per hour.

Under our current waiver D, certain household development was subsidised by Grant in Aid. We proposed to amend Waiver D meaning we will charge for licences where structural alterations or significant disturbance such as re-roofing is taking place. However, we will not charge for simpler situations such as general maintenance of a domestic dwelling.

Other Activities requiring a Licence

We proposed a charge of £125 per hour for complex applications where no planning is required or the activity is covered by permitted development such as land clearance, ground investigations, installations of power or telecommunications infrastructure.

Amendments will be charged at a fixed rate, while more complex amendments will be charged the hourly rate of £125 per hour.

Bird Control Licences

We proposed introducing a new charge for bird control licences for:

- maintaining the health or safety of the public in commercial buildings, business premises, industrial sites, or groups of more than one dwelling, or
- preventing the spread of disease in commercial buildings, business premises, industrial sites, or groups of more than one dwelling.

Bird control licences required for these purposes in hospitals, educational facilities and single dwellings will still be exempt from charges under this proposal.

Amendments to the above licences have a fixed charge for admin changes such as a change to the licensee, ecologist, accredited agents or to personal details. All other amendments are considered as complex and will be charged at an hourly rate of £125.

Planned health and safety work

For planned health and safety activities, we proposed introducing a charge of £125 per hour for:

- applications where no planning is required or the activity is covered by permitted development e.g., land clearance, ground investigations, installation of power or telecommunications infrastructure, or
- planned or routine Health and Safety work such as maintenance of water, transport, energy, and communications infrastructure.

Amendments will attract a fixed charge, including admin changes such as the licensee, ecologist, accredited agents or to personal details.

All other amendments are considered as complex and will be charged at an hourly rate of £125.

Species licence charge waivers

The species licensing charging scheme introduced in July 2023 included four 'charge waivers' that set out circumstances where our effort would continue to be publicly funded through 'Grant in Aid' to support nature.

During our charge review this year, we considered how waivers have been used and have identified areas where a lack of clarity exists, leading our staff to spend significant time either processing complex applications often for major projects for no charge, or engaging with applicants to determine if a waiver applies or not.

We intend to adjust and refine the waivers introduced in 2023 to ensure taxpayer money is targeted only to the following specific cases:

- **Waiver A** Conservation, scientific, research or education – We will not charge for an application for a species licence if you are carrying out not-for-profit survey work or for applications from enforcement agencies such as the Police, who require one to investigate a suspected offence. No fee shall apply where in our view the principal objective is:
 - the conservation of that protected species or their habitats
 - the advancement of scientific understanding of protected species or their habitats
 - education related to that protected species or their habitats
 - maintaining or enhancing biodiversity or the resilience of ecosystems
 - maintenance or conservation of scheduled ancient monuments. We proposed withdrawing the waiver for charges relating to historic buildings.
- **Waiver B** public safety, public health, or the prevention of serious damage to property – We have reviewed and refined this waiver so that it reflects the nature of the application, scale, and criteria. We will waive charges where in our view the principal objective is to:
 - maintain the safety of the public from imminent injury or death
 - to preserve public health from an imminent threat
 - preventing the spread of disease
 - conserving wild birds
 - preventing serious damage to livestock, foodstuff for livestock, crops, vegetables, fruit, growing timber, fisheries, or inland water
 - preserving air safety, or
 - conserving flora and fauna.
- **Waiver C** licences relating to the control of Invasive Alien Species – remains unchanged.
- **Waiver D** householder maintenance (currently called household development) – We proposed continuing to waive charges for species licences required to enable the maintenance of a domestic property used as a primary residence (use class C3) where the work does not require planning consent (the waiver can still be applied if the work requires listed building consent). The waiver does not apply to works carried out under permitted development rights or re-roofing.
- New **Waiver E** developments to provide facilities and access for disabled people – We proposed introducing a new waiver specifically for the provision of disabled access that was previously contained in Waiver D.

Waivers will only be applied where in our view the proposal meets the principal objective of the waiver.

Our [current species licensing waivers can be viewed on our website](#).

Consultation question:

Having considered our proposals and supporting information, to what extent do you agree with our charging proposals for species licencing?

Of the respondents who answered this question:

Neither agree nor disagree 38%	Agree 50%	Strongly agree 12%
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Complex applications

You said:

- Please provide clarity on how NRW will handle complex applications (e.g., large infrastructure projects) that include elements meeting public safety and conservation objectives. Projects meeting these objectives should not be inadvertently excluded from waivers due to complexity.

Our response:

Applications are always scrutinised by considering the main purpose. We will work with applicants to understand the primary purpose and apply waivers as equitably as possible.

Waivers apply where the purpose of the project is conservation. In relation to large infrastructure projects or other complex applications, conservation objectives and mitigation is often related to the wider project and is required to mitigate for the impacts. Planned Health and Safety works have an impact on the site and therefore require conservation measures to be applied.

We would welcome working with statutory undertakers to see whether we could move towards programme of works licences that would cover larger networks rather than individual sites.

Tiered costs and further waivers

You said:

- We advocate for tiered costs, with different levels of charges depending on the complexity and public interest of each case. Specifically, public health-related pest control services should have either reduced costs or be exempt from fees, reflecting the urgency and societal importance of these services.
- Needs to be greater clarity as to the different species licensing that will take place e.g., how is it proposed the species are categorised for each fee regime.

Our response:

Section 6.3.6 of Managing Welsh Public Money directs that different groups of customers should not be charged different amounts for a service costing the same, for example charging firms more than individuals. As a result, we are not able to consider setting lower charges for any group.

NRW application charges are based on the time taken by staff in determining an application. We have costed each licence type based on the complexity. In situations where certain permits or licences have significant differences in effort required, we

have introduced bands. We comply with the principles of Managing Welsh Public Money and recover the full cost of providing our services from those who benefit from them.

We have introduced a series of waivers for situations where there may be a disbenefit to the environment in charging. We have set out the principal objectives we consider it is appropriate to waive, which includes some aspects of public health. The reduction or exemption being requested is for financial purposes and not for environmental benefit.

Where NRW regularly receives repeat applications year on year for pest/bird control at commercial premises, in some cases the need for a licence could be removed by undertaking longer term control measures.

Licences are categorised by type of development, and risk factors such as the scale and impact of the activity. They are not categorised by species. To structure licence requirements by species would increase complexity and therefore cost. We have no plans to expand the complexity of the charging regime which is currently based on the scale and impact of activity.

Greater regulation

You said:

- Could more be licenced?

Our response:

We are currently coming to the end of our current review for species licence charges. We do not anticipate licensing further activities, however we are considering including displacement of species licences resulting from development, currently issued under the Wildlife and Countryside Act, under our development charging category. We will also continue to review charges in line with inflation.

Support for our proposals

You said:

- We are aware that, last year, some conservation activities requiring species licenses by our members were not included under the conservation waiver where projects also bring in a profit from some of the activity of the project, despite the main purpose of the project being conservation. We have noted that there have been some improvements in this area where the waiver has now been applied or fees reduced in support of environmental improvement schemes, so we welcome this.

Our response:

We will always work to understand the main purpose of an application and to apply waivers as equitably as possible.

Proposed break-even and inflationary increases to regimes in deficit

In addition to the above specific proposals, we proposed the following approach to increases in costs for those regulatory regimes in deficit currently, or forecasting a deficit going forward:

- An +8.5% increase to subsistence (annual compliance) charges in significant deficit that moves towards a break-even position. This applies to:
 - EPR Water Quality, and
 - EPR Waste.

- Specific increases of +6% to subsistence (annual compliance) for charge schemes which would otherwise need a significant increase to get to break-even position by 2027/28. These regimes are subject to longer-term detailed review to give us certainty of full cost-recovery.
 - Water Resources Standard Unit Charge (SUC)
 - Environmental Permitting Regulations (EPR) Installations (including Medium Combustion Plant Directive [MCPD])
 - EPR Non-Nuclear
 - EPR Materials Recycling Facilities (MRF)
 - EPR Waste Carriers, Brokers & Dealers
 - EPR International Waste Shipments
 - EPR Flood Risk Assessment Permits (FRAPs)
 - Reservoir Safety.

