



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

# Consultation on our regulatory fees and charges for 2023/24 Consultation summary and NRW response

## Executive summary

As part of our commitment to continually assess our service delivery, review our charges for regulatory activities, and to ensure processes are as efficient and effective as possible, NRW commissioned a Strategic Review of Charging (SRoC) programme, a root and branch review of the permitting services provided to our customers.

NRW's charging schemes are based on the principle of full cost recovery in line with *Managing Welsh Public Money*, HM Treasury rules and obligations under the Natural Resources Body for Wales (Establishment) Order 2012. Our aim is to develop a charging scheme that applies the right charges to our activities and that the cost of our permitting and compliance work is recovered from those we regulate, avoiding subsidy through the public purse (Grant in Aid). By fully cost recovering, this helps ensure NRW is better able to regulate and protect the environment of Wales, contributing to the Sustainable Management of Natural Resources.

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. The programme focussed on changes to the fees and charges for new and amended permits. In addition, we also conducted a high-level assessment of our annual subsistence charges.

NRW ran a 12-week public consultation from 10 October 2022 to share our proposed regulatory fees and charges for 2023/24 and seek feedback. We received 102 responses to the consultation from a breadth of individuals, businesses, and organisations. We really value the feedback received and we have taken account of all responses before finalising our proposals.

We commissioned an independent consultant to thematically analyse all consultation responses, which generated the following general themes:

- Criticism of the timing of our charging proposals.
- The suggestion that regulatory charges should be partially funded by Grant in Aid (GiA)
- The view that NRW should offer greater transparency on the charge models used to design the proposed fees and charges.
- The potential for increased charges to disincentivise good environmental behaviours and increase the type and scale of illegal or non-compliant activities.
- The view that NRW should do more to improve guidance and processes and should look to make efficiencies to our permitting and wider regulatory services.
- The suggestion that poor performers and/or polluters should pay more for the regulatory services they use.

The independent analysis also produced a series of regime-specific themes. NRW has responded to the general and regime-specific themes in this consultation response document.

Following the consultation and a review of all feedback received, NRW has made the following revisions to the proposals as consulted upon.

Welsh Government is continuing to undertake the necessary assurance work on the proposals. Advice will then be provided to the Minister and a decision taken thereafter. NRW's application charges for permits and licences will remain at 2022/23 rates until superseded by the introduction of any new charging scheme, and we will keep our customers updated on timescales for implementation.

From 1 April 2023, NRW's annual subsistence charges will increase by 6% in eight areas as outlined in our proposals.

### **1. Water resources abstraction and impoundment charges**

The feedback received from the consultation suggested that our proposed new charges would be cost prohibitive for these types of applications. With regards to weir removals in particular, respondents suggested that this activity could cause environmental damage if not carried out sustainably.

In response, we will retain the current 2022/23 application charges to support non-commercial activity undertaken wholly and exclusively for the purpose of environmental benefit within Water Resources (excluding activities to deliver the water company National Environment Programme). We will use water resources subsistence charges to fund the remaining cost of determining these applications. These application charges will be £135 for abstraction licences and £1,500 for impoundment licences or transfer licences.

### **2. Minor amendment charge for species licensing**

The feedback received from the consultation suggested that our proposed charge for administrative tasks was too high, since they would not take long to complete.

We agree that some administrative tasks take less time than others and we will therefore charge £73 for a minor amendments and more complex amendments will be charged at an hourly rate of £125/hr.

### **3. Consult on the OPRA replacement tool for installations charges**

Through our consultation, we proposed a new way of calculating application charges for Installations that will replace the existing OPRA system. Feedback suggested that respondents were unable to comment fully because the detail of how the tool would affect them was not available.

We will now consult formally on the details of the new banding tool proposed, to provide further transparency of our charges to relevant customers.

We will continue to receive OPRA based application charges at current levels until the new banding tool is consulted on, refined as necessary, and implemented. Subject to the outcomes of the consultation, we plan to implement the new banding tool and associated charges before the end of 2023.

## Contents

Executive summary .....	2
Introduction .....	6
Our Proposals .....	6
How we consulted .....	7
How the consultation responses were considered .....	8
Consultation Summary and NRW Response .....	9
Quantitative results .....	9
Qualitative responses .....	9
A Key Response Themes - General.....	9
B Key Response Themes – Installations.....	29
C Key Response Themes – Site-based waste .....	32
D Key Response Themes – Reservoirs .....	35
E Key Response Themes – Water Resources .....	37
F Key Response Themes – Water Quality .....	42
G Key Response Themes – Species Licensing .....	48
H Pre-application advice .....	53
I Annual subsistence charges for 2023/24 .....	55
J Other comments and observations that we received.....	56
K Changes made to our final scheme as a result of consultation.....	58
L Suggestions received .....	59
Annex 1 - Charging consultation proposals .....	61
Annex 2 - ‘Natural Resources Wales Strategic Review of Charging Consultation Report, January 2023’ By ECF .....	61
Annex 3 - Summary of responses.....	61
Annex 4 - Full responses .....	61

## Introduction

In developing the Natural Resources Wales charging scheme for 2023/24 we consulted with our stakeholders and have taken account of all responses before finalising our proposals.

The *Consultation on our regulatory fees and charges 2023/2024* was live for 12 weeks and closed on 7 January 2023. Prior to the consultation we met with our Charge Payer's Consultative Group<sup>1</sup> to discuss and refine the proposals based on feedback from our major stakeholders and representative groups. We also worked with established stakeholders and other interested parties directly to raise awareness of the proposals. We used our consultation hub to host the consultation and collate responses. We also accepted responses online via *Citizen Space*, by post and email. We received 93 responses that were coded via Citizen Space and 9 submissions by email. We value the input from stakeholders and have taken their views into account. We listened to consultees and have made some changes, such as by offering a reduction for environmentally beneficial schemes (third sector, non-commercial) by continuing with the existing level of charges for some water resource permits and also reducing some species licence administrative charges. We have summarised the key elements and our response in this paper to help explain our proposals.

Our intention is to create a more sustainable charging scheme by holding regular reviews to fully cost recover.

## Our Proposals

The detailed proposals as outlined within the consultation can be found in [Annex 1](#). A summary of those proposed changes is below:

### Application charges

Our consultation covered the following areas where we proposed to change or introduce charges.

- Environmental Permitting Regulations (EPR) permits, including waste management, industrial processes, discharges of treated water effluent to the water environment, non-nuclear radioactive substances, medium combustion plant and specified generators
- Water abstraction and impoundment licences
- Species Licences
- Reservoir registrations and notifications

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<sup>1</sup> The Charge Payers Consultative Group consists of members of the various trade and representative organisations of our stakeholders.

### Pre-application advice

We proposed changes to how we define and offer basic pre-application advice for permits and licences we charge for, by formalising our approach to provide signposting only. Helping applicants to complete reports or carry out assessments of information during the pre-application phase may pre-determine or prejudice our role in determining a permit application. We recognise that the accessibility and availability of signposting guidance differs across our regulatory activities, so further information is provided in the specific appendices for each regulatory area. These proposals will not affect the bespoke advice applicants can request through our Discretionary Advice Service (DAS), which is charged for using a standard hourly rate.

### Annual subsistence charges

Our consultation covered the following areas where we proposed to increase some of our annual subsistence charges to offset inflationary pressures and regime-specific deficits by applying +6% to the following areas:

- Abstraction/Impoundment Standard Unit charges.
- Water Quality Environmental Permitting Regulation subsistence charges.
- Non-Nuclear Environmental Permitting Regulation subsistence charges.
- Reservoir compliance annual monitoring charges.
- Flood Risk Activity Permits (combined application / subsistence charges).
- Control of Major Accident Hazards (COMAH) subsistence charges.
- UK Emissions Trading Scheme (UKETS) subsistence charges.
- Materials Recycling Facilities (MRF) subsistence charges.

The consultation set out that any regulatory fees and charges not contained within this consultation would remain in place at current rates for 2023/24.

If HM Treasury's Consumer Price Index forecast reduced during the consultation period or before implementation, NRW committed to consider reducing the rate of increase for subsistence charges as appropriate. The latest CPI forecast for 2023/24 as at 22<sup>nd</sup> March 2023 stood at 7%, meaning the proposed +6% increases highlighted above will now be implemented subject to Ministerial approval.

## **How we consulted**

Prior to the consultation, we hosted a series of Chargepayer's Consultative Group meetings to outline the reasons and methodology used for the consultation ahead of the launch, to spread public and business awareness. Welsh Government sponsorship leads were engaged with throughout. We held media briefings and issued press

releases. We also used social media postings and notes to stakeholders to draw attention to the open consultation and to seek responses.

The consultation ran from the 10 October 2022 until 7 January 2023, hosted online by the Citizen Space platform to gather responses. In addition, written responses were received by email. The consultation and response options were available in both Welsh and English and respondents could choose which regime sections to respond to, depending on their interest.

Engagement with the public and various organisations continued during the consultation period, such as during the Royal Welsh Winter Agricultural Fair. We responded to queries that were raised; to business and to organisation briefings; and sent reminders to stakeholders that the consultation was available to them. Following the programme's communications plan, engagement will continue in the form of letters to key stakeholders, web pages updating information, and social media posts to explain what will happen next.

## How the consultation responses were considered

Our analysis of the on-line consultation responses used both quantitative analysis of Likert scale response options (for example from '*Strongly Agree*' to '*Strongly disagree*'), and a qualitative approach of thematic analysis of the free text responses. This is a widely recognised approach to qualitative data analysis that enables researchers to generate insights and concepts derived from data. Thematic analysis identifies patterns of meaning. To guarantee an independent and unbiased analysis, we commissioned ECF, a specialist communication and engagement agency, to carry out this work for us.

The analytical process captures all respondents' experiences, views, and opinions. The objective of the thematic analysis was to identify each question response 'theme' from views, reasons or position that respondents gave. ECF defined the emerging themes for every response, adding further themes as required or assigning a comment or view to one or more of the themes already identified. The aim was to create a comprehensive summary of the responses received, rather than present in detail every point raised.

The report supplied by ECF ([Annex 2](#)) provided NRW with the number of respondents who answered each question, and proportions of respondents who answered each option available on the Likert scale. We have not attached particular significance to the number of responses to each question due to consultation section choices. We aim to give equal weight to all responses, regardless of whether these were from an individual, business or organisation, as we believe that it is the content of the response that should be considered on its own merit. In summary, the reporting of a particular theme in this document, is not dependant on the number or the identity of respondents expressing that theme.



For those submitting responses by correspondence, either as well as or in place of the online consultation, these were also shared in full with ECF, who included these in the thematic analysis. We received comments and thoughts that were outside of the scope of the consultation, but relevant to other parts of the business. These will be passed to relevant teams or departments for future consideration.

As the consultation document set out our rationale for each proposal, and if consultation responses made same or very similar arguments in support of any part of our proposals, we have not restated them in this report.

## Consultation Summary and NRW Response

We received a total of 102 responses through the consultation, of which 93 were received via our on-line consultation hub and 9 by email. A summary of responses can be found in [Annex 3](#).

### Quantitative results

A full set of results are included in [Annex 4](#). Whilst most respondents agreed that the service user should pay, the overriding message was that respondents disagreed with the charge proposals. The conclusion drawn by the independent consultants employed to analyse the responses received was that there were insufficient responses received by respondent type to draw statistically significant conclusions on cross referencing.

### Qualitative responses

We have responded to recurring themes to our free-text consultation questions in section A below. We have also responded to more regime specific technical points under sections B to I. To find our response to the points you raised, please read both section A and the regimes that are of interest to you.

The 'You said' sections of the document contain a mix of direct quotes and some statements paraphrased by an independent analyst.

## A Key Response Themes - General

### A1 Timing of proposed changes to our charges

#### You said

- Delay the implementation of any charge changes to allow for additional dialogue and solutions to be discussed.
- Phase charge increases to reduce the immediate impact.
- Potential for the timing of increases to negatively affect businesses.
- Potential for job losses because of increased charges.

- Introducing increased charges in the next financial year is giving organisations limited time to plan for increased costs.
- Will compound the impact of inflation and the cost-of-living crisis.
- Businesses will be unable to pass on the increase in cost to customers because of the cost-of-living crisis.
- 1st April implementation does not give sufficient time for operators to manage fee increases.
- Phasing in over two to three years would greatly assist operators in adjusting to the new price rises.
- Don't increase prices yet.

