

# **Consultation on our regulatory fees and charges for 2024/25**

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## What we are consulting on

We are seeking your views and opinions on our proposals for our regulatory fees and charges from 1<sup>st</sup> April 2024 as detailed in this document. We will use the feedback to inform our new charging schemes, which we intend to implement from 1<sup>st</sup> April 2024 subject to Welsh Government approval.

**This consultation closes at midnight on Monday 8<sup>th</sup> January 2024.**

## About Natural Resources Wales

Our purpose is to pursue the sustainable management of natural resources. This means looking after air, land, water, wildlife, plants, and soil to improve Wales's wellbeing, and provide a better future for everyone. We believe that we need to use natural resources in a way and at a rate, that maintains and enhances the resilience of ecosystems and the benefits they provide, meeting the needs of current generations of people without compromising the ability of future generations to meet their needs.

## Our role in regulation

Everybody wants our environment to be well managed and maintained, for present and future generations. More than ever, there is a need to protect our environment, minimise the

effects of climate change and stop the decline of habitats and wildlife, and changes in policies at all levels have reflected this.

Our remit is wide and includes providing a range of regulatory services. Our regulatory approach is there to provide a standard as a foundation to prevent environmental harm. Our work to assess and issue permits with conditions to protect the environment, and to monitor how legislative standards are being met and complied with, are key to supporting a high-quality environment.

We take an evidence-based approach to determining priority risks to the environment. The provision and use of evidence underpin the decisions we take across the organisation and our response to the nature and climate emergencies we currently face. Our regulatory approach is aligned to areas of greatest risk as determined by the activity being undertaken and the location proposed. We help make sure those we regulate remain compliant and act where permit and licence conditions are breached. Our regulatory activities help to provide a level playing field where well managed businesses are not undercut by poor operators in the same sector and encourage innovation.

## Funding our regulatory approach

Our regulatory responsibilities are funded either by grants from Welsh Government (Grant in Aid) or by charges levied to those we regulate, where we have legal powers to charge.

Welsh Government requires us, under [Managing Welsh Public Money](#)<sup>1</sup>, to fully recover the costs of regulatory services from those we regulate, rather than through general taxation. We also need to ensure that income from fees and charges is only used to provide that regulatory service.

The amount of resource and regulatory effort we apply to an activity is driven by factors and thresholds set out in legislation and policy. This gives rise to a range of different control mechanisms including exclusions, exemptions, low risk position statements, licences, consents, assents and permits. This hierarchy of risk and regulatory tools will differ between regimes. The greater the environmental risk, the more of our resource is expended and the greater the cost to be recovered through charges.

We continue to assess our service delivery and review our charges for regulatory activities to ensure processes are as efficient and effective as possible.

We charge for our permitting and compliance activities in line with the 'polluter pays' principle, meaning that applicants are responsible for covering the cost of determining a permit application and assessing their compliance with the protective conditions. This approach is in line with Section 3 of the Regulators' Code<sup>2</sup> and our Regulatory Principles<sup>3</sup>.

Enforcement work is funded by Grant in Aid money provided by Welsh Government. Any fines issued by the Courts are paid to HM Treasury.

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<sup>1</sup> [Managing Welsh public money | GOV.WALES](#)

<sup>2</sup> [Regulators' Code \(publishing.service.gov.uk\)](#)

<sup>3</sup> [Natural Resources Wales / Our Regulatory Principles](#)

The fees and charges raised to cover the costs of our regulatory activities account for approximately 16% of our total 2023/24 funding. Our current charging schemes can be found on our website<sup>4</sup>.

We recently undertook a detailed review of our permitting charges through our Strategic Review of Charges (SRoC) Programme, which resulted in new and revised permit charges being implemented for the current 2023/24 financial year.

This set of charge proposals for 2024/25 is more limited in scope in comparison and is largely dealing with inflationary pressures and ensuring we manage our deficits sustainably.

Having recently completed our detailed permitting charges review, we now intend to annually review our regulatory fees and charges, to ensure we are achieving full cost recovery.