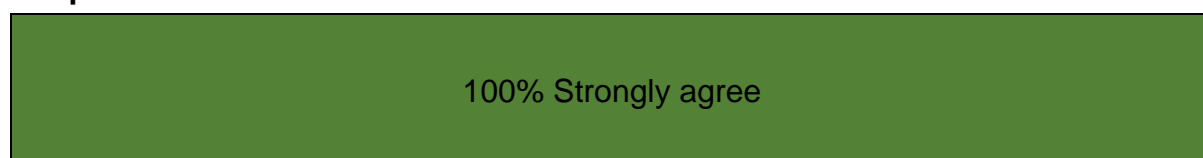
- A +3% increase to permitting areas to absorb inflationary pressures:
 - Water Resources - Abstraction / Impoundment permits
 - EPR Installation permits (including MCPD)
 - EPR Site-Based Waste permits
 - EPR Water Quality permits
 - EPR Non-Nuclear
 - Reservoir Safety
 - Species Licensing.

Consultation question:

To what extent do you agree or disagree with our proposed break-even and inflationary increases to regimes in deficit?

Of the respondents who answered this question:

Responses from individuals:



Responses from organisations and businesses:



General comments

Level of Regulation and service levels

You said:

- While we support the need for these increases to enable each regime to reach a break-even point, we are concerned that this is based on a presumption that the current level of regulatory activity is sufficient. From NRW's latest regulation report (2023), it is evident that there are significant levels of non-compliance in a number of regimes, and that only a small proportion of permits are checked for compliance. For example, out of over 2000 water resource permits, only 99 were assessed, and 56% were non-compliant, for water discharges, 649 were assessed, and 52% were non-compliant. These data suggest that NRW needs to increase its regulatory activity in these sectors. This is supported by evidence from NRW's CEO, Clare Pillman. In the November 2023 Welsh Affairs Select Committee hearing (Q163), she stated that the reason that DCWW assets could not be monitored more closely was money. This would seem to be a clear indication that, for water discharge permits at least, a real terms increase is required to pay for additional staff and equipment to adequately monitor DCWW assets. WEL is therefore surprised that NRW has not followed the lead shown by the Environment Agency in England, which has significantly increased its subsistence charges for sewerage discharge permits, with increases of over 100% for several permit categories, though we note that subsistence charges will be looked at next. The EA states that the resulting increased income from the water and sewerage companies will enable them to raise the number of site inspections with a tenfold increase by April 2026, so we hope that a similar approach can be taken when subsistence charges have been reviewed.
- Wales Environment Link (WEL) is disappointed that there is no attempt in these charging proposals to increase, in real terms, charges to enable an effective level of regulatory activity to be undertaken in those regimes with the greatest incidences of non-compliance and environmental harm. For example, NRW is using grant in aid to recover costs linked to agricultural enforcement, whereas a consistently developed enforcement system across all types of

permitting would lead to full cost recovery on agricultural permits as well as other types.

- WEL believes NRW needs to provide further information to accompany consultations on charge proposals to enable an effective assessment of its proposals. In particular, it should set out the current levels of regulatory effort and the extent of non-compliance in each regime. This would enable an assessment to be made of the effectiveness of each regime in protecting the environment and human health, rather than just its financial health.
- WEL is disappointed that the main criterion NRW appears to be using for setting regulatory charges is the need to achieve financial break-even. We believe the starting point for determining the resources needed for a regulatory regime should be “what level of regulatory effort is required to ensure a high degree of compliance and minimal risks to the environment and human health?”. Only when this level of regulatory effort has been assessed can the financial break-even point be determined. Without information on the amount of regulatory effort and extent of non-compliance, it is difficult to say whether the proposed increases are sufficient, though as noted above, a statement by NRW’s CEO would suggest that they are not.
- CIWM Cymru is aware there have been significant cost increases recently but with a reduced standard of service. Any cost increases should be made with a view to improving service efficiency and standards. NRW has been on a recruitment freeze which came into force not long after the permitting price increases in 2023/24. This has meant permit application queue delays increasing to around 9 months in mid-2024. This is not a sustainable service and CIWM Cymru is aware of this having a direct impact on investment in the Welsh economy, with some operators and their financial backers being put off investing in Wales due to the time taken to receive authorisations.
- CIWM Cymru would like to see greater connectivity between an efficient permitting process delivering permits within statutory time frames and the investment in the permitting team from increased application fees.
- Need to make sure charges cover costs in all cases.

Our response:

Most charges consulted on this year have been inflationary only, with a view to stabilising our income to meet cost recovery needs or to reduce specific deficits. We need to ensure our operations are sustainable in the short term.

In order to address the points about enabling an effective level of regulatory activity to be undertaken in those regimes with the greatest incidences of non-compliance and environmental harm, we are in the early stages of implementing a longer-term strategic programme of work to review our subsistence charges. This review will look in detail at several regimes, including water quality, and will incorporate the service standards we aspire to, and the resources needed to achieve them as well as looking for process improvements or efficiencies to keep baseline costs as low as possible.

We acknowledge the points raised with regards to levels of service and regulation. Having clear service standards and measuring subsequent performance against these standards helps us manage resources and identify the need to adapt and to

change our cost recovery approaches. The service standards we aspire to also need to meet evolving policy and legislation (e.g. Water Special Measures Bill) and ensure our work supports Sustainable Management of Natural Resources (SMNR) and our corporate objectives.

Our regulatory service plan is shaped by the level of service we aim to provide and the resource we have available.

We recognise that our current resources, systems, and capabilities are not where we would like them to be currently to deliver against these standards. The detailed subsistence review, along with process and system improvements, will help to address the disparity between the necessary regulatory standards and the resources we have to meet them.

We recognise the frustrations of longer than anticipated service levels for permit determination. As we approach the end of the recruitment freeze, we will be able to recruit our permitting and compliance teams to a full complement, improving the current queues being experienced by customers and our broader regulatory activities.

Across regulation, we will continue to track service delivery, identify barriers, work up process improvement changes, cost-recovery models and training and guidance to move us closer to our desired delivery standard over the next few years.

We are also working with trade bodies and other groups to improve the quality of the applications we receive as this is also a major contributory factor to speed of permit determination.

As part of our commitment to transparency, we do publish a separate Annual Regulation Report offering a comprehensive overview of our regulatory and enforcement activities. Our 2023 report summarises our incident response, permitting and licensing, compliance, crime, and enforcement and sanctioning actions, reflecting our statutory regulatory duties. This detailed report can be found [here](#).

Risk-based Regulation

You said:

- WEL believes NRW should be more proactive in adopting a risk based regulatory regime, where regulatory effort is focused on the sites/permits which are at greatest risk of non-compliance. This should then be reflected in the charges for individual permits. Those associated with a poor compliance record should pay more, on a permit-by-permit basis, than those with a good record. For example, a sewage works with a poor record of compliance should pay more than a similar site with a good record, to enable NRW to undertake more monitoring and compliance checks. While this approach is taken in some sectors, in others, notably water discharges and abstraction, it is not.

Our response:

We acknowledge the points raised. Our service standards are risk-based and direct us to spend more time on sites with poor compliance records. Our approach is in line with [Section 3 of the Regulators Code](#).

Although our review of subsistence charges has only just commenced, we are considering options such as the introduction of a compliance scoring framework for the Water sector similar to that currently in place for the Waste and Industry sectors.

Planning horizons

You said:

The consultation signals cost increases across a range of areas that will impact on Dŵr Cymru's customers. All charges are ultimately paid for by our customers. As a result, we will end up with unplanned costs as the charges outlined in the consultation come too late for any consideration in the PR24 price review process and hence must be absorbed in other areas of our programme, putting at risk our ability to deliver other environmental improvements. These costs will directly impact what we are able to deliver as a not-for-profit entity on behalf of our customers. With respect to the principle of providing longer term planning horizons, the rise in annual subsistence charges for 2025-26 appears to go against this principle. This is the second consecutive year that Water Quality subsistence charges have been increased above inflation and again adds an unforeseen cost to our budgeting for 2025-26 with the resulting consequences this creates in terms of delivering other customer priorities, as it will not be possible to deliver compensating efficiencies at such short notice. A smoothing rate over a number of years would allow us the opportunity to develop and implement compensating cost saving initiatives, avoiding this cost effectively being passed onto our customers. Such efficiencies could be linked to any NRW service delivery improvement plan, enabling us to have more certainty around permitting delivery times within our own delivery times. Again, in promoting transparency, we would welcome the reporting of NRW key performance indicators for permitting to enable the tracking of such improvements. With the addition of an NRW efficiency target, this would show if the proposed improvements to the regulation and monitoring of the water sector are being achieved through smart and efficient regulation.