### Our response

The fees and charges for many of our services have not increased in line with inflation and in some cases have not been reviewed in many years. As a result, our permitting service is underfunded by approximately £3 million a year. Our ability to run our own services has been further impacted by the more recent, unprecedented rise in inflation contributing to the cost-of-living crisis.

We have produced a schedule of fees and charges that would fully cost recover for the services we provide<sup>(1)</sup>. Whilst we do recognise the impact that these proposed charges will have on some businesses and individuals, using other funding sources such as subsistence income or the wider public purse (Grant in Aid) is unsustainable, and no longer appropriate in funding these permitting charge shortfalls.

Any regulatory fees and charges not included in the consultation will remain at the current rates for 2023/24.

Our review of permitting charges has been ongoing for some time, and we have engaged with our Chargepayer's Consultative Group as this process has progressed, keeping our stakeholders informed of our intention to amend charges. We fully appreciate that the timing of our charge increases is a difficult one. However, our organisation is impacted also, and we would be unable to continue to deliver our regulatory duties with existing income levels from an outdated charging scheme and as such would continue to place a burden on other sources of income to subsidise our permitting services, as mentioned above.

## **A2 Should be partially public funded**

### You said

- NRW should be fully or partially funding all our regulatory services.
- Give discounts or exceptions to projects aimed at improving the natural environment.

- There should be more waivers available.
- We should continue with current charges.
- Costs should be covered by another part of NRW's business.
- Funding should be derived from other areas.
- Pre-application advice should be charged at a fixed price, partially publicly funded or provided free of charge.
- It is fair to charge a small fee for pre-application advice.
- Charge larger developments.
- Concerned that the removal of pre-application support would impact new or small businesses.
- Pig and poultry farmers should be strategically supported and that our services should be free to end users.
- Reservoir costs should be partially paid by the taxpayer.
- Some waste management consultees felt that the services they use should be partially funded by the taxpayer or it should be free.
- Some species licensing feedback was that no charges should apply, and services should be funded by the taxpayer.
- For the water quality section, we were asked how charges would be applied for changes driven through the Better River Quality Taskforce that require a cumulative variation across many permits, as they felt that these are not fit for purpose.
- We also received a suggestion that charges for people building homes are prohibitive.
- Respondents for the water resources sector also stated that services should be part funded by taxpayers, that permits should be free and that funding for processing licences should come from a Welsh Government Business Rates income source.
- Include a percentage contribution or levy in permitting charges to use for enforcement activities.
- Proposed charges will have a significant impact on the delivery of the Welsh Government Capital Programme and will impact improvements required under the Water Framework Directive.
- Species licenses should not be paid for by the individual as this could seriously impede private stakeholders from engaging in conservation, pest and predator control and wildlife management for public safety reasons.
- Members fed back that a more holistic approach was required when considering charge levels, as there is a wider public benefit from agriculture derived from animal health and welfare policies. This justified at least a proportion of the cost being paid for by the public purse as used to be the case.
- There must also be consideration for support for new or expanding businesses that are facing significantly increased new permit application costs.

## Our response

Our regulatory responsibilities are funded either by grants from Welsh Government (Grant in Aid) or from charging those we regulate, where we have legal powers to charge. How we use the money we receive is set out in the Welsh Government document *Managing Welsh Public Money*.

The level of our regulatory charge funding is falling short of the amount needed to cover the costs of the services we provide to those we regulate. In addition, the amount we charge has not changed fundamentally since NRW was established in April 2013. In many cases our legacy charges had not been reviewed for several years beforehand. As a result, we have reached an unsustainable position where the cost to us in administering permit applications is significantly higher than the income we receive from our current charges. The current cost-of-living crisis has further impacted on the running of our already underfunded services. We are no longer able to maintain these services without increasing the fees and charges in line with our costs.

It would not be appropriate to seek additional Grant in Aid for regulatory activities that should be covered by those directly benefiting from the service we provide to them, and we cannot cross-subsidise from other unrelated income streams. In the same way, we are not able to subsidise charges for any one business sector.

Our enforcement work is funded by Grant in Aid we receive from Welsh Government. NRW are prevented from using permitting income to pay for enforcement activities. Money from fines issued by the courts go directly to HM Treasury.

In the same way that a business would pay for the services of an accountant or business adviser, we think it is fair that those who need to access specialist environmental advice from NRW should cover its cost. Providing advice at the pre-application stage often absorbs a significant amount of staff time. NRW policy allows for a limited amount of free pre-application advice, after which a chargeable service is available, known as the Discretionary Advice Service (DAS). NRW staff have been providing free pre-application advice on regulatory activities over and above that which the policy intended. Going forward, NRW staff will signpost applicants to relevant guidance and NRW will improve the ability for applicants to self-serve via our website. Additional pre-application advice may be provided on a discretionary basis and will be chargeable. An applicant can choose to seek their own specialist environmental advice through an environmental consultant or ecologist, for example.

Please note that NRW does not profit from charging for pre-application advice and can only seek to cost recover.

Our proposed charges reflect the time and effort required of our staff in determining applications for the variety of permits we offer. In general, a permit application for more complex activities will take longer, and require specialist staff to determine, which will be reflected in the higher price.

Having considered the suggestion that cost of varying multiple permits held by the same operator should be reduced, we remain of the view that the cost of the work required should be covered in full by the operator and not NRW.

NRW have been in regular contact with Welsh Government throughout the development of the proposed charge scheme, as required by section 6.3.7 of *Managing Welsh Public Money*, to ensure that relevant sections are sighted on any potential policy conflicts.

### **A3 Efficiency and streamlining our processes**

#### You said

- Waiting times are too long.
- There needs to be suitable timescale to respond to 'not duly made' situations, longer than 1-2 weeks.
- Permit application process is inefficient.
- Licensing system too time consuming.
- The process should be simplified.
- NRW should be run like a business.
- NRW is currently inefficient and needs to be more efficient with existing resources.
- Efficiencies and cost savings could be achieved with a view to keeping costs manageable.
- A belief that cost savings could be made through streamlined workflows and engagement with operators.
- Increased charges should not be used to fund organisational inefficiencies.
- NRW is inefficient in processing appeals for Reservoirs.
- No need to duplicate surveys to support planning and permitting processes for Medium Combustion Plant applications.
- Introduce higher charge for new permissions to cover variations / admin.
- There is no information about the review that has been carried out on the permitting process.
- Only fund necessary schemes.
- Reduce NRW intervention.
- NRW need to explain what steps have been taken to improve the efficiency of the permitting process to deliver costs savings.
- Lighter touch would achieve the same or more, freeing up staff to be out and about checking and advising.
- Recognise the importance of a risk-based approach through the permitting process.
- Increases in subsistence charges are not risk-based.

- A fixed minimum figure could be retained for NRW dealing with annual permit reporting.
- We received a comment relating to perceived bureaucracy and another requesting further checks and balances carried out publicly.
- The application charge structure is based on an analysis of the time taken by Natural Resources Wales to determine applications, multiplied by the average number of applications received per year. This overestimates costs and builds in the internal inefficiency of the system.
- Natural Resources Wales must be encouraged to be fiscally efficient, and this will only be achieved by having a cost burden and working within fixed fees. If charges are required in exceptional circumstances for complex applications and licences, a fixed fee should be negotiated and agreed with the applicant, and Natural Resources Wales forced to comply with it.
- There appears to be no efforts to explain what was undertaken to streamline processes and reduce administrative inefficiencies to help balance the £3 million deficit.
- Whilst we agree with aims and principles used to develop the charging scheme, we need further clarification around providing guidance around implementing the programme and the improvements to service delivery that could be expected to be achieved through the programme.
- There is no attempt to show that efforts have been made to improve current practices within NRW to identify waste and inefficiency, no attempt to explain that every effort has been made to minimise cost.

### Our response

This is the first wide-ranging review of NRW's fees and charges since we were established in 2013. Most of NRW's fees and charges have been fixed since then, any subsequent increases have been consistently below inflation.

We are making these changes because our current charges do not reflect the cost of delivering our services. As a result, our services have been underfunded and under pressure for some time, resulting in increased waiting times for permit determinations in some areas.

With the proposed charge increases, we are moving to a more business-orientated position where those using our services pay the cost of them and we reduce our reliance on public funds.

A few respondents commented on a perceived lack of efficiency in NRW current processes and suggested that we should be able to do more with less. As outlined above, NRW's permitting service has been operating at a significant deficit. Although we do seek to continuously improve our ways of working, we have been doing more with less for several years which has an impact on the service we provide.

NRWs regulatory schemes are necessary to protect the public and the environment by ensuring that businesses and individuals operate within the law when their actions impact on the environment. As highlighted in Appendix 1 of our consultation document, Welsh Government has granted NRW legislative powers to charge for carrying out regulatory responsibilities. Charge payers fund the service from which they are benefiting. Services not funded through charges will require Grant in Aid funding.

One respondent suggested that cost savings could be made through engagement with operators. In our experience, engagement with operators increases the time needed and would therefore cost more to deliver.

In developing our proposed charges, we took due consideration of our application determination process and its efficiency. This was intrinsic to developing the proposed charges and therefore information on the permitting process is not available as a separate piece of work. Our work identified some inefficiencies that directly impact on permit determination times including the quality of an application and providing pre-application advice.

Where we receive poor quality applications and our staff need to open discussions with applicants for further information to progress an application, significantly more staff time is needed. Going forward, incomplete, or poor-quality applications that we are not able to duly make will be returned to the applicant. In some regimes a proportion of the application charge will be retained to cover work undertaken by NRW staff to that point.

Revised charges have been built on detailed time-recording evidence. Generic processes that apply to all applications will be based on an average charge. However, we've brought in separate add-on assessment charges and hourly rate charges where applications are more complex and to have included them in the base average charge would have unfairly distorted the average charge methodology.

We will continue to look for ways to improve the efficiency of our services and will look further at the suggestions we have received as a result of this consultation.

## **A4 Service quality**

### You said

- To provide extra resource and customer services, particularly in relation to pre-application advice, enforcement and subsistence charges.
- The need to speed up and be more consistent with permit determination and justify increased charge spending.
- Provide an improved customer service regarding regulation and site inspections.
- Rejection of applications and retention of fee should only be used where applicants do not respond to NRW's 'not duly made' communications.

- Current process is not robust with stages for determination being missed and lack of notification.
- Farmers and small businesses should have more support from NRW, such as a dedicated advisor.
- Be more consistent with compliance reports.
- The Environment Agency review resulted in higher prices for the service user, no improvement in the permitting service, delays in issuing permits and poor application efficiency.
- Delay in issuing permits can impact investment and economic issues and the move towards carbon net zero.
- Charges needed to protect the skills and resources required for permit determination, making sure this does not degrade over time.
- Could be financially unfair on those companies that play by the rules if NRW doesn't monitor effectively.
- We need to time record.
- Improve our website for pre-application advice and use plain language.
- We should provide pre-application advice that is good quality and throughout the application process.
- Meaningful pre-application advice will result in better quality application submissions which can be determined more efficiently and quickly.
- Option to have pre-application advice for a modest fee, for Hydro Electric Power applications.
- Need more monitoring in several regimes to ensure compliance increasing the risks to the environment. Ensures a level playing field and encourages innovation.
- We need to be clear about improvements to customer services and listen to customer feedback.
- Current service does not justify the increase in annual subsistence charges.
- Will these additional charges lead to additional capacity or resources?
- Will NRW face penalties for late responses to applications/variations?
- Many members of an organisation raised concerns on the delays experienced following permit applications, or requests for additional information, being far greater than promised.
- Permitting service is slow and misses targets.
- Processes are not always robustly followed by permitting staff.
- We are not receiving responses to our pre-application requests, some of which were made in 2020.

### Our response

We acknowledge the concerns raised by our customers relating to the quality of service provided by NRW, received as part of this consultation.



By applying the full cost recovery principle, we can deliver a more sustainable regulatory service.

By improving our regulatory activity, we can ensure a more level playing field, decrease the risk of illegal activity and the resulting harm to the environment. We will continue to provide signposting for basic pre-application advice. Chargeable pre-application advice and guidance may be provided on a discretionary basis.