We will, over the next few years, undertake a detailed review of our annual subsistence (compliance) charges to achieve full cost recovery. That way, we are sustainably funded to perform our regulatory duties and are aligned to [Managing Welsh Public Money](#) policy.

## Annual review of charging for 2024/25

This review has been guided by our charging principles:

- charges based on full cost recovery for our services (for permit applications and compliance Assessment)
- transparency of our charging decisions
- avoidance of cross-subsidy between regimes
- providing longer-term planning horizons wherever possible
- avoiding cycles of cutting then raising charges by actively managing our surpluses and deficits
- keeping charges as low as possible through a continued drive for increased efficiency
- not profiting from charge payers, and
- being independent of taxpayer subsidies.

And has concentrated on the following areas:

- Control of Major Accident Hazards (COMAH)
- Species Licensing
- Inflationary pressures and regulatory regimes in deficit.

For the period from 1<sup>st</sup> April 2024, we are proposing to maintain as far as possible our existing regulatory charges. However, we do need to adjust some charges to ensure we effectively manage ongoing inflationary pressures as well as managing deficit pressures for specific regimes. We also have more specific proposals for Control of Major Accident Hazards (COMAH) and Species Licensing.

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<sup>4</sup> [Natural Resources Wales / Our charges](#)

## Our proposed regulatory fees and charges for 2024/25

We propose to increase 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 and green recovery.

It would not be appropriate to seek additional Grant in Aid funding for regulatory activities that should be covered by charges, and we cannot cross-subsidise from other income streams. When proposing new fees and charges, we follow the requirements set out in [Managing Welsh Public Money](#) as well as HM Treasury rules and our legislative obligations, ensuring that only eligible costs are included within calculations.

We recognise the financial impact our charging proposals might have on some business sectors, especially as our proposals coincide with wider financial pressures from inflation and the increased cost of living currently. However, a failure to manage our charging schemes to ensure they reflect full cost recovery would impose significant resource implications, a reduction in our technical skill base and, therefore, an inability to ensure that our natural resources are sustainably maintained, enhanced, and used, now and in the future.

## Control of Major Accident Hazards (COMAH)

Natural Resources Wales, along with the Health and Safety Executive and the Office for Nuclear Regulation, form the COMAH Competent Authority in Wales.

We raise charges to recover our costs incurred based on a time and materials approach but our current charges of £161 per inspector hour leaves us under-resourced to deliver our duties in this area. We have identified this as a substantial risk to our ability to deliver our regulatory duty.

We propose three changes to the COMAH regime.

- Increasing the hourly compliance rate from £161/hr to £202/hr.
- Having discussed with other UK competent authorities recently on a consistent approach to engaging with prospective new COMAH entrants and existing COMAH sites carrying out modifications, NRW are proposing to adopt a COMAH competent authority approach to cost recovery for early engagement work with in-scope COMAH operators.

We are awaiting confirmation of the competent authority approach. Once agreed, NRW intend to implement the COMAH hourly rate in place at that time.

- Introducing a charge for the cost of exercising local authority COMAH emergency plans at the standard regulatory hourly rate of £125/hr. These charges will be passed on to operators through their local authority.

## Species Licensing

We recently introduced species licensing charging through our Strategic Review of Charging (SRoC) programme. This set of new proposals seek to further close the gap on achieving full cost recovery in this area and the charges proposed are the same as those introduced in tranche one of SRoC, but with a +3.1% inflation (Consumer Price Index [CPI] rate) uplift applied to the fixed fees element.

- Badger Licence amendments – Admin variation £75 fixed fee; complex amendments £125/hr.
- Marine European Protected species – (Imperative reasons of over-riding public interest) – New licence (complex) £125/hr; Admin variation £75 fixed fee; complex amendments £125/hr.
- Release of non-native bio-control agents – New / Renewal license (complex) £125/hr; Admin variation £75 fixed fee; complex amendments £125/hr.
- Complex amendments to survey licences to be charged at £125 hourly rate. We currently charge a fixed fee (£73) for admin & complex amendments to survey licences whereas all other complex amendments we apply across species licensing are at £125/hr. To ensure full cost recovery, we propose to charge these complex amendment areas at £125/hr as well.