Our response:

The above inflation increases seen over the last 2 years are an indication of the direction of travel for the subsistence charges likely to be seen with the subsistence review described earlier. Other regulators have similarly delivered large increases in their charges through their own reviews and refocussing of regulatory activities. Whilst we recognise these rises may be difficult to absorb in the short term, it will make the likely significant rises from the subsistence reviews less severe into the medium term. We are heralding these likely significant future increases to the sectors and will continue to do so via the Chargepayers Consultative Group. In the case of the proposed rise in water annual subsistence charges, we highlighted our intentions in August 2024 through our Chargepayers Consultative Group prior to going live with the consultation itself.

We have ongoing material regime deficits to manage on both Water Quality and Water Resources (due to significant cost increases to Dwr Cymru's Dam Safety Programme), hence the requirement to increase these charges by greater than 3% to manage sustainably in the short-term.

We will give indications of timescales of more in-depth subsistence reviews and public consultation in Summer 2025 and will endeavour to keep relevant stakeholders informed of our plans at the earliest opportunity.

Affordability

You said:

- Whilst we recognise that all areas of Welsh Government expenditure, including Grant in Aid to NRW, are under unprecedented levels of strain, NFU Cymru believe that proposed fees and charges should be considered in the wider economic landscape. It is our strong belief that Welsh Government and their Agencies should give due consideration to the affordability of proposals and their impact on business viability as well as the unintended consequences and impacts to Welsh Governments wider policy agenda, for example in relation to decarbonisation, animal welfare and building economic and environmental resilience for the future.
- NFU Cymru welcomes NRW's commitment to maintain as far as possible the existing annual subsistence charges. We note, however, that for farms holding existing permits NRW proposes an increase[s] across a number of regimes. We ask NRW to consider these proposals in the context of the significant inflationary pressures impacting on food production outlined earlier in this response. We do not believe it is a sustainable position for NRW to continue to raise its fees and charges year on year without first exploring where cost savings can be implemented.
- Will there be an assessment phase so we know how we are going to be affected?

Our response:

We recognise the financial impact our charging proposals might have on some businesses, especially as our proposals coincide with wider ongoing financial pressures from inflation and the increased cost of living.

NRW must work in line with the principles of Welsh Governments' *Managing Welsh Public Money*. This means that we should not incur either a profit or a loss from our regulatory activities. We only seek to recover our costs, and we are not able to cross subsidise from other sources of funding.

We are currently not recovering our costs in several regulatory regimes leading to financial deficits. This has led to a reduction in service in some areas of our work. Whilst we have changed some of our processes to be more efficient, this is not enough to balance the full costs of delivery.

The above inflation charge proposals put forward in this consultation relate only to regimes that are in deficit. We have not proposed these increases lightly and constantly look for ways to reduce our costs.

A failure to manage our charging schemes to ensure they reflect full cost recovery would restrict our ability to deliver our regulatory duty, prevent pollution and contribute to tackling the climate and nature emergencies.

NRW regularly reviews its overheads and implements efficiencies where feasible. We have a number of programmes ongoing to realise benefits from process and system improvement, which will be reflected in charge models as we go forward.

Subsistence review

You said:

- We note that you are to undertake a review of subsistence charges looking at processes, developing approaches, gathering evidence, and building charge schemes. We would be happy to support with any evidence in the areas that you are focusing on that are related to our activities to help ensure your review is both rigorous and robust.
- NFU Cymru notes that NRW intends to review subsistence charges (annual compliance charges) initially focussing on a number of regimes that affect farmers including Water Quality, EPR Installations, EPR Waste and Water Resources. NFU Cymru would again reiterate our calls for a full independent review of NRW fees and charges to identify where efficiencies and cost savings can be achieved with a view to keeping costs manageable. For this reason, NFU Cymru is calling for the suspension of the strategic review of annual subsistence charges until the review has been completed.

Our response:

NRW is undertaking a programme of work to review our subsistence charges. As with previous reviews, the purpose is to understand the cost base and deliver a new schedule of fair and proportionate charges for chargeable activities based on a robust model for estimating their cost. As we have stated previously, looking for efficiencies, cost savings and improvements in the way we work forms a fundamental part of this process. Where significant capital investment would be required to deliver potential process or efficiency savings, these would feed into future IT and system changes.

We have shared our methodology several times. We have been transparent in how we have undertaken previous reviews and in how we have calculated our charges. We do not believe that there is merit in further reviews of the process.

Many of NRW's subsistence charges have been subject to inflationary increases only for a number of years. We believe it is fair that those using our services should pay for them. A review of subsistence charges will ensure fairness and proportionality for our customers.

We welcome input from all members of the Chargepayers Consultative Group in shaping our improvement programmes and delivery standards.

Detailed costing information

You said:

- Confor want to know what the current income from grants and is this sufficient to cover costs for felling licences. No summary details are provided which is not helpful in determining the overall cost/income profile for NRW.

Our response:

We will consider how to share information on the costs of grand funded services with the Chargepayers Consultative Group.

Enforcement resulting from vexatious complaints

You said:

- We note that NRW enforcement activity is funded through Grant in Aid and alternative sources of funding and resources are being considered to strengthen NRW's enforcement capability. NFU Cymru is increasingly concerned about NRW's approach to cost recovery in relation to non-planned compliance work. We are worried NRW is applying charges as a result of vexatious and campaigns of organised complaints, which appear to be on the increase, and which impact some farming sectors disproportionately. It is important for NRW to appreciate such reports are not because there is an issue to be addressed, but because there may be local opposition to a type of farming system. It would be extremely unfair for operators to have to shoulder additional costs to deal with unsubstantiated complaints.

Our response:

We are unsure of what is meant by 'non-planned compliance work' as NRW compliance work is planned. We believe that you are referring to activity related to incident response.

The 'Polluter Pays' principle is at the basis of most NRW charges. In the case of pollution incidents, whenever possible, NRW aims to recover from the polluter all reasonable costs incurred in dealing with the incident either by incident cost recovery or through enforcement.

NRW staff responding to a report of pollution have legal powers to recover costs for attendance at any substantiated incident involving water pollution through both the Water Resources Act 1991 and the Environment Act 1995. For this, we charge at a rate of £125 per hour.

We currently only seek to recover our costs for water pollution incidents. We do not currently charge for illegal felling, waste, or fire incidents.

Any subsequent actions relating to enforcement are funded by Grant in Aid. The costs associated with enforcement may form part of an award of costs if legal action is successfully taken. This is outlined in our [Enforcement and sanctions policy](#).

NRW must recharge for all incidents that meet the following criteria, unless exceptional circumstances apply:

- Where actual pollution of a controlled water occurs (including pollution incidents caused by a discharge that complies with its permit), or
- Where NRW or contractors conduct investigatory and response work as a preventative measure to avoid or mitigate pollution of a controlled water, or
- Where NRW have identified the polluter. There must be sufficient evidence to identify the polluter on the 'balance of probabilities.' This is sufficient to act in the civil court to recover costs. There is a higher burden of proof to prosecute in the criminal court for the pollution incident.
- Where substances are found which are a cause of imminent danger or serious pollution to the environment or harm to human health.

Note that where NRW recharge for the cost of responding, a pollution incident will have taken place. It is therefore highly unlikely that a 'vexatious complaint' would result in charges being applied.

NRW, under Incident Cost Recovery legislation, can recharge for:

- All time travelling to and from the incident
- Tracing the source of the pollution
- All urgent remedial/preventative work
- All materials used
- All analysis samples taken in identifying a source

Under enforcement costs

- Assessing the possible impact upon receiving waters
- All analysis samples taken
- Any other additional specialist costs e.g. fish restocking
- Any ongoing supervision.