Our *permitting service level*<sup>2</sup> web pages set out the statutory determination times for each regime. We recognise the need to continuously improve our website and our processes. Furthermore, where efficiencies result in reduced determination time (evidenced by time recording), we will be able to pass on savings to the customer; being a public organisation, we do not profit from our services. Our annual charging review will ensure that such adjustments are made to charges in line with our costs.

Fees will only be retained for the work we undertake if customers have not provided us with all the information required. We encourage applicants to check that all information is provided.

We are unable to provide dedicated advisors or consultants through this funding, although businesses can engage independent consultants should they wish.

There may be several reasons why a response could be late; including determination taking longer than we anticipated. As we do not make a profit from the work we undertake, penalising NRW for providing a late response could be detrimental to our ability to cover our costs.

Pre-application advice is a discretionary service. Please also see sections A2 and H.

## **A5 Poor performers should pay more**

### You said

- There appear to be missed opportunities to license and charge appropriately to regulate polluting activity from farming.
- Unfair to increase waste management fees for well performing, well designed sites, without any means to reduce their fees at the application stage.
- Support the 'polluter pays' principle, particularly for larger schemes paying towards environmental damage.
- Poor performers should pay more.
- There should be lower regulatory charges for well-behaved companies.
- Introduce penalties for offenders and increase incident recharges.

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<sup>2</sup> <https://naturalresources.wales/permits-and-permissions/permit-applications-consultations-and-decisions/?lang=en>;

- Subsistence monitoring charges are insufficient to cover monitoring of consents.
- Overall, permits required for environmental improvements seem to incur a higher charge under the proposals, whilst some permits associated with environmental damage will have reduced fees.

### Our response

Our proposed application charges have been developed to comply with *Managing Welsh Public Money* and are in line with the principles set out in the Regulators' Code. Our regulatory approach is aligned to areas of greatest risk as determined by the activity being undertaken and the location proposed. Our proposed application charges reflect this and aim to fully recover the cost of determining a permit application.

Poor performance is addressed via a performance scoring system. The poorer the performance, the higher the subsistence charge, as it requires more effort from NRW to bring the permit holder back into an acceptable level of compliance.

While risk based, applications of similar type undergo the same process and receive a similar level of scrutiny which is reflected in the proposed charge.

Our proposed changes to subsistence charges are inflationary. We aim to ensure those we regulate remain compliant and we act where permit and licence conditions are breached. We recognise the comments received in relation to the level and prioritisation of compliance activity undertaken by NRW. We propose to undertake a more detailed review of subsistence charges in future that will include service level, risk and operator performance.

In response to your feedback to the consultation, we have made some changes to the water resources charges for non-commercial applications that wholly and exclusively benefit the environment, as outlined in section F below.

## **A6 Transparency in our charges**

### You said

- There is a need for the new charging scheme to be clearer and more transparent, accountable, justifiable and simpler.
- There is a need for transparent charging where clear implementation and performance reporting and guidance is provided.
- We are worried NRW is applying charges for unplanned compliance work as a result of vexatious or organised complaints.
- NRW may not have the ability to levy charges for some polluting activities, but it opens the question of whether costs are being properly proportioned.

- Unintended consequences were not considered by NRW's hydropower impact assessment.
- Clarification is needed on the proposed banding system for waste management and regulated industry, to enable respondents to properly plan and budget.
- Concerned that the costs are open ended and potentially unlimited. Not possible to budget for.
- It is unclear if the applicant or NRW complete HRA's or if charges are necessary.
- Critical that charges for Materials Recycling Facility sites are increasing due to inflation, but other waste site types aren't.
- NRW is out of touch with industry.
- The price rise in charges should be in line with Government Wage increases.
- There is questioning regarding the bias and legitimacy of the consultation.
- There is a lack of evidence for the changes proposed.
- No cost analysis included in consultation.
- We do not support NRW proposals to conduct a root and branch review of the annual subsistence charges. We do not believe NRW's approach to SROc meets regulatory principles.
- NRW has provided no explanation for the significant hike in charges.
- Will there be a review process? Will you be able to determine if charging has had an impact on the likelihood of people applying for permits?
- Proposals also need to take into account the cost of staffing.

### 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. We have calculated each application 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 was 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.

Our consultation package included a [Frequently Asked Questions](#) which contained an overview of how our charges were determined, from the permitting process involved, to the financial principle of full cost recovery we are required to follow in *Managing Welsh Public Money*.

Proposed permitting charges are based on the time taken to determine an application and are correctly proportioned.

The new charges will be reviewed on a timely basis and any amendments will be consulted as part of our annual review.

For some industry regulation and waste permit applications, concerns were raised that if an application exceeds 150% of the average determination time, our decision to charge for time and materials could potentially mean an unlimited charge. We understand the concern raised. An applicant will be notified when they reach 100% of the time allotted and updated regularly up to the 150% threshold and beyond.

We will be undertaking a further public consultation on the proposed banding tool for regulated installations imminently.

Charges for Habitats Regulations Assessments (HRA's) are not included in the proposed base application charges as not all applications will need one. We will let applicants know whether they will require a HRA on submission of an application. This avoids us raising unnecessary charges that may need to be returned to applicants. A webpage will be published to clarify HRA requirements.

We may receive HRA reports as part of a species licensing application if this is in relation to a large-scale application, from a utility organisation or public body. In such cases we can adopt their HRA if it is acceptable to NRW.

The inflationary increases in subsistence charges are capped at 6% and relate only to regimes currently operating at a deficit. Subsistence charges have not been subject to the same level of root and branch review as permitting charges. This is work that NRW intends to undertake in the future.

NRW is therefore not proposing to change the way we charge for compliance work as a result of this Strategic Review of Charges.

As stated in our consultation document, more detailed information was available on request, and NRW provided detailed costings to a number of organisations on request. Impact assessments were issued to those requesting further information on this during our consultation period.

Please also see sections above in relation to why we need to charge more at this time.

## **A7 Include an abatement system**

### You said

- The rigid charging scheme proposed, where adopted in England, has resulted in significant over charging in some cases.
- NRW should implement a similar fee abatement system to that in England, whereby the applicant can recover excess charges paid from that application based on time actually incurred, post application determination.

### Our response

We have calculated our charges based on averages, as well as including separate add-on and hourly rate charges as complexity increases, so as not to distort the

average charge, and some respondents agreed with this principle. As a public body, we do not profit from the services we provide. Our annual charging reviews will ensure that adjustments are made to charges in line with our costs. Our current abatement system will therefore remain unchanged.

## **A8 Risk of increased illegal or unregulated activities**

### You said

- New charges will increase illegal activity and work without permits or licenses.
- Risk of small-scale land managers doing works without permit.
- Proposed £900 species license may lead to small developers acting outside the law.
- Charging will reduce the number of licenses applied for and encourage people to undertake work without a licence.
- Higher prices could discourage applications and lead to more pollution.
- Increased charges could lead to registering for an exemption that they may, or may not, be legally allowed to have.
- Increase in sheep dip charges will be counter intuitive and further develop the black market in the trading of sheep dip.
- Will you be able to determine if charging has had an impact on the likelihood of people applying for permits?
- Fears were expressed that the introduction of such eye watering sheep dip increases could result in some farmers operating irresponsibly, outside of the regulations, with negative impacts on the environment.

### Our response

In our experience most people want to do the right thing and will therefore continue to seek permissions as legally required. We acknowledge that there is a risk of a small increase in illegal activity because of the increased charges for new applicants. We will be able to compare the take up of permit application volumes in 2023/24 with previous years. We also appreciate the financial impact our proposals might have on some businesses and sectors, especially given the wider cost of living pressures.

However, the current charges do not fully reflect how much it costs us to deliver these regulatory services. This means we are significantly under-recovering and are relying on other sources of income, which is unsustainable and no longer appropriate.

Our new charging scheme will make sure we apply the right charges for the regulatory services we provide, in a fair and appropriate manner. Implementing our proposed charges for 2023/24 and ensuring our permitting effort is fully cost reflective will free up charge income to pay for compliance activity. This income would otherwise have

been used to fund the permitting activity shortfall and will enable us to help tackle illegal activity, as well as face the challenges of the climate and nature emergencies.

## **A9 New charges are too expensive**

### You said

- Some charges are too expensive.
- Some increases are too big and are unreasonable even with inflation and several years without increases.
- Raise by inflation if at all.
- Significantly more expensive than England with no clear reason why.
- These fees will put NRW's charges in excess of the Environment Agency's and could result in potential operators choosing English locations for their waste sites in preference to Welsh locations.
- Increased costs are out of touch with industry capacity to pay.
- Increases will adversely affect employment and viability of rural communities. The increases are too great a burden on stakeholders and become a barrier to businesses starting up.
- Suppressor of economic growth in the private sector.
- Costs will impact what we can deliver.
- Charges for SMEs should be very low.
- Overlook big company charges and overcharge smaller businesses.
- Increase the disadvantages to small businesses in the private sector.
- Struggling and smaller businesses shouldn't have to pay more.
- These charges could become a barrier to new entrants in the industry.
- Increased costs are out of touch with industry capacity to pay, particularly agriculture.
- Charges will adversely affect forestry, farming and land management, they are likely to substantially disrupt their operations and reduce the likelihood of them happening at all.
- Business will be put off asking for pre-application advice.
- Subsistence increases should be based on the amount of effort required not just inflationary increase.
- Any increases in subsistence charges are subject to cost sharing with customers and will directly impact customer bills. An arbitrary and unfair imposition which would be an unrestrained and autocratic use of the powers entrusted to you.
- NRW already have too much money.
- Charges will be passed on to the consumer as another stealth tax.
- Why does it cost so much to transfer a license?

- Excessive transfer application charges will have a disproportionate impact on certain industries such as mining and quarrying, and the renewable energy sector.
- The proposed charging structure pushes the regulator into the commercial world, and the fact of the commercial world is that fiscal inefficiency is not paid for by the 'customer'. Natural Resources Wales should not be the regulator and banker (gamekeeper and poacher)
- There appears to be no understanding of the agriculture sector's ability to meet price hikes of this magnitude.
- The proposed increases in charges for the agriculture sector are not proportional or fair.
- Agricultural business challenges alongside any proposed increases to NRW charges threaten the overall viability of Welsh farm businesses, many of which have diversified in line with the previous Welsh Government policy and grant and support.
- Agriculture and the whole of the food supply chain is currently having to absorb substantial increases in costs, far higher than the current CPI or RPI inflation indices. At the same time, we're beginning to witness a fall in farm gate prices. These extraordinary proposals will further erode profitability and confidence.

### Our response

This is about ensuring a fairer system that will see businesses pay directly for the costs of the services they use, rather than using other sources of income such as subsistence income or the public purse (Grant in Aid), which is both unsustainable and no longer appropriate.

We recognise the financial impact our charging proposals will have on some business sectors, especially as our proposals coincide with wider financial pressures such as inflationary increases.

NRW are facing significant pressures on our resources. If we do not change the way we charge for our services, we will continue to see a reduction in our technical skill base, a continued reliance on other sources of income as mentioned above which is unsustainable and no longer appropriate, and an inability to ensure that our natural resources are sustainably maintained, enhanced, and used, now and in the future.

The amount we charge those we regulate for the services we provide has not changed fundamentally since NRW was established in April 2013. In many cases our legacy charges had not been reviewed for several years beforehand. We have under-recovered the cost of delivering our services for several years.

The new charges will be reviewed on a timely basis and any amendments will be consulted as part of our annual review.

The current cost-of-living crisis has further impacted on the running of our already underfunded services. We are no longer able to maintain these services if we do not increase the fees and charges in line with our costs.

It would be unsustainable and also not appropriate to utilise subsistence income to cover permitting shortfalls, or seek additional Grant in Aid for regulatory activities that should be covered by permitting charges, and we cannot cross-subsidise from other unrelated income streams. In the same way, we are not able to subsidise charges for any one business sector.

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 SMEs.

We remain confident that our proposed increases to subsistence charges are fair and proportionate until such time as we can undertake a root and branch review of this area.

NRW work closely with other regulators to help achieve consistent approaches and maintain a level playing field for business. NRW has a wider remit and different legislative objectives compared to other UK regulators. As a result, it is inevitable that practices and policies may diverge as NRW adapts to different priorities. NRW is committed to maintaining consistency in our policies and guidance particularly across the UK however our organisational structure may result in different costs because of the interplay between associated regimes and our cost bases.