## Proposals to mitigate regimes in deficit and inflationary pressures

For those schemes that are either in deficit currently or forecasting a deficit going forward we propose the following approaches:

- Specific increases to those regimes in deficit to ensure a break-even position by 2026/27. This will apply to the larger subsistence charge generating schemes.
- Inflationary increases (currently forecasted at a CPI rate of 3.1%) in advance of a detailed review in future years to give us certainty of full cost-recovery. This relates to those smaller charge generating schemes which would otherwise need a significant increase to get to break-even position by 2026/27 but really require a detailed review in future years to give us certainty of full cost-recovery.
- Inflationary increases (currently forecasted at a CPI rate of 3.1%) to permitting charges introduced through SRoC.

The three areas of proposals are broken down as follows:

- specific increases of **+5%** proposed in 2024/25 for the following subsistence areas:
  - Water Resources Standard Unit Charge (SUC)
  - Installations (including Medium Combustion Plant Directive [MCPD])
  - Site-based Waste
  - Water Quality
  
- Inflationary increases (currently forecasted at **+3.1%**) proposed in 2024/25 for the following subsistence areas that need a detailed review in the next few years:
  - Non-Nuclear
  - UK Emissions Trading (Permitting & Subsistence Charges)
  - Materials Recycling Facilities (MRF)
  - Waste Carriers, Brokers & Dealers
  - Flood Risk Assessment Permits (FRAPs)
  - Reservoir Compliance
  
- Inflationary increases (currently forecasted at **+3.1%**) proposed in 2024/25 for the following **permitting** areas:
  - Water Resources - Abstraction / Impoundment permits
  - EPR Installation permits (including current banding tool charges out for consultation and on the basis they are approved and implemented; also including Medium Combustion Plant Directive [MCPD])
  - EPR Site-Based Waste permits
  - EPR Water Quality permits
  - EPR Non-Nuclear
  - Reservoir Compliance
  - Species Licensing

### **CPI Increase**

We will review the projected CPI rate for 2024/25 (currently +3.1%) in quarter 4 of 2023/24 to see if there has been any material movement and adjust as appropriate as a final proposal.

Any regulatory fees and charges not contained within this consultation will remain in place at current 2023/24 rates for 2024/25.

# Responding to this consultation

## How to respond

We are seeking your views and opinions on our proposals for our regulatory charges from 1<sup>st</sup> April 2024. We will use the feedback to inform our final schemes, which we intend to implement from 1<sup>st</sup> April 2024 subject to Welsh Government approval.

**This consultation closes at midnight on Monday 8<sup>th</sup> January 2024.**

Our consultation is available on our website at:

<https://ymgyngori.cyfoethnaturiol.cymru/sroc/regulatory-fees-and-charges-for-24-25>

## Data protection

Any response you send us will be seen in full by Natural Resources Wales staff dealing with the consultation. It may also be seen by other Natural Resources Wales staff to help plan future consultations.

We intend to publish a summary of the responses to this document. We may publish responses in full. Normally the name and part of the address of the person making the response are published with the response. This helps to show that the consultation was conducted properly. If you do not want your name and address to be published let us know when making your response and we will remove them from published material.

Names and addresses we remove might still be published later, although we do not think this would happen very often. The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 allow the public to ask to see information held by many public bodies, including Natural Resources Wales. This includes information which has not been published. However, the law also allows us to withhold information in some circumstances. If anyone asks us to seek information we have withheld, we will have to decide whether to release it or not. If someone has asked for their name and address not to be published that is an important factor that we would take into account. However, there might sometimes be an important reason we would have to reveal someone's name and address, even though they have asked for them not to be published. We would contact the person and ask their views before we finally decide whether to reveal the information.

## Next steps

Following the consultation, we will make all comments (excluding personal information as detailed above) and our responses publicly available on our website. If you respond with an email address, we will acknowledge your response and will notify you when we publish the summary of responses on our website.