Transparency

You said:

- Charges should be transparent, with their make-up clearly publicised. It should be made clear that charges cover only those direct costs relevant to the licence in question, and not those more general costs associated with NRW performing related regulatory functions such as general monitoring of the environment.
- In line with the polluter pays principle, it would be useful that the outcome of the consultation makes clear how charges been assessed across different sectors to ensure a proportionate approach is taken.
- As part of the principle of transparency of charging decisions we would like to understand how the proposed charges will support improvements in the levels of customer service that we will receive. For example, permit applications that we make are not being determined within the period (3-4 months) detailed

within core guidance on Environmental permitting. Such delays can have the potential to further increase our costs in the delivery of schemes and in the undertaking of operational activities, and as such can result in delays to the linked benefits to customers and the environment. With a substantial increase in size of the NEP in AMP8 there will be a need for NRW to be appropriately resourced to meet the demands in permitting and licencing that will be entailed in delivering a successful AMP8 programme to improve the environment. Are you able to share a service delivery improvement plan that the proposed charges will support that can go towards demonstrating the value being added to our customers as a direct result of the increase in charges?

- Again, in promoting transparency, we would welcome the reporting of NRW key performance indicators for permitting to enable the tracking of such improvements. With the addition of an NRW efficiency target, this would show if the proposed improvements to the regulation and monitoring of the water sector are being achieved through smart and efficient regulation.

Our response:

NRW has used the principles of full cost recovery in line with *Managing Welsh Public Money* to arrive at the proposed permit application charges.

Managing Welsh Public Money directs that we should not incur either a profit or a loss from our regulatory activities. We are therefore only permitted to recover our costs.

The income from each regime is managed separately and we regularly assess the level to which each regime is cost recovering. We are not able to cross subsidise from other sources of funding; we cannot lower a deficit in one regime by taking funds from another. Any proposal to raise or lower a charge is specific to that regime.

We have calculated each charge by identifying the direct activities involved in determining each type of permit/license, how long they take and what cost. A fair and proportionate allocation of the cost of indirect activities is then applied, based on the level of direct activity. We believe that our methodology is sound and compliant with both *Managing Welsh Public Money* and regulatory principles.

With regard to our new and revised permitting charges introduced in July 2023, we also had a lengthy independent review with senior Welsh Government staff on the underlying evidence of our charges, arriving at an outcome which gave the Minister overall assurance to approve our suite of Strategic Review of Charges (SRoC) proposals.

Our annual subsistence charges are risk based and at present reflect current service levels and resources. Our subsistence charges and how we calculate them form part of a longer-term programme of work to review all charges and this is now underway.

In the context of AMP8, the uplift in charges will enable us to move to full cost recovery that enables sufficient staff to deliver permitting and are recruiting staff commensurate with the scale of the expected programme. Failures to meet statutory determination targets have been in part due to resourcing issues facing all public services, but equally due to application quality. We are working closely with industry

to improve application quality and to ensure timely applications that address critical customer deadlines and any resourcing pinch-points.

We will consider what additional information we can include in our Annual Regulation report on our permitting performance, but we can confirm we are meeting approximately 80% of statutory timescales for Water Quality applications and around 90% for the whole service. We do not have a specific service delivery improvement plan to share but will consider appropriate communications to inform our service users.

Efficiency

You said:

- The assumption underpinning the question also suggests that the regulatory services provided by NRW are efficient, cost-effective and provide value for money. We are clear that this is not the experience of NFU Cymru members who utilise NRW regulatory services currently. In this context, we do not believe it is fair for NRW to simply pass on the costs of its services to those it regulates where improvements and, therefore, cost savings could be achieved. It is disappointing that no progress has been made in this area, and we suggest that there is little motivation within NRW to pursue efficiencies when cost recovery principles allow inefficient working practices to become embedded within the organisation.

Our response:

NRW is committed to continually improving our processes making them as streamlined and efficient as possible, providing a valuable service and a reduced burden on business.

NRW's services have been under recovering and under financial pressure for some time. This has impacted on the level of service we are able to provide. Although we do seek to continuously improve our ways of working, we have been doing more with less due to depreciation, lack of increases to charges and organisational changes including recruitment restrictions while the complexity of our work has increased. This has resulted in an impact on the service we provide.

While this review has focused on areas operating at a deficit and necessary inflationary charges to cost recover, we are commencing more in-depth reviews of subsistence charges.

Responses to other areas above describe our intentions to improve our services to match the regulatory standards we aspire to.

Welsh language considerations

Could the proposals affect opportunities for people to use the Welsh language?

Nil response.

Is there a way we can increase the use of Welsh or provide more opportunities for people to use the Welsh language?

Nil response.

Are there any aspects of the proposals that could disadvantage people in using the Welsh language?

You said:

It is NFU Cymru's strong view that a thriving Welsh language in rural areas is underpinned by thriving Welsh farms; any proposals that weaken the farming sector will ultimately weaken our Welsh language and what defines us as a people and a nation. Farming is, therefore, central to the future of the Welsh language. Many farming businesses have developed alternative enterprises to provide an additional income stream to keep the family business viable and to ensure opportunities for the next generation to stay within the business and live within the area. NFU Cymru continue to be concerned that NRW, through its charging regime, has failed to recognise the negative impacts on Welsh family farms and the fundamental importance of a vibrant and economically viable Welsh farming industry to underpinning the Welsh language.

Our response:

We acknowledge the points made above with regards the Welsh language.

We share a pride in supporting the Welsh language, recognising how it defines us as people and as a nation, and connects us with our natural resources and our communities.

We recognise the financial impact our charging proposals might have on some businesses, especially as our proposals coincide with wider financial pressures from inflation and the increased cost of living. However, a failure to manage our charging schemes to ensure they reflect full cost recovery would restrict our ability to deliver our regulatory duty, prevent pollution and contribute to tackling the climate and nature emergencies.

Do you believe the proposals treats the Welsh language less favourably than the English language?

You said:

- Nil

Next steps

Having considered the feedback received, we have decided to move ahead with the charges proposed.

We intend to implement the updated charges on 1st April 2025 following Welsh Government approval.

Annex 1 - Charging consultation proposals

The detailed proposals as outlined within the consultation can be found through the following links.

[Consultation on our regulatory fees and charges for 2025/2026 - Natural Resources Wales Citizen Space - Citizen Space](#)

[Ymgynghoriad ar ein ffioedd a thaliadau rheoleiddio ar gyfer 2025/26](#)

Annex 2 – Full written responses received to the consultation

UK ETS

Will there be tight regulation of allowances?
CIWM Cymru consider that some price increases (notably for hospitals and small emitters) may be challenging for operators to afford. We would therefore be more supportive of a graduated increase. CIWM Cymru are concerned that the NHS's budget is already stretched and the price increase may result in funding being diverted away from critical healthcare services. Bringing in this change with limited time to prepare for the increase will most likely result in an impact on these services.
CIWM Cymru would be very supportive of an improvement in the guidance and pre-application services provided by NRW to improve the quality of applications which should in turn improve the efficiency of the determination process and subsequently costs/fees.
The MPA represents three sectors which participate in UK ETS: cement, lime and asphalt. For CBAM, the cement sector is included in the EU CBAM and in the UK CBAM from 2027. The cement and lime installations are in the main UK ETS scheme, while asphalt installations are primarily in the small emitter scheme. Our members compete in global markets and therefore additional costs, such as from regulatory activity, can affect their international competitiveness.
It is noted the NRW UK ETS is in deficit by £400k and that as a result many of the charges are increasing and a few decreasing. It is acknowledged with the change from EU to UK ETS that this could lead to uncertainty on the regulatory effort required for NRW. However, the magnitude of the changes suggests this has not been understood very well and MPA is particularly concerned that the proposed charges vary significantly from the EA for sites in England.
For installations in receipt of free allocation the proposed subsistence changes will lead to a substantial increase in annual fees compared to England, with £4,790 proposed for England compared to £7,486 to £15,867 in Wales. How can NRW justify charging so much more? MPA strongly recommend NRW liaise with the Environment Agency (EA) to understand how they can undertake the same regulatory activity far more efficiently and cheaply. Such significant differences in regulatory cost puts sites in Wales at a competitive disadvantage compared to competitor sites in England and this must be avoided. MPA strongly objects to NRW charges being significantly more than those charged by the EA.