NRW will continue to work with other regulators to understand cost. However, direct 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. NRW is committed to producing transparent costings for our fees and charges.

## **A10 Support for the charge proposals**

### You said

- Agreement that discretionary pre-application advice is chargeable.
- Agree that an increase in costs is due with more than 6 years of no change.
- The principle of recovering the average cost for typical applications seems reasonable.
- Support for increased charges for specific services.
- Permit application costs should cover the full cost of determination of applications.
- Charges based on regulator effort are fair and proportionate.



- Broadly agree that the cost for the determination of deployments should be increased to reflect higher operating costs.
- To ensure NRW is fully funded to assess the implication of an Installations permit on SSSI or Habitats Directive sites, a charge should be applied to relevant applications.
- We find it reassuring that the SRoC programme has been guided by your charging principles, which we fully support.

### Our Response

We are grateful for all the responses we have received to this consultation. We have re-evaluated our charging proposals and as a result have identified changes, have recognised the concerns raised and have sought to clarify some areas of misinterpretation.

We received support from some respondents to pre-application charges and for some specific services. There was also some support for waivers where permitting achieves environmental benefits for the public.

## **A11 Compliance and Enforcement**

### You said

- Support cost recovery if it doesn't subsidise enforcement activity.
- Can greater cost recovery be sought through enforcement and prosecution scenarios?
- Subsistence fee for installations should reflect the number of inspections or site visits.
- You charge for water quality permits, don't monitor, and want to charge more to achieve less.
- How is this going to be regulated or policed to ensure people don't cut corners or not notify changes.
- Any cost recovery should reflect that activity and not subsidise NRW policing of illegal environmental activities.

### Our Response

In addition to the points in Section A8 above, our new charges will only help recover the costs of the services we provide and redress the balance with our regulatory resources. NRW must work in line with the principles of Welsh Governments' *Managing Welsh Public Money*. This directs that we should not incur either a profit or a loss from our regulatory activities. We are only permitted to recover our costs and we are not able to cross subsidise from other sources of funding.

Enforcement work is funded by Grant in Aid money provided by Welsh Government. NRW are prevented from using permitting income to pay for enforcement activities. Any fines issued by the Courts are paid to HM Treasury.

## **A12 Beyond the scope of the charge review, legislation prohibits or is beyond NRW's control to change**

### You said

- Making changes to the function of NRW, taking funds from private investors
- Whether vets will be required to report to NRW as part of cross-compliance.
- Review of exemption misuse.
- Provide alternatives to reservoir owners paying NRW for these permits; allow recreational use of reservoirs; charges should reflect value of stored water; legislation does not consider dams failing.
- Water infrastructure upgrades should be funded by nationalising the system and water companies.
- Privatise permitting work to save costs or privatise NRW.
- Privatise this part of NRW. Save on pensions etc.
- Include a percentage contribution or levy towards enforcement activities.
- Intensive farming (pig and poultry) permits are not needed.
- Intensive farming needs strategic support.
- Sell your land to pay for it.
- Lack of information on badger licences in relation to forestry.
- Should be no option to legally discharge foul water under any circumstances.
- Increase the charge for species survey license for profit.
- Charge for development licenses should be higher.
- Public bodies/private organisations that charge for their services should pay for permitted development licences.
- Offer a fast-track service which is chargeable at a higher rate (1-2 week turn around).
- Members of an organisation noted the value of pesticide disposal schemes operated by water companies to the agriculture sector and to the environment. They wondered why this could not be considered by NRW to dispose of waste sheep dip.
- Are you able to share a service delivery improvement plan that the SRoC programme will support through the proposed regulatory fees and charges?
- Does the SRoC provide for capacity building/strengthening to reduce or hopefully eliminate policy constraints?

- What work has been carried out by NRW and other regulators and their respective Permitting Services to enable NRW to identify efficiency opportunities of risk assessments and permit determinations?
- We urge NRW to reconsider this proposal and if the ultimate aim is to encourage farms to move away from land-spreading then some form of incentive scheme must be considered.

### Our response

We did not propose to make changes to the way we work with other organisations, which is not in scope of a cost recovery programme.

NRW do not have responsibility for water infrastructure.

NRW are not able to privatise parts of our public service business.

We recognise that a minority of people will decide to hide permissible activity behind seemingly legitimate exemption registrations. NRW is currently working on an exemption review for Wales to further strengthen our ability to regulate and enforce more effectively. Enforcement work we undertake is, and will remain, funded via Grant in Aid, and not through subsistence or application fees.

Our role is to ensure reservoir owners observe and comply with the law. Principally, that they appoint the correct engineers and carry into effect the recommendations they provide, for the purposes of public safety.

There are several regimes that we do not propose to make changes to currently, including Marine, Forestry and Land Use Management. We will continue to hold annual reviews of our regulatory service costs and consider all regimes.

It is worth noting that NRW manage the Welsh Government Woodland Estate on behalf of the people of Wales and do not own large extensive assets that can be sold to reduce proposed charge levels, which would also breach *Managing Welsh Public Money* rules.

Badger licenses in relation to forestry are issued by Welsh Government, so we are not reviewing these.

NRW are responsible for regulating against legislation that is enacted in Wales by UK Government and Welsh Government.

We are required by *Managing Welsh Public Money* to fully recover the costs to NRW of processing and determining permit and license applications. The aim of our proposed charging scheme is to recover the costs to NRW of determining licenses or permits. We are satisfied that our proposed charging scheme is proportionate, fair and transparent. We would not seek to arbitrarily apportion those costs or to charge applicants more in relation to any profit they might make.

NRW are not responsible for development planning or permitted development licenses. These are the legal responsibility of Local Authorities.

We are not responsible for, nor do we have funding for chemical disposal schemes. As this is a cost recovery programme, we seek a balanced and sustainable income that will result in the longer-term improvement of better resourced services. As a result of the programme, we will implement some policy changes related to the charging scheme.

As outlined above in section A3 and A4, our capacity to deliver on the principle of 'doing more for less' is now limited.

### **A13 Other general comments received**

#### You said

- Suggestion that use of the consultation hub limited their ability to fully consult their members.
- NRW has provided no evidence to underpin the charge hikes or any explanation of how these costs have been determined or justified.
- That insufficient data was provided.
- Timing of the consultation over the Christmas holiday period.
- Doubt that responses will influence decision-making.
- Are NRW also planning to charge when there are revisions to documents subsequent to a permit issue?
- Consider the impact of 6% increase for farms holding existing permits for water quality, water resources, reservoir compliance and flood risk activity.

#### Our response

We used Citizen Space as a hub for collecting responses to our consultation. This is an accepted and well used method of engaging with the public. Citizen space is an effective way of finding out what individuals think of a proposal and gathering information on how that proposal could affect them. We consider that using this format was accessible to all, transparent, fair, and accountable.

We were contacted during the consultation by a small number of people or groups who wished to provide a paper response to the consultation. We provided paper-based copies of the questions when requested and accepted all responses received regardless of format.

We believe that it would have been difficult to avoid a span of three months that did not cover some form of public holiday, or where some business sectors are particularly busy.

We also remain of the view that we provided sufficient information for consultees to make an informed decision about our proposals, other than feedback regarding the banding tool for installation permits. We listened and will now consult separately on

this. Further changes to the implementation of the new charging scheme as a result of consultation, are outlined later.

For minor changes and updates to documents provided to us by permit holders that do not trigger a variation application, this will not incur a service charge.

## **B Key Response Themes – Installations**

### **B1 New installation charge Banding Tool**

#### You said

- Existing sites are not banded in the same way so it's transparent and we can't budget for it.
- Fees should be charged relative to size of installation.
- Not sure if this will increase or decrease our costs, so can't comment.
- NRW appear to be copying the English EA's EP model which is known to have issues.
- Request to have sight of the new banding tool to provide more feedback prior to launch.
- Suggest the resources and waste sector are consulted on the detail of the banding categories as there is very likely to be a significant impact on the fees for waste sites.
- The fee should be based on resource effort needed to assess and determine each variation application independent of existing operations.

#### Our response

The banding tool is intended to match the charge more closely to the time taken in the determination of applications and therefore the cost to us for this service, in contrast to the OPRA tool where applicants paid an amount based on an environmental 'risk factor' for the whole site. There is a vast range of complexity across the various installation types, but the assessment needed to determine a variation is specific to that application, it can vary between applications made by the same site operator, and we want the charge to reflect the cost of the service provided. This won't be a one-size-fits-all approach, but one that is flexible, to fit the individual application.

We have listened to your feedback to our consultation on this matter and will now consult separately this year on the new banding tool. In the meantime, charges to operators will remain the same until we receive your feedback on the banding tool and can provide a more informed response for our consideration.

## B2 Industry regulation charges

### You said

- Application charges are increasing without the ability to recover over charges. This should be addressed.
- Basing charges on the number of listed activities rather than the complexity contradicts the higher charge for more work approach.
- Concerned at proposals to charge time and materials for those applications which take more than 150% of the time covered by the charge.
- Increased charges will discourage SME's from undertaking important methane reduction measures.
- Need further information on the cost model.
- Not sure if this will increase or decrease business costs, so can't comment.
- OPRA system better suited to site-based EP.
- There doesn't appear to be any provision for multiple activities (as there is in the waste operation SROC).
- Why are the costs more than in England?
- NRW states that the process of issuing these Standard Rules Permits is limited to administrative checks so why are NRW proposing to more than double charges for new applications from £1,995 to £4,510.
- There is a need to keep costs down for farmers and especially pig and poultry farms.
- Why does it cost so much to transfer a license?
- What reduction will there be in time to assess operator-initiated variation applications?
- Limit of 40,000 birds prior to being issued with a pollution prevention and control permit is too high.
- NRW proposals could negatively affect waste companies.
- Charges would rule out cost effective heating from certain types of sealed nuclear waste.
- Some sites are likely to have significant fee increases (over 10x in some instances) when considering likely risk banding and additional assessment fees.
- Members of an organisation questioned the scale of proposed rises in charges at a time when the poultry sector has and continues to face multiple challenges.
- We believe that abolishing a higher rate for agricultural producers above the eighty thousand bird threshold, would discriminate against small intensive poultry producers.
- Members could not understand how increases of this magnitude could be introduced at one stroke to intensive rearing of pig and poultry new applications and that many farmers would face additional habitat assessment charges, adding a further £1,670.

- How could a new proposed charge of £595 for Administrative Variation be warranted, when elsewhere in the consultation document a time and material charge was stated as £125 per hour? It was questioned whether it takes 4 hours to vary the administration details of a permit.
- We acknowledge there is not a significant change for new Intensive Pig and Poultry applications. However, the cost of any variation, surrender and transfer are not proportionable and the increases bear no relation to environmental impact nor cost of management.

### Our response

We have applied the principles of full cost recovery when setting our charge levels. We have calculated our charges based on averages, as well as including separate add-on and hourly rate charges as complexity increases, so as not to distort the average charge, and some respondents agreed with this principle. As a public body, we are not able to profit from services as a public organisation. Our annual charging reviews will ensure that adjustments are made to charges in line with our costs.

Charges for variation applications will be based on the number of listed activities affected by that change, not the total number of activities on the site.

We will inform the applicant when they reach 100% of allocated time on application assessment and update regularly up to the 150% threshold so that they are aware that additional charges may apply after the 150% threshold is reached.

The need for clarity will be addressed by the banding tool consultation as outlined in part B1 above.

Standard rule permit application charges differ between regimes, because there are differences in steps taken in processing an application. The checks do include verifying the risk assessment provided by the applicant so are more involved than the description may imply. As the Installation permit is for a larger, potentially higher risk activity there are more checks to do.

The standard rules permits are for activities where the applicant can demonstrate that they can operate within the bounds of the “standard” permit conditions. If they can’t meet these conditions, they must apply for a bespoke permit which is considerably more costly.

An administrative variation for an installation permit involves several steps to complete the work and associated work.

## **B3 Environmental or public benefit**

### You said

- Strongly disagrees in relation to proposals for Standard Rules Permits for on-farm anaerobic digestion plant (AD) using farm waste only, including use of resultant biogas. AD produces renewable energy reducing the reliance on fossil fuels, as well as the residue as a natural fertiliser.
- These charges will curb adoption of new technology and affect plans to improve environmental impacts
- Anaerobic digestion has an important role to play in the circular economy. As the farming industry becomes more reliant on digestate as a fertiliser due to an increase in inorganic fertiliser costs because of global events, this increase will inhibit the development of anaerobic digesters across Wales.

