

Afonydd Cymru is the umbrella body for the six rivers trusts in Wales. As well as providing advocacy to Welsh Government and Natural Resources Wales, we support the regional rivers trusts to deliver fisheries and river restoration activities across Wales.

This is our response to NRW Consultation on proposals to regulatory fees and charges.

Charges Consultation – General Overview

In January 2016, the Welsh Government published ‘Managing Welsh Public Money’ to set out principles for setting charges for public bodies. This indicates that full cost recovery must be used to ensure that public bodies do not profit at the expense of those paying. It requires full transparency in demonstrating cost-recovery. Within the consultation it is indicated that only 24% of your budget is covered by current charges and that there is currently a £3m shortfall annually. However, there is no transparency for these numbers and no evidence is provided to support them. AC objects, therefore, to an increase in charges until such time that the reasoning is fully evidenced and transparent, in line with the requirements of the above policy. Specifics relating to areas which are of direct concern to AC and in relation to increase in levels by type are detailed below.

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 (NRW). As an example, your 2019 NRW Charges Consultation indicated that you were moving towards full cost recovery in that year. At that time, no increase in charges had been made since NRW’s formation. Instead, increased costs were covered by efficiency savings from the amalgamation of the three bodies. This review now indicates that you have been covering only a quarter of your total costs over that three-year period. It is important, therefore, that there is complete transparency between your charging proposals and your actual costs to deliver the work that we need you to do. They need to be in line with acceptable budgetary considerations and set against what NRW are expected to deliver.

We would, therefore, suggest that an independent evaluation of your proposals is undertaken.

Appendix 1 Legislative powers to charge

In this section, you state “Our charging schemes are underpinned by the ‘polluter pays principle.’” Currently, 60% of Welsh rivers are failing to meet good ecological status. Of these, the 2021 Water Framework Directive (WFD) Classification data reports the source of this failure across the sectors that cause the impact, namely water companies, agriculture/rural land management and industry. It is noted that in some cases, WFD failure is because of NRW operations.

AC would support a charging scheme which is underpinned by the 'polluter pays' principle. This would require a change in permitting to one where all sectors who are currently impacting the environment are charged. Currently, all agricultural operations are exempt from permitting with the exception of some pig and poultry units and yet this sector is certainly contributing to, if not the predominant cause of pollution on Welsh rivers. Some of these discharges are more impactful than water company discharges, which are permitted. 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.

This would require a legislative change and would need to be supported by Welsh Government. If this was not supported, transparent costs should be provided by NRW to ensure that other sectors, application types and services were not compensating for costs attributable to the agricultural sector.

We also note that in the recently published 'Reasons for Not Achieving Good Status', under the WFD, 14% of all failures on rivers require further investigation (of which 11% are due to diffuse sources). We would expect to see NRW charges by sector to also reflect fairly the resource and costs needed to deliver NRW's expected investigative role.

Appendix 2: All proposed and current charges

Appendix 2 provides a full list of current and proposed new charges by application type. Isn't this already spelt out in the title above, why repeat?

We agree that proposals to change charges linked to the threshold and size of a new installation, and therefore proportion to time required to process the application, is a sensible solution with the following caveat:

AC is currently supporting several bodies in Wales on nutrient offsetting and the potential introduction of wetlands for nutrient removal. We are awaiting NRW to clarify how an Integrated Constructed Wetland will be permitted in Wales. Due to the large volume of water passing through the sites, they require installation licences and based upon our experience in England, it is likely that nature-based solutions (NBS) of all types would require permitting under an EPR permit. We note the charges in relation to EPR permits, particularly under the bespoke category, which we feel may need to be applied in the absence of resolution of a new permitting regime for NBS. We would ask that NRW consider a simplified process for NBS with proportionate charges to support the delivery of NBS in Wales.

We note a substantial increase in permit charges on Combined Sewer Overflows (CSO). The WG Taskforce for Better Water Quality has identified an action plan for CSOs in Wales. This will require a significant variation in permits to ensure they are legally enforceable and that CSOs are operated as they are designed to. We are concerned that the proposed increase in charges will cause a delay to the agreed programme of improvements and/or a significant burden on finances. We would ask NRW to therefore consider how charges will be applied for changes driven through the Taskforce that are likely to require a cumulative variation across a large number of permits. Given that the current permits are not fit for purpose, we consider that some of this financial burden should be

borne by NRW. 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.