MPA also has concerns regarding the new permit charges, variation charges and permit transfer, surrender/ revocation charges. They are significantly in excess of the EA charges as set out below. NRW are increasing some of these charges by more than 100%, while the EA have reduced several, again how can NRW justify charging so much more?

It is important that NRW operate the UK ETS regulatory activity in the most efficient manner. MPA would expect UK ETS charges across all regulators to be broadly aligned given the activity undertaken is the same, wherever the installation is located. We strongly object to NRW charging significantly more than the EA. The charges must also reflect the service provision to participants, so where there are increases, we would expect the service quality to businesses to improve.

Publicity and monitoring licensees are all important if you want obedience and thus money.

Waste Standard Rules

Should there be incentives for good operating performance?

CIWM Cymru agrees with the price increases, however we would like to communicate an anticipated expectation that service levels will improve as a result. CIWM Cymru would also like to highlight that any increases in regulatory fees will be passed on to waste company customers which will include public sector organisations, which have highly stretched budgets. CIWM Cymru also highlights that these increases are due in a financial year which also sees the launch of digital waste tracking, which is also a financial addition for waste companies.

Fuels Industry UK has no comment in relation to the charging proposals for Waste Standard Rules permits.

Not relevant to us.

Publicity and monitoring licensees are all important if you want obedience and thus money.

Green List Waste

CIWM Cymru suggests the availability of clear guidance specific to NRW; waste import and export is a complex area of regulation and law.

With the additional funding coming from these increases, CIWM Cymru welcomes the opportunity for NRW to more proactively regulate exports to prevent and address illegal activity.

CIWM Cymru anticipates that these changes will be proactively communicated widely within Wales by NRW to ensure that the resources and waste sector is aware and can make changes to their internal procedures and practices.

Fuels Industry UK has no comment in relation to the charging proposals for Green List Waste.

Not relevant to us[e].

Hazardous waste premises notification

Glad this charge is being removed.

CIWM Cymru suggests NRW maintain a charge on the basis of the 'polluter pays principal.' In addition, there is likely to be an increased administration cost following the implementation of digital waste tracking.

CIWM Cymru considers it would be useful to invest in data validation between hazardous waste registrations and digital waste tracking rather than lose the income stream.
Fuels Industry UK has no comment in relation to the charging proposals for Hazardous Waste premises notifications.
This is really where you need to be extra vigilant re compliance.

Section 166a/b Scour valve release renewals

Not relevant to us.
Fuels Industry UK has no comment in relation to the charging proposals for s166 a/b Scour valve release renewals.

Same and different terms renewals

No comment
Fuels Industry UK has no comment in relation to the charging proposals in relation to same and different terms renewals.
Difficulties may arise in the classification of type of application, a process to review or challenge the classification should be considered. The examples given for a technical variation could lead to minor changes requiring a disproportionate fee, for example changing purpose of water use.
<p>The BHA believe that this consultation does not consider the broader remit of NRW especially within the context of the Welsh Government's aspirations for Net Zero, renewable energy targets, and local energy ownership, and the difficulty in achieving these ambitions.</p> <p>The BHA believe that NRW, as a statutory body, are not offering the delivery of services in a cost-effective and proportionate manner. There are likely to be a wide range of unintended consequences caused by the current proposals which have not been subjected to a proper impact analysis (as required by Government guidance).</p> <p>The BHA will welcome the opportunity to work on a way forward that combines industry knowledge & experience with NRW resources to maximise future hydropower opportunities and thereby help deliver the Net Zero ambitions of the Welsh Government.</p>
No comment
<p>Without evidence or further information on the renewals processed by NRW and how many do not meet the criteria for same-term renewals it is difficult to respond to this question.</p> <p>Quarries will often change the location of the abstraction as the site progresses. It is unlikely that the change in location will be substantial enough to make a change to the local environment/ be from or to a different water resource. In these situations, the renewal should be considered as the same location, and an extra fee should not be incurred.</p> <p>We would also consider that other minor variations to the existing licence should not be charged at the full fee. However, without evidence of the full cost breakdown incurred by NRW when processing renewals it is difficult to comment</p>

Species licencing

Needs to be greater clarity as to the different species licencing that will take place e.g. how is it proposed the species are categorised for each fee regime.
Other matters - Felling Licence. What is the current income from grants and is this sufficient to cover costs. No summary details are provided which is not helpful in determining the overall cost/income profile for NRW.
Could more be licenced?

Proposed break-even and inflationary increases

Will there be an assessment phase so we know how we are going to be affected?
<p>CIWM Cymru is aware there have been significant cost increases recently but with a reduced standard of service. Any cost increases should be made with a view to improving service efficiency and standards.</p> <p>NRW has been on a recruitment freeze which came into force not long after the permitting price increases in 2023/24. This has meant permit application queue delays increasing to around 9 months in mid-2024.</p> <p>This is not a sustainable service and CIWM Cymru is aware of this having a direct impact on investment in the Welsh economy, with some operators and their financial backers being put off investing in Wales due to the time taken to receive authorisations.</p> <p>CIWM Cymru would like to see greater connectivity between an efficient permitting process delivering permits within statutory time frames and the investment in the permitting team from increased application fees.</p>
<p>Fuels Industry UK understands the challenges of delivering the range of regulatory services and the complexities associated with recovery of the costs for the delivery of regulatory services for regulated business.</p> <p>The majority of businesses whose activities have an impact on the environment require an environmental permit to carry out those activities. The current environmental permitting process can be lengthy (e.g. new application or a variation) and is not designed to support new and innovative activities that currently sit outside the BAT conclusions scope.</p>
<p>The current regime does not enable trials of new technologies, processes or products that could support decarbonisation and the circular economy without undertaking a permit variation. Indeed, multiple variations may be required as projects develop or are replaced. Furthermore, there is no benchmarking of new technologies, processes or products that have gone through the permitting process that businesses can refer to, either within the same industry or in other industries.</p> <p>We agree that charges for certain activities should increase based on the level of activity to deliver the service. It is also fair to work to the principle that the greater the environmental risk, the more resource is expended and the greater the cost to be recovered through charges.</p>
<p>However, Fuels Industry UK believes that with an increase in charges, there needs to be visible improvements in the flexibility of the service to respond to innovation and the timeliness of delivery of the service. It would not be acceptable to raise these charges and deliver the same level of service with no visible improvement to the service provided.</p>
<p>Increased charges should translate into clear benefits, such as more efficient or streamlined permitting and compliance processes. NRW should commit to ongoing efficiency reviews to avoid recurrent charge increases.</p>

Multi-year charge forecasts are essential for businesses to plan budgets, significant increases year on year that do not align with inflation create financial pressures and instability. NRW need a clear plan on how they will manage costs to prevent recurring deficits which ultimately leads to one or a combination of; job losses, increased timelines, and poorer outcomes for the environment.

While we support the need for these increases to enable each regime to reach a break-even point, we are concerned that this is based on a presumption that the current level of regulatory activity is sufficient. From NRW's latest regulation report (2023), it is evident that there are significant levels of non-compliance in a number of regimes, and that only a small proportion of permits are checked for compliance. For example, out of over 2000 water resource permits, only 99 were assessed, and 56% were non-compliant, for water discharges, 649 were assessed, and 52% were non-compliant.

These data suggest that NRW needs to increase its regulatory activity in these sectors. This is supported by evidence from NRW's CEO, Clare Pillman. In the November 2023 Welsh Affairs Select Committee hearing (Q163), she stated that the reason that DCWW assets could not be monitored more closely was money. This would seem to be a clear indication that, for water discharge permits at least, a real terms increase is required to pay for additional staff and equipment to adequately monitor DCWW assets. WEL is therefore surprised that NRW has not followed the lead shown by the Environment Agency in England, which has significantly increased its subsistence charges for sewerage discharge permits, with increases of over 100% for several permit categories, though we note that subsistence charges will be looked at next. The EA states that the resulting increased income from the water and sewerage companies will enable them to raise the number of site inspections with a tenfold increase by April 2026, so we hope that a similar approach can be taken when subsistence charges have been reviewed.