### Our response

We remain of the view that the cost to us of providing permitting services should not be funded by other sources of income such as subsistence income or by the public purse (Grant in Aid), and that those requiring these services should directly bear the full cost.

## **C Key Response Themes – Site-based waste**

### **C1 New installation charge Banding Tool**

#### You said

- Existing sites are not banded in the same way so it's not transparent and we can't budget for it.
- Hazardous waste and biowaste facilities are likely to be disproportionately affected, based on the factors listed which may increase the site's risk, as they require additional regulatory input.
- No detail on the banding categories is available. Suggest the resources and waste sector are consulted on the detail of the banding categories as there is very likely to be a significant impact on the fees for waste sites.

### Our response

Some tasks are included in the base charge for Installations whereas they are additional charges for Waste sites. With the charge modelling methodology used, tasks that are undertaken for more than 70% of applications are included in the base charge. Also included are tasks that do not take a significant amount of time, even though they may be infrequent. Additional assessments are those tasks which are infrequent, relevant only to some applications and take more than seven hours.

For site-based waste the approach taken differs slightly with low frequency tasks being taken out of the base charge even where they don't take a long time.



## C2 Charges

### You said

- Discrepancies between additional assessment costs and inclusions to base charges between waste installations and waste operations – noise, odour and pest impact assessment and plans and integral discharge assessments.
- The new system is introducing extra costs for things such as fire and dust plans which will be mandatory for wood recyclers, so why are they not part of the standard fee?
- Application charges are increasing without the ability to recover over charges.
- Do not concur with NRW's Impact Assessment that these charges won't be passed on to farm businesses by waste producers and waste operators.
- Why are the costs more than in England.
- Why is there a fee for 'Assessment / documentation of other protected sites' and 'SSSI Assessment' - what is this, this fee doesn't feature in other regimes?
- Why is there a fee for 'Commercial confidentiality assessment' - this doesn't feature in other regimes?
- Concerned the charges may deter the uptake of beneficial practices aligned to a circular economy approach which is prioritised in Welsh Government's Natural Resources Policy.
- Disappointed with the outcomes of the SROc which will deter farmers from undertaking many beneficial activities on Welsh farms.
- Why is there a fee for Habitats Regulations Assessment - this doesn't feature in Installations SROc proposals?
- How can a charge for a Habitats Regulation Assessment be justified in addition to the cost of a permit?
- Don't support increased charges for mobile plant deployment.
- We have received several comments with regards to a big increase in price regarding mobile plant deployments; the transparency of NRW's proposed charges and the efficiency of our permitting service.
- There is no information about the review that has been carried out on the permitting process.
- Deployment approval process is a largely administrative task that is bloated, inefficient and unnecessarily duplicates work.
- Don't support increased charges for mobile plant deployment
- Given the current extent of pollution from land spreading in Wales, the current lack of controls on this activity and the negative impact it has on water quality, we do not feel that these charges reflect the resource and costs that NRW should be devoting to this activity.

## Our response

We have applied the principles of full cost recovery when setting our charge levels. We have calculated our charges based on averages, as well as including separate add-on and hourly rate charges as complexity increases, so as not to distort the average charge, and some respondents agreed with this principle. As a public body, we are not able to profit from services as a public organisation, Our annual charging reviews will ensure that adjustments are made to charges in line with our costs.

All applicants are charged a base charge that covers the work our staff undertake on every application received. Depending on the location and activities being applied for, additional plans and assessments may be needed. We propose to charge for these separately. This ensures that an applicant only pays for the additional plans and assessments that they require.

The additional plans and assessments required are not the same for every regime. An additional assessment needed by some site-based waste applications may be an assessment required with all applications in different regimes and therefore has been included in the base charge.

We will clarify which additional assessments and plans will be applied to permit application determinations for either site-based waste or industry regulation. There are some differences in these charges between the two regimes for similar sounding processes, due to the level of technical input required. Where processes have the same name, the charges will be the same.

In the case of deployments, the service provided allows a business to lawfully operate a commercial service. *Managing Welsh Public Money* maintains that NRW as a Welsh Government Sponsored body should recover its costs for the services it provides. NRW has based the proposed charges on the average time taken to undertake the legal steps in the determination of a deployment application and the associated support costs for this activity. A complete and high-quality application will assist in the timely determination of all types of permitting.

NRW reviewed the permitting process as part of the Strategic Review of Charging programme. The proposed charges reflect the work to deliver our permitting activities. The process improvements and efficiency savings we have identified have mitigated the increase of costs. We have identified changes that are required to our guidance and website for our customers and improvements are planned.

Any further efficiency savings that we identify will be built into future reviews of charging. The reviews are integrated into the development of the new proposed charging scheme and is not therefore a separate document. The consultation documents represent the outcome of the review of our charges.

The assessment that NRW undertakes is to ensure that the environment remains protected and that waste spread to land is beneficial to agriculture. In determining a

permit application, NRW ensure that economic activity does not cause damage to the environment on which we all depend. There is a balance to be struck between encouraging the circular economy and green business, and NRW having the ability to discharge its duties. NRW will continue to review policies and procedures to ensure that charges reflect the cost of undertaking our permitting and assessment duties.

## D Key Response Themes – Reservoirs

### D1 Registration charges

#### You said

- If a fee payer requested a review of an existing structure at year 4 or 5 would the full fee be applicable, or would a proportional discount be applied?
- Costs of reservoirs lower compared with other activities.
- The new charge for the risk designation review and the relationship between that and the annual compliance monitoring charge has not been clearly explained.
- Water sector makes significant profits. With an increase in demand for stored water these charges should be increased to reflect the value of a resource created.
- 50% increase in reservoirs cost is substantial.
- Costs will impact what we can deliver.
- The increase in costs is unreasonable even with inflation and 6 years of no increase.
- Reservoir charges lack transparency. How have these been determined.
- As it applies to reservoirs with 10,000 cubic metres or more, can you confirm that most irrigation ponds on Welsh farms would fall outside these regulations and charges.
- Although only a few farmers are impacted for reservoirs above 10,000m<sup>3</sup>, an organisation wondered whether increases of this magnitude would deter farmers from building reservoir structures on farm, to improve farm resilience.
- We reiterate our argument regarding the increase in costs for farm businesses at such a difficult time. However, the charges are not as significant as the other proposals and acknowledge reservoirs under 10,000 cubic metres do not need to register.

#### Our response

The proposed charges for 2023/24 apply under the current *Reservoirs Act 1975* for matters set in law and given to us as duties to perform. The responses include concerns with the legislation and notably the designation of risk without consideration

of the likelihood of failure. To improve how reservoir safety is best delivered by owners, engineers and regulators we are working with Welsh Government, DEFRA and the Environment Agency. This work will also address the recommendations made by Professor Balmforth<sup>3</sup> from his independent review on reservoir safety in the UK. This work is expected to last several years and may result in changes to current practice and amended or new legislation. This work does not alter the current cost incurred by us in the receipt, processing and monitoring of registration and notification activities but will provide opportunities for refining this.

With regards to lower charges than for other regimes, our role as regulator for the *Reservoirs Act 1975* is predominantly a non-technical one. We do not review or evaluate the technical content of statutory reports in the way that we do when considering the impacts of an application for a water abstraction permit for example. Technical content is provided by qualified and independent reservoirs engineers appointed by the UK Secretary of State and Welsh Minister acting jointly.

The cost of engineers is borne directly by the reservoir owner, and this cost is variable. Our role is to ensure reservoir owners observe and comply with the law principally that they appoint the correct engineers and carry into effect the recommendations they provide.

Responses identified that many reservoirs provide public benefits, and that the taxpayer ought to carry some of the financial burden. 41% of reservoirs are privately owned with little benefit provided to the wider public. Environmental benefits may exist, but which may also conflict with the benefit of removing redundant reservoirs and subsequent habitat restoration. There may be opportunities to recognise ancillary benefits provided by reservoirs, especially those managed by public bodies, that could allow costs to be offset. This would not affect the costs incurred for the registration and notification activities which form part of this consultation, but we will consider this further as we develop a scheme to replace fixed annual compliance monitoring costs with a variable scheme to recognise different levels of hazard and operator performance.

The responses identified a lack of clarity about the charging for the review of a risk designation. We will provide guidance to accompany the charge structure. We will also consider the suggestion that a request for a mid-term review of a risk designation could benefit a proportional discount.

Large agricultural irrigation ponds (over 10,000 cubic metres) are often used in dryer parts of the UK and are more common in areas such as the east of England. Any farm intending to construct an above ground reservoir needs to understand the increased liability and the potential for regulation under the *Reservoirs Act 1975*, under which there is no exemption for agricultural use as this law is a matter of public safety. Over

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<sup>3</sup> [Independent Reservoir Safety Review Report \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

10,000 cubic metres rule only applies to above ground storage where water is stored behind a dam, wall or embankment.

## E Key Response Themes – Water Resources

### E1 Abstraction and impoundment licences

#### You said

- Should not have to pay to advertise in Welsh language.
- The need to advertise hydro schemes needs to be proportionate to those affected.
- Annual fees for pre-existing in-river structure owners.
- Annual fees for river impounding rather than one-off fee.
- Disagree that two abstractions from the same source is chargeable when aggregated but is not chargeable on its own.
- Despite the application numbers per year from agriculture being low, members struggled to comprehend the introduction of the proposed charges.
- Despite the exemption from abstraction charges for water from inland sources for volumes of less than 20m<sup>3</sup> per day, members thought that during dry years such as 2022, farmers would require additional volumes to support their businesses, but would be discouraged from applying for an abstraction licence.
- Although there may be a limited number of applicants for either charge, abstraction and impoundments are vital actions for those businesses that undertake the activity.
- We are particularly concerned as to the impact this increase in charges for impoundments will have on the delivery of environmental improvement schemes in Wales to remove barriers to fish migration.

#### Our response

The *Water Resources Act 1991* requires NRW to advertise certain applications and variations to abstract or impound water. These adverts will need to be published in both English and Welsh with the two languages treated equally at all times.

A proposal to abstract or impound water can have adverse effects on the environment or the rights of other water users. Publishing a notice is sometimes necessary to give other interested parties an opportunity to tell us what they think or find out what effect the proposal may have on other lawful uses of water that are not licensed or registered with us. We are required to consider these matters when we decide whether to grant a licence.

The annual subsistence fees for pre-existing in-river structure and river impoundments have not been a part of the root and branch cost review this year. Annual inflationary charge increases are proposed for Abstraction Standard Unit charges only. Abstraction source charges may be reviewed in future.

An impoundment constructed prior to 2006 would not have needed a licence. In this case, the application to remove that impoundment is charged at the variation rate. There is no requirement to both apply for the licence and then apply to vary that licence prior to the removal of the impoundment. The impoundments constructed prior to 2006 are therefore dealt with in the same way as those constructed after 2006 (which should have a licence in place). We chose to charge both in the same way so that it wouldn't penalise those with impoundments constructed before 2006, which legitimately did not require a licence at that time.

As outlined in sections A1 to A3 above, this programme is about full cost recovery from those requiring our services.

Please also note our revised impoundment removal charges, as outlined in section E3

## **E2 New Charges**

### You said

- Fear that charges will result in cross subsidy.
- Fees are not refundable and provide a barrier for entrants especially small and medium players.
- Will there be a review process? Will you be able to determine if charging has had an impact on the likelihood of people applying for permits?
- Once again NRW proposals appear to be working against wider government policy due to a lack of communication and joined up thinking.
- Further detail of why these figures were reached must be provided by NRW before any increases are made.

### Our response

By introducing the charges as proposed, we are confident that our services are being funded by the charge payers within that regime.

As outlined in section A above, we are not allowed to make a profit from our charges. The tiered charging structure is no longer fit for purpose as our income does not cover our costs. Welsh Government has directed us to fully recover our costs, which we need to do through our revised fees and charges.

The new charges will be reviewed in a timely basis and any amendments will be consulted as part of our annual review.

As outlined in sections A1 to A3 above, we have been tasked with full cost recovery for the permitting services we provide, after many years of either no changes or relatively small increases to our charges.