Compared to permit charges for CSOs, the proposed charges for land spreading are significantly lower. 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. Once again, the polluter pays principle does not appear to be being applied.

The regional rivers trusts in Wales are predominately involved in consents and permissions under the Water Resources Application type. Flood Risk Activity Permits are required for much of our work, but we do not see this type of permit referenced anywhere within the Consultation. We would request that NRW clarifies the position on these to AC. We note significant proposed increases in charges under the following categories:

- New Bespoke Licence – charges increase from £135 to £1500 to £6327
- Simple Variation – new charge of £1357
- Full variation – charges increase from £135 to £1500 to £4810
- Application to remove an impoundment - charges increase from £135 to £1500 to £4810

We are particularly concerned as to the impact this increase in charges will have on the delivery of environmental improvement schemes in Wales to remove barriers to fish migration. Currently, 84 waterbody failures under WFD are directly linked to barriers in Wales (albeit that this number is significantly lower than the barriers reported by AC to NRW). In 2022, NRW has reported the worst ever stock assessment for salmon and sea trout in Wales, which are now at critically low levels and heading towards extinction in many of our rivers. The new proposed charges will only hinder, delay or prevent the delivery of important schemes required for environmental improvement in Wales. We ask that NRW give some consideration to waivers for all works where environmental improvement is being delivered.

Furthermore, you have indicated this year that rivers trusts must now also apply for a two-stage application to remove impoundments in Wales. Where existing impoundments are unpermitted (a statutory responsibility of NRW), we are now required to first permit the asset and then apply again to vary the licence to remove it. Our understanding of this in relation to the proposed charges is that we will be required to now pay between £7714-£11167 to remove an impoundment compared to our current charge of between £135 to £1500. This is a significant increase to deliver necessary environmental improvement in Wales. When compared to other European Countries, even the existing charges are excessive and they have limited the scope of improvement works in Wales.

We note that Species Licensing charges are very low compared to all other types of permits, typically £133 or zero. 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. However, we would expect NRW charges for Species Licensing to reflect all activities and roles required to ensure full protection of them in Wales.

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. We strongly suggest permits and permissions required that result in environmental improvement should be differentiated from the other charges or operate under a waiver system. The WG 'Managing Welsh Public Money' (January 2018) provides the provisions to do so. As it stands, the proposed charges will have a significant impact on the delivery of the Welsh Government Capital Programme and will impact improvements required under WFD.

Appendices 4 – 11

Afonydd Cymru either have no opinion on these Appendices as they are not relevant to our operations or we have covered the detail above.

Finally, in December 2022 AC wrote to both NRW and WG over our concerns on the published Core Management Plans for SAC rivers. This underlines our belief that the required monitoring needed to gain a complete understanding of the impact and failure across all sites in Wales is not being met. Simply, there are insufficient data and understanding to identify the cause and impact across all elements impacting any of our rivers. In part, this is directly linked to the charges NRW must implement to ensure that both its resources and costs can be met to deliver the service required.

To conclude:

1. AC **objects** to the proposed charging scheme until it is made transparent that it complies fully with the Welsh Government's policy on charging "Managing Welsh money." This would be best achieved through an independent evaluation.
2. AC does not believe that the proposed charging scheme complies with NRW's stated aim to apply the "**Polluter Pays Principle**". NRW should consider how all impactful discharges to watercourses, including from agriculture, can be permitted, and monitored with full cost recovery.
3. AC fully supports the proposal to link charges to the threshold and size of new installations and which is proportional to the workload.
4. AC calls for a **simplified** process for permitting **Nature Based solutions** and proportionate charges to support their delivery.
5. AC asks NRW to consider how charges will be applied to changes for existing, not fit for purpose CSO permits identified by the Welsh Government's Taskforce for Better Water Quality.
6. AC recommends that charges for **regulating land spreading** are too low as these do not reflect the resources that NRW should be devoting to this often-polluting activity.
7. It is proposed to raise charges significantly for a range of activities that deliver environmental improvements. **AC recommends that permits and permissions required to carry out environmental improvement should be differentiated from other charges or operate under a waiver system.** This is particularly relevant when a third sector organisation is funded from the public purse to carry out such activities.

Kind regards,

A handwritten signature in black ink, appearing to read "Gail Davies-Walsh". The signature is written in a cursive style with a large initial 'G'.

Gail Davies-Walsh, CEO