WEL is disappointed that there is no attempt in these charging proposals to increase, in real terms, charges to enable an effective level of regulatory activity to be undertaken in those regimes with the greatest incidences of non-compliance and environmental harm. For example, NRW is using grant in aid to recover costs linked to agricultural enforcement, whereas a consistently developed enforcement system across all types of permitting would lead to full cost recovery on agricultural permits as well as other types.

WEL believes NRW needs to provide further information to accompany consultations on charge proposals to enable an effective assessment of its proposals. In particular, it should set out the current levels of regulatory effort and the extent of non-compliance in each regime. This would enable an assessment to be made of the effectiveness of each regime in protecting the environment and human health, rather than just its financial health. We expand on this in two points below:

1. WEL is disappointed that the main criterion NRW appears to be using for setting regulatory charges is the need to achieve financial break-even. We believe the starting point for determining the resources needed for a regulatory regime should be "what level of regulatory effort is required to ensure a high degree of compliance and minimal risks to the environment and human health?."

Only when this level of regulatory effort has been assessed can the financial break-even point be determined. Without information on the amount of regulatory effort and extent of non-compliance, it is difficult to say whether the proposed increases are sufficient, though as noted above, a statement by NRW's CEO would suggest that they are not.

2. WEL believes NRW should be more proactive in adopting a risk based regulatory regime, where regulatory effort is focused on the sites/permits which are at greatest risk of non-compliance. This should then be reflected in the charges for individual permits. Those associated with a poor compliance record should pay more, on a permit-by-permit basis, than those with a good record. For example, a sewage works with a poor record of compliance should pay more than a similar site with a good record, to enable NRW to undertake more monitoring and compliance checks. While this approach is taken in some sectors, in others, notably water discharges and abstraction, it is not.

Need to make sure charges cover costs in all cases

NFU Cymru welcomes NRW's commitment to maintain as far as possible the existing annual subsistence charges. We note, however, that for farms holding existing permits NRW proposes an increase across a number of regimes. We ask NRW to consider these proposals in the context of the significant inflationary pressures impacting on food production outlined earlier in this response. We do not believe it is a sustainable position for NRW to continue to raise its fees and charges year on year without first exploring where cost savings can be implemented.

The BHA understands that there needs to be reform in the way hydropower licenses are funded in Wales in order to balance the books. We are willing to work with NRW to find a way forward which least impacts – and preferably encourages – future hydro developments and efficient regulation. But a large, flat fee is not the answer. We have the following suggestions for further discussion:

1. Streamlining

NRW already has in place:

- a focused pre-application process to ensure new applications provided the correct site-specific information

- license application forms customised specifically for hydropower
- Good Practice Guidance to standardise the design and assessment of new applications
- Clear definitions of low risk and high risk sites
- 10 years' of experience during the Feed-in-Tariff for dealing with a wide range of hydro sites

Quote: "We can more quickly review an application and issue a licence where a scheme has been designed, and application submitted in line with our guidance."

It is therefore not credible that a new, low risk site which follows standard NRW guidance should require the level of NRW input implied by a fee of £6,327. The BHA would like to work with NRW to establish how streamlining of straightforward sites can achieve a more cost-efficient fee.

2. Pre-application

NRW is seeking to limit the pre-application advice provided for no fee. Yet focused pre-application advice is key to providing a robust application and avoiding time-consuming pitfalls. The BHA would like to explore whether a 2-step process involving a funded pre-application followed by a full application which closely

follows NRW advice and information requirements can then lead to a lower overall fee and more efficient use of NRW resources (e.g. equivalent to a pre-application fee plus same-terms renewal).

3. Sliding Scale based on kW output

As detailed above, NRW's impact assessment clearly shows that a flat fee has a major detrimental impact on the smallest schemes. This can easily be rectified by introducing a sliding scale so that the cost-per-kW of the license fee stays broadly the same as scheme size increases.

4. Low Risk / High Risk

High Risks sites always absorb much greater resources, and this will easily be established from NRW's records (and was reflected in the previous fee structure). Proportionate, targeted regulation should recognise this in the new fee structure, also acting to guide future developments towards projects with the least environmental risk.

Additional responses:



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By email only

10th January 2025

Dear Nadia De Longhi,

Consultation on NRW's regulatory fees and charges

Thank you for consulting on the above proposals.

These comments are from Dŵr Cymru Cyfyngedig (Welsh Water), the statutory water and sewerage undertaker that supplies over three million people in Wales and some adjoining parts of England. We are owned by Glas Cymru, a single purpose, not-for-profit company with no shareholders. We provide essential public services to our customers by supplying their drinking water and then carrying away and dealing with their wastewater. In this way we make a major contribution to public health and to the protection of the Welsh environment. Our services are also essential to sustainable economic development in Wales.

We have reviewed the consultation documents provided and thought it would be appropriate to reply by letter as we have a number of comments that cut across the consultation.

The consultation signals cost increases across a range of areas that will impact on Dŵr Cymru's customers. Any and all charges are ultimately paid for by our customers. As a result, we will end up with unplanned costs as the charges outlined in the consultation come too late for any consideration in the PR24 price review process and hence must be absorbed in other areas of our programme, putting at risk our ability to deliver other environmental improvements. These costs will directly impact what we are able to deliver as a not-for-profit entity on behalf of our customers.

We very much support the polluter pays principle and, on this basis, it is only fair that any specific regulatory services provided by NRW are funded entirely by those who benefit from those permitting services. Charges should be transparent, with their make-up clearly publicised. It should be made clear that charges cover only those direct costs relevant to the licence in question, and not those more general costs associated with NRW performing related regulatory functions such as general monitoring of the environment. In line with the polluter pays principle, it would be useful that the outcome of the consultation makes clear how charges been assessed across different sectors to ensure a proportionate approach is taken.

We're not-for-profit. Every single penny we make goes back into looking after your water and environment. You can contact us in Welsh or English.

Rydym yn gwmni nid-er-elw. Mae pob ceiniog a wnawn yn mynd i ofalu am eich dŵr a'ch amgylchedd. Cysylltwch a ni yn Gymraeg neu'n Saesneg.

Dŵr Cymru Cyf. (No./Rhif 2366777)
A limited Company registered in Wales:
Cwmni cyfyngedig wedi'i gofrestru yng Nghymru:

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As part of the principle of transparency of charging decisions we would like to understand how the proposed charges will support improvements in the levels of customer service that we will receive. For example, permit applications that we make are not being determined within the period (3-4 months) detailed within core guidance on Environmental permitting. Such delays can have the potential to further increase our costs in the delivery of schemes and in the undertaking of operational activities, and as such can result in delays to the linked benefits to customers and the environment. With a substantial increase in size of the NEP in AMP8 there will be a need for NRW to be appropriately resourced to meet the demands in permitting and licencing that will be entailed in delivering a successful AMP8 programme to improve the environment. Are you able to share a service delivery improvement plan that the proposed charges will support that can go towards demonstrating the value being added to our customers as a direct result of the increase in charges?

With respect to the principle of providing longer term planning horizons, the rise in annual subsistence charges for 2025-26 appears to go against this principle. This is the second consecutive year that Water Quality subsistence charges have been increased above inflation and again adds an unforeseen cost to our budgeting for 2025-26 with the resulting consequences this creates in terms of delivering other customer priorities, as it will not be possible to deliver compensating efficiencies at such short notice. A smoothing rate over a number of years would allow us the opportunity to develop and implement compensating cost saving initiatives, avoiding this cost effectively being passed onto our customers. Such efficiencies could be linked to any NRW service delivery improvement plan, enabling us to have more certainty around permitting delivery times within our own delivery times. Again, in promoting transparency, we would welcome the reporting of NRW key performance indicators for permitting to enable the tracking of such improvements. With the addition of an NRW efficiency target, this would show if the proposed improvements to the regulation and monitoring of the water sector are being achieved through smart and efficient regulation.

We note that you are to undertake a review of subsistence charges looking at processes, developing approaches, gathering evidence, and building charge schemes. We would be happy to support with any evidence in the areas that you are focusing on that are related to our activities to help ensure your review is both rigorous and robust.

Many thanks for your time and please do not hesitate to get in contact if you have any questions.