### **E3 Schemes that benefit the environment or the public**

#### You said

- Applications for environmental schemes for non-commercial gain should have their charges waived.
- Charging for impoundments is punishing those who are improving the river.
- Charges will prevent delivery of important schemes for environmental improvements.
- The more money spent on permits and processes to deliver improvements; the fewer improvements are delivered.
- Support cost recovery for proposals that are a detriment to the environment.
- There should be more waivers available.
- The premise of charging for environmental improvement is at odds with the principle of polluter pays.
- Activities that provide environmental improvements, such as the removal of barriers to fish migration, are charged at too high a rate and should be differentiated from other charges for these activities or have a waiver.
- Should not be charged for improving the river.
- The environment benefits from the action but NRW charges as well.
- Follow Environment Agency's split charging structure for environmentally beneficial activities.
- Is there allowance for any cost variability for environmental NGOs other than for activities under species licensing?

#### Our response

Having listened to the points raised in the consultation, we have changed our charging scheme, by offering a reduction for environmentally beneficial schemes by continuing with the existing level of charges.

These will be for non-commercial activity undertaken wholly and exclusively for the purpose of environmental benefit within Water Resources (excluding activities to deliver the water company National Environment Programme) for the purposes of, for example, nature conservation, water meadows and weir removal.

The charges for 2023/24 are:

- £135 for abstraction licences
- £1,500 for impoundment licences or transfer licences.

We can accommodate this as water resource subsistence charges can be used to fund the remaining cost of determining these applications.

## **E4 Hydroelectric power schemes**

### You said

- Keep the existing charging tiers.
- Abstraction and impoundment licences should be rolled into one for a HEP scheme.
- Farmers are keen to develop green energy generation as part of a balanced range of activities.
- High charging goes against Welsh Government's aims to increase renewable energy.
- Level of charges represents a large barrier to HEP developments.
- Fees are not refundable and provide a barrier for entrants especially small and medium players.
- Disagreement with paying 50% of the cost of the second licence for a separate intake on different stream rather than 10% for HEP.
- Proposals risk stopping small hydro being developed.
- Unfair to charge small scale HEP projects the same as larger ones.
- There should be no change in hydropower fees until the impacts on decarbonisation have been fully assessed and quantified.
- Will prevent small schemes from being developed.
- Why charge when water is returned?
- We strongly dispute that these 2 projects [a small and a large] would have needed 'roughly the same' NRW resources to determine them.
- These smaller schemes will have a limited revenue when their Feed-in-Tariff comes to an end, and this major, unwarranted cost burden may cause some to close.
- The proposed fee increases are staggering with in some cases a 21-fold increase on the existing charge. These upfront fees are unaffordable for small schemes – which are usually developed by individuals and communities.
- In addition, there appears to be only a vague definition of 'Simple' and 'Full' variation which could be open to subjective misinterpretation and confusion.



- In the midst of an Energy Crisis and a Climate Crisis it cannot be the right time to be putting economic barriers in the way of new renewable energy developments.
- Hydropower is a key technology for Wales to meet its ambitious renewable energy and carbon reduction targets with the co-benefits of stimulating economic development and job creation; and will do so in a manner that meets the objectives set by the Well-being of Future Generations Act 2015.
- Simultaneously, the UK is in the midst of an energy crisis, for which the rapid expansion of domestic generation capacity is stated by UK Government as a key solution.
- It is self-evident that the enormous scale of proposed hydropower charge increases will slow or stop new hydropower developments in Wales.
- The proposed hydropower charge increases will have consequences which will act in direct contravention to Welsh Government policies and ambitions.
- Hydropower is not just another abstraction but offers multiple wider benefits to the Welsh economy and electricity network

### Our response

We have been directed to fully recover our costs for regulation. Our costs reflect the work that we do to determine these licences for Hydro Electric Power schemes, which our analysis showed all take about the same length of time to determine, no matter what size the scheme. Designated area and the sensitivity around those were more significant to time spent on application determination, than the size of the scheme, so we have included a separate add-on charge for a Habitats Regulations Assessment (HRA) where applicable.

Our charges will include a multiactivity discount where:

- 90% discount for each additional activity that is part of the same operation and from the same source of supply.
- 50% discount for each additional activity that is part of the same operation and from a different source of supply.

The discount reflects the time saved during the determination period. Most joint applications for an abstraction plus impoundment would fall under the first category and therefore would have a 90% discount applied. A separate intake on a different stream would benefit from the 50% discount. Additional work is required by NRW to assess the impact on a different source.

As outlined in section A above, we are unable to subsidise any one business sector.

## F Key Response Themes – Water Quality

### F1 New charge regime

#### You said

- By charging the full fee for determining a 'withdrawn' permit, NRW could unfairly profit from this situation when the applicant is forced to re-apply and must pay the full application fee for a 2nd time. This is not proportionate to the 'time and expense' or the 'polluter pays' charging model.
- A better mechanism may be to charge a lower application fee and apply an annual subsistence fee over the lifetime of the discharge.
- An applicant may be minded to press ahead with a sub-standard application if they will be 'forced' to pay the full fee upon withdrawal.
- By charging the full fee for withdrawals, NRW may experience a higher level of refusals.
- Unclear if applicant or NRW complete HRA's or if charges are necessary.
- Need more detail on the requirements around the Habitats Regulations Assessment and how this charge can be justified in addition to the cost of the permit.
- Fees for withdrawing a permit are 100% for water quality applications but proportioned for installation and waste applications.
- NRW has provided no evidence as to how these fees are determined.
- Concerned that the proposed increase in charges will cause a delay to the agreed programme of sewer improvements if there is a significant burden on finances.
- NRW does not explain if non-waste solid discharges are new or existing charges. At a time of emergency, it would seem appropriate to address via derogation rather than NRW's cumbersome and costly permitting regime.
- Fee increases are of concern to larger organisations with multiple discharge consents which could affect investment.
- Substantial increase in permit charges on Combined Sewer Overflows (CSO) will hamper variations needed to enforce them.
- There should be waivers available for local affordable housing sites.
- Hope increase in charges reduces river pollution.
- Question whether the new charge scheme will allow for any cost variability for environmental Non-Government Organisations (NGO's) other than for species licences?
- Introduce waivers for improvements to rivers or fisheries particularly when they are for the improvement of SAC/SSSI features.
- The charging of increased fees for work carried out by eNGO's or Nutrient Management Boards should be waived, where the work undertaken is to address excess nutrients in SAC rivers, and to improve overall river quality.

- Members expressed concern that increased charges to dispose of carcasses or wash water to land during an animal disease outbreak would further increase animal health and water quality issues.
- We would like to fully understand the SROc programme and the benefits it aims to bring over and above the current charging programme.
- We are concerned by the charging proposal and how the disparity in terms of cost recovery and charges still exists, despite annual reviews since the formation of Natural Resources Wales.
- We are concerned that the proposed increase in charges will cause a delay to the agreed programme of improvements for CSOs and / or a significant burden on finances.
- We strongly support higher charges for all new CSO installations, which we do not believe are an acceptable solution to delivery of a modern-day sewerage network.
- We ask that NRW give some consideration to waivers for all works where environmental improvement is being delivered. This limits the scope of improvement works in Wales.

### Our response

As outlined in our consultation documentation, our proposed charges are underpinned by the evidence presented from our working activities. We reviewed and challenged the time it takes for each part of a permit determination process, from logging an application through to the assessment, peer review and issue of the permit. This allowed cost models to be produced for each permit type. Where our review has identified efficiencies or already implemented efficiencies in our proposals, they served to reduce the level of increase rather than result in any reduction in charge level proposed. We have sought to keep charges as low as possible whilst addressing the shortfall.

Our charge model is based on the time spent and therefore the costs to us of the services we provide. It remains our view that if an applicant makes the decision to withdraw an application, that NRW should retain sufficient funds to cover work already undertaken. Legislation allows us to retain some or all of the application fee.

We will not retain the whole fee in every case. This will be dependent on the average cost to us by that stage of duly making or determination; 10% if withdrawn before the duly making stage; 100% if withdrawn after duly making for water quality applications. Where an application previously withdrawn or rejected is resubmitted, we will need to go through the same process of reviewing the submission as we review the permit application form. This also applies to other regimes.

We would encourage applicants to check that all required paperwork is correct before submission.

As outlined in section A2, we are not able to cross-subsidise or make a profit from our charges. We are required to seek full cost recovery for the services we provide.

Where we propose to retain the full amount of water quality or water resource application fees, the decision to do so was based on average costs in the past and therefore a reasonable and straightforward approach for customers. The industry and waste regimes will charge according to the cost of the work that has been completed due to time varying and therefore it would be reasonable to retain a proportion of the charge to cover our costs.

Our rationale for Habitats Regulations Assessment (HRA) additional charges is outlined in Section A6.

In relation to sewerage improvements, owners of the networks also need to make business decisions as to how to deliver services in the current economic climate. NRW are not in a position to subsidise other businesses, which is a government remit. We have been charged with full cost recovery for our services.

We remain of the view that the charges as consulted upon for sheep dip landspreading applications should be implemented as proposed. The new and existing charges were outlined in the consultation for these in Appendix 2, page 15. In such cases of a national emergency, such as during the foot and mouth outbreak of 2001, we would work closely with the government to resolve the situation, including costs. Animal carcass burial and incineration is now prohibited under the Animal By-Product Regulations, so this would remain a last resort option after alternative disposal routes have been considered.

Under UK Environmental Protection Regulations (EPR) as it stands, controlled discharges are permissible.

As outlined in Section A, full cost recovery will enable us to improve our regulatory resources, by restoring permitting income to a sustainable level, thereby reducing the risk of illegal activity impacting our environment.

As we are not ~~either~~ able to cross-subsidise the cost of our work and have no other options but to fully cost recover, we need to charge those requiring our services. Species licensing being a new area of charging in Wales, will currently continue to be partially subsidised by Welsh Government.

## **F2 The new charges are too expensive**

### You said

- Costs will impact what sewage providers can deliver.
- Some water treatment sites are likely to have significant fee increases (over 10 times in some instances) when considering likely risk banding and additional assessment fees.

## Our response

As outlined above, we are of the view that owners of the networks also need to make business decisions as to how to deliver services in the current economic climate. Our aim is to fully cost recover for the regulatory services that are required.

### **F3 Sheep dip spreading to land**

#### You said

- Against proposals for landspreading sheep dip charges, as it would affect controlling sheep scab in the interest of all.
- The proposed costs of new licenses are incredibly restrictive to the average sheep farmer, especially in the context of the profitability challenges facing the sector.
- Sheep dip spreading charges are significantly lower than CSO permit charges, which seems unfair given the negative impact it has on water quality, and lack of controls.
- Injectable scab treatments are not effective.
- How is carting dip around the countryside a sustainable solution?
- May impact on the quality of Welsh lamb and its export earnings.
- Proposals will be restrictive and prevent new entrants to the market using dip to control scab.
- Charges are completely disproportionate. Farm businesses cannot afford this and the message from NRW is don't dip so sheep scab will be even harder to control.
- Concerns over NRW proposals and impact on the Welsh Government's Animal Health and Welfare Implementation Plan 2022-2024, for the eradication of sheep scab.
- The proposed costs of new licenses are incredibly restrictive to the average sheep farmer, especially in the context of the profitability challenges facing the sector.
- Strongly opposed to the proposed fees which will create a 10-fold increase in costs.
- Sheep dipping is the only effective control of Scab and restrictive costs would affect the ability to graze sheep which is in the common interest.
- These charges could adversely affect animal health and welfare.
- The proposed costs of new licenses are incredibly restrictive to the average sheep farmer, especially in the context of the profitability challenges facing the sector.

- Members questioned whether there is a need to annually assess a sheep dip disposal site and whether there is a need for subsistence, and why is there a charge for bringing a permit to an end.
- Our members understand the need for safe and careful disposal of sheep-dip but it may not always be possible to use a waste disposal facility.
- Upland sheep farming is the backbone of Welsh agriculture and is often carried out by smaller holdings less able to absorb large increases in costs.
- No impact assessment has been conducted on the additional financial burden placed upon livestock keepers resulting from the proposed changes and the group believes that this was a necessary and important inclusion.
- The group believes that the exorbitant charge increases proposed could only ever represent 100% cost recovery where there has been little or no attempt by NRW to streamline current processes, identify wasted resources and remove administrative inefficiencies.
- Neither Welsh Government's Wales Animal Health and Welfare Framework group nor The Office of the Chief Veterinary Officer (OCVO) have been formally consulted on the impact and risks posed by these proposed increases to their main (Scab) eradication programme and this is seen as a fundamental oversight.
- Few sites in the UK can offer disposal facilities, and the prospect of transporting large quantities of dip by road to these sites presents another environmental hazard.
- Delivering innovative alternative solutions will take time, which is why we would urge NRW to consider a moratorium on the proposed sheep dip landspreading permit increases.
- The group does not agree that these increases represent the 'right charges in the right places' or that they are 'fair and appropriate' and believes that the onset of any charge increases should be delayed for a 3-year period.
- It is disappointing that the proposals focus on "Full cost recovery" but seem devoid of any suggestions to work with the sheep industry to streamline/improve efficiency and effectiveness of procedures.
- Given that the WG-funded Sheep Scab Eradication Programme is set to run for 3 years, any increased charges in respect of sheep dipping needs to be put on hold, until the end of that programme.

### Our response

We understand the concerns of farmers in relation to the blight of sheep scab. Over the last five years we have issued an average of 37 land spreading permits for sheep dip disposal each year. One-third of these are classified as new permit applications, with more than half of applications requesting to surrender their permit. Based on

these figures, we estimate the total cost to the farming sector overall to be approximately £55,000 per year.

NRW has produced an impact assessment, which estimates that 0.26% of all Welsh agricultural businesses would be affected by our charge increases for sheep dip landspreading, based on ONS data

Sheep dip chemicals are highly toxic and classed as hazardous substances. Protection of the environment from toxic substances is high on our agenda. We recognise that 8% of water bodies in Wales failed water quality standards for Diazinon (used for sheep dip) in 2021. They must be carefully handled, stored and disposed of, requiring careful regulatory oversight to minimise the risk of environmental harm.

When a sheep dip landspreading permit is submitted, NRW review several parameters to assess the impact on the environment. These include hydraulic (spreading rate) and chemical loading, soil and aquifer type, soil unsaturated zone, land use, substance mobility, and the proximity to receptors. The complexity of the permitting process is reflected in the proposed charges, the cost of which has not been fully represented in our charges for many years.

Annual (subsistence) charges have not been reviewed for this consultation, other than to include an inflationary increase. Sheep dip surrender charges have been introduced to achieve our aims of full cost recovery.

Appropriate disposal of sheep dip will remain a priority for NRW and farmers, though it is important to note that other scab treatment technologies are becoming available. For example, in the form of macrocyclic injections. There are also alternative, appropriate disposal methods at registered dedicated waste-handling facilities available, such as mobile dipping operations. The proposals may indirectly incentivise the wider use of these methods as farm businesses explore less costly alternatives to sheep dip landspreading permits. We are keen to work with the sheep scab eradication group to support alternatives to landspreading sheep dip; engage with the eradication programme; support the dipping contractor assurance scheme as well as research and development opportunities, as NRW stressed in the 2022 presentation to the group, our main concern being disposal of waste dip.

There are many waste treatment plants across the UK that provide the type of treatment required for sheep dip chemicals and it is not uncommon for specialist wastes to have to be transported across the UK for treatment and disposal. There is a robust framework in place for the management of the movement of hazardous wastes, for example, for pharmaceutical waste from healthcare.

We have previously engaged with groups such as the National Sheep Association providing advice on facilities in Wales which we believe already have the required permit or treatment technologies in place to handle this waste. We have encouraged them to engage with those facilities to discuss the requirements of the sector.

In addition, in recognition of the required infrastructure needed to support waste sheep dip disposal NRW has provided a relaxation for mobile dippers to be allowed additional storage “at a place they control” that extends the quantity allowed for other sectors in the waste legislation.

We do not consider that the charges we will introduce will be counterproductive to Welsh Government’s plans to eradicate sheep scab, an ambition that we fully support. However, we are not in position to subsidise businesses, which is a government remit. NRW has discussed these charging proposals with relevant Welsh Government policy officials. As outlined in A1 above, we have been charged with fully cost recovering for our services. As such, a separate consultation with other organisations would not be required.

As outlined in our consultation, these are one-off charges for new applications. If you already have a permit, then unless you apply to vary it, there is no further application charge.

## **G Key Response Themes – Species Licensing**

### **G1 Likely to have a negative impact on conservation work, individuals and organisations**

#### You said

- Concerns that by introducing charges to species licencing that this would have a negative impact on conservation work and conservation organisations.
- Individuals should not pay as this could seriously impede private stakeholders from engaging in conservation, pest and predator control and wildlife management for public safety reasons.
- The charge of £965 for farm businesses who require a license before some form of on-farm diversification is not supported.

#### Our response

We do not want our charges to discourage activities that are to the benefit of protected species or in the public interest. Our proposed charge scheme for species licensing includes four categories of ‘charge waivers.’ These set out the circumstances where we think that the cost of permitting should continue to be funded through general taxation. This will help us to manage the risks of unintended consequences (increased charges resulting in negative impacts on the Welsh environment), and to enable us to deliver our policy objectives.

### **G2 Waivers**



## You said

- Unsure where waivers applied, for example whether they would apply to licence amendments.
- Waivers might be inequitable and subjective and should apply to instances other than those as outlined.
- Waivers may be appropriate.
- Waivers should also cover licence amendments, change of ecologist and extensions for 'Applications to enable householder developments, permitted development or property maintenance not requiring planning consent'.
- Why charge small business so much and not charge environmental charities?
- Waiver should be granted to non-extensive research that works towards conservation.
- Waiver should apply for permitted developments for badger licences.
- The conservation bodies and activities especially for releasing new animals should have the same cost basis as landowners.
- Broad fees ignore protections granted to species.
- There is no incentive to identify and protect species.
- Unfair that businesses would pay for educational activities.
- Do you charge for ecological species survey licenses if they do professional and volunteer work?
- Species licensing charge proposals are patently unfair (especially on SME's) and potentially discourages educational work (e.g. STEM, voluntary conservation work).
- We welcome the waivers for the removal of invasive species, health and safety and conservation.

## Our response

We felt that charging is not the right approach or in the public interest for licences issued for:

- Conservation, scientific research, and education.
- Public safety, public health, and the prevention of serious damage to property.
- Licences relating to the control of Invasive Alien Species.
- Householder developments and developments to provide facilities and access for disabled people.

NRW will decide if a waiver applies to an application, a waiver can only apply where it is the principal objective of the activity. If a waiver applies to a licence, there will be no charge for any amendments required.

It was determined that if licences are required on a for-profit basis, that a charge could be absorbed by the companies. Where a waiver applies this will continue to be funded through Grant in Aid.

### **G3 Species licence charges**

#### You said

- Amendment fees should be fixed.
- Charge for minor amendments is too high, such as a change of address, change of lead licensee, change of licensed ecologist or a change of licensed accredited agent was too high in relation to the work required or should be free.
- Charging proposals need to be proportionate to the size of the development.
- Fee should be fixed and valid for all operations.
- Cannot support the introduction of charging on the basis proposed by the consultation.
- Hourly rates for large applications need capping or should be sent back if not up to standard.
- License costs are too high for individuals.
- Strongly disagree that individuals should pay for species licenses.
- Learn from Natural England and introduce 'Low-Class Licences' to facilitate improvements to process, but not to the detriment of nature conservation.
- Species Licensing charges are very low compared to all other types of permits.
- The charges are unnecessary.
- The charges for species licenses do not seem to reflect the resource required to ensure full protection.
- Don't agree with charges for amendments and licence returns.
- Would it be fairer to apply an average charge which smooths out complex cases.
- Would welcome further clarification on the reason for the new charges.
- Small scale developments with single roosts unfairly impacted.
- Concern around uncapped charges.
- It was stated that this could make it difficult for applicants to budget and there were concerns that fees were not capped.
- Charging for changing a licensee on European Protected Species Licences will make the process harder.
- Charging more money by inventing categories.
- Do you charge for ecological species survey licenses if they do professional and volunteer work?
- Increase the charges for species survey licence for profit.
- Protected species licence costs are too high jumping from no charge to a fixed rate of £965.
- Personal survey license costs are too high.
- Renewal licenses for specific species are expensive.

- Cost of ecologist survey licenses is too high.
- Counterintuitive to only be charging for commercial operations, without explanation.
- There is a lack of clarity on what an EPS licence could cost a commercial forestry operation under the new scheme.
- The charges for species licensing does not seem to reflect the NRW resource required to ensure full protection of designated species in Wales. We would propose a tiered system which reflects that in some cases the licences are required to move or relocate species in the process of making other environmental improvements.

### Our response

NRW has used the principles of full cost recovery in line with *Managing Welsh Public Money* to arrive at the proposed charges. As outlined in section A2 above and our consultation, we are aiming to charge for the time and cost of services we provide to those who directly need them, rather than burden other sources of funding such as subsistence income or the public purse (Grant in Aid), which would be unsustainable and no longer appropriate. In order to deliver this in a fair and proportionate way, we have proposed charging for the time it takes for us to carry out assessments of the different types of licences. The programme is solely in relation to our costs and is not in relation to the legal protection of species or our policies.

Our consultation contained proposals for waivers for some activities including conservation, scientific research, and education.

We have recognised these concerns and looked at separating minor amendments from other amendments in our charge model. NRW now propose that these minor amendments would now incur a charge of £73, any other amendments would be subject to the hourly charge of £125.

We decided to have an hourly rate for some licences in order to make costs as fair as possible. When reviewing applications from commercial forestry and large-scale developments, the time spent on applications varied due to the scale and complexity of schemes. As such, charging an average fee would be unfair to smaller schemes, therefore the decision was made to charge by the hour. As part of the charging guidance, we will provide a range for typical application costs alongside some examples which could lead to increased costs.

There is a full explanation for why we have proposed to charge for some operations and not others in our original consultation package of documents.

## **G4 Agree with the proposals and waivers**

### You said

There was support from some respondents for our proposals, specifically with charging large scale developments for licences, with the proposal for waivers, for the conservation of a monument and where licences are in the best interests of the public and protected species.

It was acknowledged that applicants should expect more proposals to charge for services as public funding becomes more stretched. There was also support for the waiver for work which is purely for nature conservation and environmental improvement activities including the removal of invasive species. There was also some agreement in our decision not to propose charges for shooting wild birds.

## **G5 Clear definitions for conservation licences required**

### You said

- Some respondents felt that because their work would include some biodiversity enhancements that Waiver A for 'conservation, scientific research, and education', should apply.
- It was also raised that there should be clarity on the definitions surrounding conservation licences.
- Definition required for when an application crosses from being conservation based to purely commercial forestry.
- All commercial forestry operations should fall into this waiver.
- Separation of commercial and conservation species survey licences.
- Any UKFS should fall under the waiver for ecological and conservation.
- The proposal creates a two-tier system where NRW could classify an operation such as phased managed PAWS restoration as commercial forestry but clear-fell for natural regeneration to be conservation based.
- Believe that NRW should provide clear guidance on how environmental improvement activities will be determined.

### Our response

A waiver can only apply where it is the principal objective of the activity. This will be determined by the type of licence application. A licence issued for forestry management for the purposes of preserving health and/or safety, preventing the spread of disease and/or serious damage to livestock, foodstuffs for livestock, crops, vegetables, fruit, growing timber or any other form of property or to fisheries will not incur a charge. Licences issued for other Imperative Reasons of Overriding Public Interest (IROPI) including those of a social or economic nature and beneficial consequences of primary importance for the environment will be chargeable. The types of licences are not changing as part of this review therefore if you are carrying out similar work you should apply for the same type of licence as before. In order to

apply for a conservation licence, you must provide a suitable application and method statement to demonstrate how the principal activity will be beneficial to the species.

## **G6 Transparency needed for new charges**

### You said

- The process needs to be delivered in a manner that is transparent and it is not clear that the regulator has enough evidence to determine if the licencing process is effective for forestry.
- More clarity on development definitions (Local, major).
- Provide transparent charging where clear implementation and performance reporting and guidance is provided.
- Requires more clarification how the charges will be applied.
- There should be a formal review of how effective new charges are.
- Will there be a review process? Will you be able to determine if charging has had an impact on the likelihood of people applying for permits?

### Our response

We are reviewing some of our online guidance for applicants considering the charge changes. We will also be making the definitions for 'commercial' and 'non-commercial' clear, as well as definitions used for development assessments. All our revised charges will be published online from day one.