Yours faithfully,



To: SRoC@cyfoethnaturiolcymru.gov.uk

Date: 10 January 2025

Contact:

Tel:

Email:

NFU Cymru Response: Natural Resources Wales (NRW) Consultation on its regulatory fees and charges for 2025/26

NFU Cymru welcomes the opportunity to respond to Natural Resources Wales' (NRW) consultation on its regulatory fees and charges for 2025/26.

NFU Cymru champions Welsh farming and represents farmers throughout Wales and across all sectors. NFU Cymru's vision is for a productive, profitable and progressive farming sector producing world renowned climate-friendly food in an environment and landscape that provides habitats for our nature to thrive. Welsh food and farming delivering economic, environmental, social and cultural benefits for all the people of Wales whilst meeting our ambition for net zero agriculture by 2040.

The importance of the farming industry in Wales cannot be overstated. Welsh farming businesses are the backbone of the Welsh rural economy, the axis around which rural communities turn. The raw ingredients that we produce are the cornerstone of the £9.3 billion Welsh food foundation sector, a sector which has now grown to reach a turnover of £9.3 billion whilst employing 228,500 people, the equivalent to 17% of Wales' total workforce.

We are proud that the Welsh public associate Welsh farmers, first and foremost, with providing safe, high quality and traceable food and at NFU Cymru we want to ensure that consumers in Wales, the UK and further afield can continue to enjoy and choose the top-quality food that we produce here in Wales – now and in the future.

Welsh farmers look after over 80% of the land area of Wales, maintaining and enhancing our natural environment – Wales' key asset. Farming activity supports a diverse range of species, habitats and ecosystems, provides a range of ecosystem services including flood alleviation, carbon sequestration, climate change mitigation; and delivers the significant backdrop for Wales' tourism and recreation sector. Welsh farmers are key promoters and protectors of our culture, heritage and the Welsh language. The Welsh agricultural industry has the highest proportion of Welsh speakers, more than any other sector at 43%, more than double the population as a whole and Farming Connect's 'laith y Pridd' concluded that the relationship between the various factors – both positive and threatening – which face the agricultural industry, rural Wales and the Welsh language, overlap to such an extent that there is no point, nor is it possible, to separate one from the other.

Overall Welsh farming makes an unparalleled contribution to the economic, environmental, social and cultural well-being of Wales in line with the Well-Being of Future Generations Act summarised in Annex 1.

We note that NRW is consulting on their regulatory fees and charges for 2025/26 and is proposing to maintain as far as possible their existing regulatory charges with some adjustments for specific regimes in deficit, increases ranging from 3% to 8.5% for regimes forecast to be in deficit. We

further note that NRW have intend to undertake a detailed review of their annual subsistence (compliance) charges to achieve full cost recovery over the next few years.

NFU Cymru's interest, and the focus of this response, is in relation to NRW's proposed changes to the charging regimes that are relevant to agriculture.

The Farming Landscape

In 2024, we observed an upswell of emotions within the farming community that has not been witnessed since devolution. NFU Cymru is acutely aware that this is a time of unprecedented change for the farming industry with concerns over new policies and regulations, market instability and escalating costs which can be overwhelming for some farmers. The health and wellbeing of farmers is a source of considerable concern to us through this extremely difficult and unsettling period.

NFU Cymru is clear that the regulatory burden faced by Welsh farmers is unsustainable. NFU Cymru's survey of over 400 farmers undertaken in 2024, for example, provides [new evidence](#) on the impact of the Control of Agricultural Pollution Regulations on family farms.

We are calling for an independent review of the cumulative burden of regulations and policies on Welsh farming businesses also taking into consideration the wider economic and political context. As the environmental regulator in Wales, this review would clearly need to encompass NRW's broad remit and consider how the regulatory system can be transitioned to support rather than hinder the development of sustainable farm businesses for the future.

Whilst we recognise that all areas of Welsh Government expenditure, including grant in aid to NRW, are under unprecedented levels of strain, NFU Cymru is clear that NRW's proposals for its fees and charges need to be considered in the wider economic landscape. Welsh farmers are facing a wide range of challenges and are dealing with significant economic turmoil as a result of factors completely beyond their control. It is our strong belief that Welsh Government and their agencies should give due consideration to the affordability of proposals and their impact on farm business viability as well as the unintended consequences and impacts to Welsh Government's wider policy agenda, for example, in relation to decarbonisation, animal welfare and building economic and environmental resilience for the future.

General principles

Farmers manage over 80% of the land area of Wales and, as such, have a central role to play in meeting Welsh Government's climate and nature objectives alongside their core food production role. Farmers are also fundamental to the delivery of NRW's core purpose to pursue the sustainable management of natural resources (SMNR).

NFU Cymru is clear that the aspirations of Welsh Government and NRW cannot be achieved through regulation alone and a partnership approach with farming will be essential. It is also important to recognise that farmers can only deliver the multiple benefits that society seeks and meet the challenges ahead from a position of economic viability and stability. Overall, it is vital that government and its regulators recognise the importance of the agricultural industry and its unique contribution through the policy and regulatory framework.

We highlight that regulation, by which we mean 'regulatory activity' that refers to the whole range of regulatory options and interventions available to regulators, is an issue that matters very much to our members; it adds cost and complexity and takes time to achieve and demonstrate compliance. The cumulative effect of regulation can undermine confidence and the hinder development of farm

businesses. It is also vitally important that farmers in Wales, through the regulatory framework and associated charging regime, are not placed at a competitive disadvantage.

NFU Cymru would remind NRW of the main principles for fees, levies and charges set out by Welsh Government in 'Managing Welsh Public Money'. The guidance is clear, organisations supplying public services should always seek to control their costs so that public money is used efficiently and effectively. The impact of lower costs should normally be passed on to consumers in lower charges. The guidance also states that public organisations are expected to neither to profit at the expense of consumers nor make a loss for taxpayers to subsidise and this requires honesty about the policy objectives and rigorous transparency in the public interest. The guidance also places emphasis on monitoring the performance of a service being charged for.

We highlight that the principles of transparency and efficiency are reinforced within the Regulators Code which is clear that Regulators should avoid imposing unnecessary regulatory burdens through their regulatory activities (the whole range of regulatory options and interventions) and should assess whether similar social, environmental and economic outcomes could be achieved by less burdensome means. The Code also states, with respect to fees and charges, that Regulators should ensure that their approach to their regulatory activities **is transparent and clearly explain** the basis on which these are calculated.

In the context of Managing Welsh Public Money and the Regulators Code, NFU Cymru continues to have significant concerns about NRW's approach to its fees and charges. In previous consultation responses on this issue (see, for example, 2023/24 and 2024/25), NFU Cymru has been clear that the onus is on NRW to demonstrate greater transparency and show that cost increases are fair, proportionate and competitive. We also called on NRW to show that it is efficient in its processes and doing everything it can to keep the costs of these services to a minimum whilst placing a strong emphasis on the quality of service it provides to its customers.

It remains a source of concern and disappointment to NFU Cymru that NRW proceeded with the significant hikes to its fees and charges for new and amended permits in 2023 without addressing these fundamental concerns.

It is extremely concerning to us that as a result of the Strategic Review of Charges, our members were faced several fold increases in application, variation and surrender fees, which are disproportionately and prohibitively high. In addition, NFU Cymru continues to have substantial concerns about the level of transparency and accountability in how NRW has calculated the charge increases and there appears to be a complete lack of focus on improving efficiency and the quality of service NRW provides through effective performance monitoring.

In the intervening period we have become aware of a number of instances where our members have been subjected to NRW charges that are totally lacking in credibility. We continue to raise these inconsistencies with NRW.

In this context, NFU Cymru has called for **a full independent review** of NRW's fees and charges to give confidence to those it regulates that the charges are transparent, fair and proportionate and to support NRW to deliver an efficient and effective service that represents value for money to customers. We continue to believe the **strategic review of annual subsistence fees should be suspended** until the full independent review is completed. NRW should also develop a **system of performance monitoring** for the charging regime including the identification of key performance indicators and external review on an annual basis.

Consultation questions

5. To what extent do you agree or disagree that NRW's regulatory services should be paid for by those who use them and not by the taxpayer or other charge payers?**o Strongly disagree**

NFU Cymru believes that, in the context of permitting, the application of the 'polluter pays' principle is not clear cut. Where, through the permitting regime, the delivery of wider public goods, including food security and rural vitality and socio-economic benefit can be secured we believe a strong case can be made to support the delivery of the charging regime through grant in aid. There is also a need for NRW to recognise that farmers will be central to the delivery of its environmental objectives going forward and farm businesses can only deliver wider benefits for society from a position of economic viability. An enabling regulatory regime, including permitting, is vital for farmers to develop and build economic and, therefore, environmental resilience for the future.

The assumption underpinning the question also suggests that the regulatory services provided by NRW are efficient, cost-effective and provide value for money. NFU Cymru is clear that this is not the experience of our members who utilise NRW regulatory services currently. In this context, we do not believe it is fair for NRW to simply pass on the costs of its services to those it regulates where improvements and, therefore, cost savings could be achieved. We reiterate, this should have been an integral step in the SROC methodology applied in 2023 and we are disappointed to see no evidence or engagement with industry to this effect.

NFU Cymru would reiterate our previous offer that we are keen to work with NRW to identify and develop solutions that provide mutual benefit to NRW and the industry to help keep costs down. These include developing 'model' application templates for the poultry industry, combining on-farm visits where farms conduct multiple activities under different permits, or recognising the importance of a risk-based approach through the permitting process. It is disappointing that no progress has been made in this area and we suggest that there is little motivation within NRW to pursue efficiencies when cost recovery principles allow inefficient working practices to become embedded within the organisation.

Annual subsistence charges

NFU Cymru welcomes NRW's commitment to maintain as far as possible the existing annual subsistence charges. We note, however, that for farms holding existing permits NRW proposes an increase across a number of regimes. We ask NRW to consider these proposals in the context of the significant inflationary pressures impacting on food production outlined earlier in this response. We do not believe it is a sustainable position for NRW to continue to raise its fees and charges year on year without first exploring where cost savings can be implemented.

Subsistence reviews

NFU Cymru notes that NRW intends to review subsistence charges (annual compliance charges) initially focussing on a number of regimes that affect farmers including Water Quality, EPR Installations, EPR Waste and Water Resources.

NFU Cymru would again reiterate our calls for a full independent review of NRW fees and charges to identify where efficiencies and cost savings can be achieved with a view to keeping costs manageable. For this reason, NFU Cymru is calling for the suspension of the strategic review of annual subsistence charges until the review has been completed.

Enforcement

We note that NRW enforcement activity is funded through Grant in Aid and alternative sources of funding and resources are being considered to strengthen NRW's enforcement capability. NFU Cymru is increasingly concerned about NRW's approach to cost recovery in relation to non-planned compliance work. We are worried NRW is applying charges as a result of vexatious and campaigns of organised complaints, which appear to be on the increase, and which impact some farming sectors disproportionately. It is important for NRW to appreciate such reports are not because there is an issue to be addressed, but because there may be local opposition to a type of farming system. It would be extremely unfair for operators to have to shoulder additional costs to deal with unsubstantiated complaints.

Welsh language

The Welsh Government Strategy 'Cymraeg 2050 - A million Welsh speakers' – a strategy document for the promotion and facilitation of the use of the Welsh language - identifies the Welsh language as 'one of the treasures of Wales' and establishes a vision for 2050 of a Welsh language that is thriving, where the number of Welsh speakers has reached a million and where there is recognition by all of its contribution to the culture, society and economy of Wales. In this context NFU Cymru would refer NRW to evidence that recognises the role of Welsh farmers as key promoters and protectors of our culture, heritage and the Welsh language.

The Welsh Government Agriculture in Wales document (2019) provides a summary of the number of Welsh speakers based on 2011 census results. Overall, 43% of workers in Agriculture, Forestry and Fisheries speak Welsh compared to an average of 17% across all workers in Wales. This figure is the highest percentage of any sector. Four of the top six counties in terms of the proportion of Welsh speakers mirrors four of the top six counties in terms of the population employed in Agriculture, Forestry and Fisheries (Gwynedd, Anglesey, Ceredigion, Carmarthenshire).

The evidence is useful in highlighting the role of farming within our communities in terms of the preservation of the Welsh language. Overall, it is our strong view that a thriving Welsh language in rural areas is underpinned by thriving Welsh farms; any proposals that weaken the farming sector will ultimately weaken our Welsh language and what defines us as a people and a nation.

Farming is, therefore, central to the future of the Welsh language. Many farming businesses have developed alternative enterprises to provide an additional income stream to keep the family business viable and to ensure opportunities for the next generation to stay within the business and live within the area. In the current climate, the development of such enterprises is likely to be increasingly important on Welsh farms. As a result, we continue to be concerned that NRW, through its charging regime, has failed to recognise the negative impacts on Welsh family farms and the fundamental importance of a vibrant and economically viable Welsh farming industry to underpinning the Welsh language.

Appendix 3 – Glossary

Acronym / Term Meaning

AE	Authorised Exporters
Activity language	Financial model linking income/outgoings to our key objectives which are underpinned by the funding streams.
Article 12A	Powers for NRW to recover costs for goods, services, and facilities under The Natural Resources Body for Wales (Functions) Order 2013
BAT	Best Available Technique
Bespoke Permit	Site-specific permit (not a standard rule set)
CCG	Charge Payers' Consultative Group
Charge Structure	Calculations based on costs to NRW of active permitting and compliance work.
Chargeable days/ hours	Active permitting or compliance work other than leave, training etc.
Company size definitions:	
Micro	Less than 10 employees or under £2M turnover
Small	Between 10 and 15 employees or between £2M - £10M turnover
Medium	Between 50 and 250 employees or between £10M - £50M turnover
Large	More than 250 employees or over £50M turnover
Compliance	Adherence to the rules of a permit or licence
Cost modelling	Time and staff resource data used to calculate costs for active permitting or compliance work.
DAS	Discretionary Advice Service
DC/WW	Dŵr Cymru/ Welsh Water
Duly made	An environmental permit application that has been accepted and has the right information, including all required documents, photographs, fees, and supplemental information requested by us to determination.
EA	Environment Agency
Enabling Services	Teams /Staff required for permitting and compliance staff to function within the organisation.
EPR	Environmental Permitting Regulations
EPS	European Protected Species
Executive delivery	Managerial, Leadership, policy staff

Exemptions	Activities listed under EPA not requiring an Environmental Permit
Grant in Aid (GiA)	Budget from Welsh Government to NRW for non-chargeable business activity and costs
HEP	Hydroelectric Power
MWPM	<i>Managing Welsh Public Money</i> document published by Welsh Government
NRW/CNC	Natural Resources Wales / Cyfoeth Naturiol Cymru
PALS	(NRW's) Permitting and Licensing System
Permitting	Includes the determination of an application for an environmental permit, licence, consent, and other authorisations as well as variations, transfers and surrenders of existing permits.
Pre-app advice and guidance	On request advice and guidance given to a customer intending to apply for a permit or licence.
SME	Small to Medium Enterprise
SSSI	Site of Special Scientific Interest
Standard Rules Permits	Standardised sets of rules used to produce site permits where these fit customer requirements.
UK ETS	UK Emissions Trading System

Variations to permits:

1.Administration:

Change or correct:

- name or address but where the legal entity has not changed
- National Grid Reference to improve accuracy
- typographical errors
- the start date of a permit
- an outlet location – a new technical assessment is not required.

2.Minor

Changes requiring some technical input from NRW, but much less than for a normal variation:

- an outlet location
- the volume of discharge

3.Normal

Changes requiring technical input from NRW:

- outlet location requiring a review of any existing substance or habitat assessment
- reduce pass forward flow for intermittent storm sewage discharges
- the volume or the quality (or content) of a discharge.

4. Substantial

Where a significant assessment is required:

- change the volume or change the quality of a discharge and a new assessment of emissions limits for specific substances is needed
- Specific substances are:
- hazardous pollutants for water discharge activities
- hazardous substances or non-hazardous pollutants for groundwater activities
- new substance or habitat assessment.

WEEE	Waste Electrical and Electronic Equipment
WFD	Water Framework Directive
WIA	Water industry Act 1991
WIRS	Wales Incident Recording System
WR	Water Resources
WG	Welsh Government
WQ	Water Quality