The new charges will be reviewed on a timely basis and any amendments will be consulted as part of our annual review.

Our proposed charging scheme does not include direct forestry activities. Further information on species licensing can be found elsewhere in this response document.

## **H Pre-application advice**

We received several responses regarding our pre-application advice proposal. We will provide signposting to advice and guidance on our website, or you may wish use our existing chargeable discretionary advice service. Points not addressed above are considered here.

### You said

- Advice is given by staff without experience.
- The onus is on NRW to show that these costs are fair, proportionate, and competitive and that it is working efficiently to keep its costs of running this discretionary service to a minimum.

- Charges are unclear.
- Will put companies off looking for advice.
- Concerned that these changes will drive down communication and the sharing of ideas and information that ultimately lead to the best possible outcome being achieved when applications are submitted.
- This is counterproductive.
- Should depend on purpose of pre-app required (housing / HEP etc).
- For HEP schemes - A modest fee for application advice would be beneficial for both the applicant and NRW, if it meant that the resulting application can be focused on meeting the site-specific issues and NRW guidance.
- For HEP schemes - Introducing a modest fee for pre-application advice would be worth it if an unsuitable scheme can be abandoned before incurring a much greater full application fee.
- Meaningful pre-application advice will result in better quality application submissions which can be determined more efficiently and quickly for all parties.
- Practitioners should have the option to provide their own pre-application advice to NRW through a professional ecologist or other qualified environmental practitioner.
- Any pre-application advice would be dependent on timescales and accessibility to services.

### Our response

We remain of the view that we need to change how we define and offer basic pre-application advice for permits and licences we charge for, by formalising our approach to provide signposting only. This approach will be in line with how it is applied in other parts of NRW, such as Development Planning teams. Helping applicants to complete reports or carry out assessments of information during the pre-application phase may pre-determine or prejudice our role in determining a permit application. Please see section A2.

These proposals will not affect the bespoke advice applicants can request through our Discretionary Advice Service<sup>4</sup>, which is charged for using a standard hourly rate. Applicants will still have the option to engage a third-party private consultant to help with applications. We remain of the view that it is incumbent on the applicant to provide an application of sufficient quality in order to progress.

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<sup>4</sup> [Natural Resources Wales / Our service to developers](#)

## I Annual subsistence charges for 2023/24

We received several responses regarding our annual subsistence charges for 2023/24, where we have proposed to increase some of our charges to offset inflationary pressures and regime-specific deficits. Points not addressed above are considered here.

### You said

- Approach to EPR installations and waste operations should be extended to water activities and Intensive Pig and Poultry permits, to ensure NRW is able to take a risk-based approach and undertake greater compliance checking on sites.
- Existing installation sites are not banded in the same way so it's not transparent and we can't budget for it.
- FRAP consented NFM installations MUST not fall victim of ongoing annual charges.
- Give discounts or exceptions to projects aimed at improving the natural environment.
- Impoundment or bankside revetments projects should be charged a premium rate as compensation for the damage that will be inflicted.
- Individual does not benefit from paying the subsistence charges.
- Insufficient data to comment.
- Concern that proposed charges appear to be solely based on an inflation linked increase, rather than an assessment of the amount of effort required for regulatory activities in each regime. The Regulators' Code requires that regulators should base their regulatory activities on risk, with risk assessment frameworks in place to target their efforts. It also states there should be a mechanism in place to consult on the design of these frameworks and to review them regularly.

### Our response

We have decided to increase some of our subsistence charges by CPI (+6%) for 2023/24, to offset inflationary pressures and regime-specific deficits. We will carry out a more in-depth review of subsistence charges in the future.

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>5</sup> and our Regulatory Principles<sup>6</sup>.

As outlined in sections B and C, we will be consulting separately on the Installations banding tool that will replace OPRA. Until this is completed, we will not implement revised charges, so that businesses can get a better understanding of what the costs will be to them.

We remain of the opinion that our fees and charges need to be paid for by the service user. We cannot afford to fund any more waivers than outlined in the consultation, or to subsidise project work.

With regards impoundment or bankside revetment projects, we cannot use our charging scheme to pay for compensation for damage for legitimately carried out work. Our subsistence fees and charges are intended to go towards the costs of regulation. All those paying these fees and charges will be contributing to a level playing field in their sector, reducing the risk of financial advantages by those who are not compliant. This can only be achieved through effective regulation.

Where respondents felt they did not have sufficient information to make an informed response to the consultation and made contact with us, we provided further information on request. The aims and benefits of this review have been outlined in both the consultation supporting documentation, and above in sections A to H.

We propose to undertake a root and branch review of subsistence charges in future that will include service level, risk and operator performance.

## J Other comments and observations that we received

- Need to understand SROc programme and what additional benefits it provides.
- Thank you for consulting on NRW Regulatory fees for 2023/24.
- Evidence used for the requirement of a species licence is poor, out of date and uncorroborated.
- Evidence required with SL applications is not relevant to some sites.
- Policing protected species licensing needs improvement.
- Surveys generate important data to support wildlife conservation.
- A means to be paid for doing nothing for non-nuclear installations.
- Food from other countries shouldn't be subsidised.
- Permits are too restrictive (waste).
- Should tackle waste in the water system from Welsh Water rather than persecute the farmers.

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<sup>5</sup> [Regulators' Code \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

<sup>6</sup> [Natural Resources Wales / Our Regulatory Principles](#)



- Political representation for certain areas is poor.
- Water quality is important.
- Charging more to achieve less.
- Close down NRW as a plague on Wales.
- NRW has an anti-forestry agenda.
- NRW does more to destroy natural habitat than farmers do.
- Undermine trust and confidence in the regulator and hinder the development of positive working relationships going forward.
- Farmers across Wales are committed to climate change initiatives and carbon net zero in agriculture.
- Continue current practices.
- Current charges are discriminatory and unfair.
- Had to pay an unnecessary fee for a fish expert - natural barrier is in place.
- Polluter pay principle doesn't apply to agriculture (with a couple of specific exceptions for pigs and poultry) but relies on general taxation.
- Support the Welsh Government's Green Recovery priorities.
- NRW are able to invent categories to charge more money for them.
- The costs outweigh the actual action NRW conducts its operations in controlling species in Wales, current performance shows that applications will not get value for money.
- Allowing unfettered charging for licensing for species (especially on survey and records usually decades old) is unfair and discriminatory - farmers aren't being asked to apply for instance.
- Current approach by NRW is too risk-adverse.
- Charging system introduced by the EA has coincided with a significant decline in service.
- Members of an organisation questioned whether NRW had seriously undertaken an exercise to reduce its own business costs within the modelling exercise as, for example, they witnessed expensive excavators sitting idle for months on end. This could not be justified if the machines were either owned or rented within any business.
- Members of an organisation also questioned how the proposed cost was so high, when in their experience application processing appeared to be a desktop exercise by a member of NRW staff in an office using mapping data, with farm assurance and cross compliance effectively policing the regime on a day-to-day basis, unless a pollution problem was reported.
- It also notes that the Impact Assessment is based on 13,160 enterprises identified by the Office for National Statistics out of the 24,677 active farms in the Farming Facts and Figures Wales 2021, and that this could lead to a distortion of the analysis based on farm turnover.
- Members of an organisation noticed how little variation existed in the percentage figure that direct costs made of the total cost across different

permits, considering the different demands of producing permits for land spreading, intensive pig and poultry units and anaerobic digestion.

- Short timelines suggest that charge increases represent a *fait accompli*.

## K Changes made to our final scheme as a result of consultation

Following the consultation process and the feedback received we have made the following changes to our proposals as consulted upon. We continue to value the input from stakeholders and have fully considered matters raised and laid out our responses in this document to explain why we have come to this decision.

- We will consult on the new banding tool replacing OPRA used to calculate application charges for installations.
- We have reconsidered increasing the charges for some impoundment licence applications for non-commercial or third sector organisations, which will remain at current charging levels. These are for non-commercial activity undertaken wholly and exclusively for the purpose of environmental benefit within Water Resources (excluding activities to deliver the water company National Environment Programme).

The 2023/24 charges are:

- £135 for abstraction licences
- £1,500 for impoundment licences or transfer licences.
- We have separated species license minor amendments from other amendments in our charge model. NRW now propose that these minor amendments will be charged at a fix rate of £73. Any other amendments would be subject to the hourly charge of £125.

Some of the revisions and proposed waivers made will result in NRW not reflecting full cost recovery principles in some regulatory services.

NRW has not proposed any further revisions to the regulatory fees and charges as consulted upon. We recognise that our proposed charges coincide with wider financial pressures, such as inflationary increases and increased cost of living pressures. However, a failure to manage NRW's permitting schemes to ensure they reflect full cost-recovery would impose significant resource implications and a reduction in NRW's technical skill base. In addition, there would be a continued reliance on other funding sources such as subsistence income or the public purse (Grant in Aid) to fund this shortfall, an approach that would be both unsustainable and no longer appropriate.

Following approval by the NRW Board, Welsh Government is continuing to undertake the necessary assurance work on the proposals. Advice will then be provided to the Minister and a decision taken thereafter. NRW regulatory charges will remain at 2022/23 rates until superseded by the introduction of any new charging scheme, and we will keep our customers updated on timescales for implementation.

## L Suggestions received

Respondents suggested improvements they considered would improve NRW's efficiency. These suggestions have been shared with the relevant departments within NRW for further consideration.

- Extending species licenses from two years to five or ten years.
- Work with industry to identify and develop solutions that provide mutual benefit to NRW and the industry to help keep costs down.
- Develop a Farm Liaison Service to mirror that of Welsh Government.
- One respondent requested a chargeable fast-track service.
- One respondent wanted to privatise regulation.
- Development of 'model' application templates for the poultry industry, combining on-farm visits where farms conduct multiple activities under different permits.
- Discretionary Advice Service should be a one stop shop, with advice given binding on NRW without the need for additional officer scrutiny at application stage.
- Review existing risk assessment frameworks in line with the Regulators' Code.
- Give discounts or exceptions to projects aimed at improving the natural environment.
- Licensing for companies that handle/dispose waste tyres.
- Should be reduced fees for net zero carbon or sustainable activity.
- Will there be a review process? Will you be able to determine if charging has had an impact on the likelihood of people applying for permits?
- Any pre application advice provided should be reflected in the subsequent determination process.
- We propose a tiered system for species licences which reflects that in some cases the licences are required to move or relocate species in the process of making other environmental improvements.
- Some of the information sources being used to enforce licencing are out of date or not relevant to the site.
- Evidence used for permitting is poor, out of date and uncorroborated.
- New technology should be used such as blockchains.

- An expression to work with NRW was made to establish how streamlining of straightforward sites can achieve a more cost-efficient fee.
- NRW should 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).
- Examples of areas where further guidance and clear procedures would provide clarity: development of special charges; Abatement of charges if NRW considers it to be 'significantly disproportionate' having regards to actual costs and expenses incurred; liability to pay charges; Where Nature Based Solution permitting fees fit in relation to the "Bespoke" charges; clarity on the differences in charges between the regimes in EPR.
- We notice that there are clear explanations that NRW initiated administrative variations for some regimes are free of charge, whereas Water Quality ones are not clearly explained.
- It is explained that NRW may use judgement on whether to return part or none of the fee for a withdrawn industry regulation application. We would expect to see this as the same across all EPR or an explanation as to why the difference.
- Further guidance would be beneficial regarding the pre-application advice for abstraction licencing.
- It would be useful to provide an example of when the pre-application route might be useful.
- We suggest that an independent evaluation of your proposals is undertaken.
- As part of delivery of WFD, NRW should be considering how all impactful discharges to Welsh watercourses can be permitted and monitored, with a true reflection of NRW costs to undertake this.

## **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 2023/24.](#)
- [Installations \(including intensive rearing of pigs and poultry\), medium combustion plant and specified generators and non-nuclear radioactive substances.](#)
- [Reservoirs.](#)
- [Site-based waste management.](#)
- [Species licensing.](#)
- [Water quality.](#)
- [Water resources.](#)
- [Annual subsistence charges for 2023/24.](#)

## **Annex 2 - 'Natural Resources Wales Strategic Review of Charging Consultation Report, January 2023'** By ECF

### **Annex 3 - [Summary of responses](#)**

### **Annex 4 - [Full responses](#)**