



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

Consultation on our regulatory fees and charges for 2023/2024

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What we are consulting on

We are seeking your views and opinions on our proposals for our regulatory fees and charges from 1st April 2023 as detailed in this document and the supporting appendices. We will use the feedback to inform our new charging schemes, which we intend to implement from 1st April 2023 subject to Welsh Government approval.

This consultation closes at midday on Friday 6th January 2023.

About Natural Resources Wales

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

Our role in regulation

Everybody wants our environment to be well managed and maintained, for present and future generations. More than ever, there is a need to protect our environment, minimise the effects of climate change and stop the decline of habitats and wildlife, and changes in policies at all levels have reflected this.

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

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

Funding our regulatory approach

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

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

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

We 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' Code² and our Regulatory Principles³.

¹ [Managing Welsh public money | GOV.WALES](#)

² [Regulators' Code \(publishing.service.gov.uk\)](#)

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

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

The fees and charges raised to cover the costs of our regulatory activities account for approximately 16% of our total 2022/23 funding. However, 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. Our current charging schemes can be found on our website⁴.

Strategic review of charging

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, we commissioned a Strategic Review of Charging (SRoC) programme. The aim of this programme is to develop a charging scheme that applies the right charges to our activities, through the right mechanisms, and allocates the correct staff and financial resources to the right parts of the organisation.

To deliver our regulatory approach and the outcomes needed for the Welsh environment and green recovery, our SRoC programme has considered all functions, including those regulatory activities not historically charged for. We have not undertaken a review on this scale before.

Our programme has been guided by our charging principles:

- transparency of our charging decisions
- avoidance of cross subsidy between regimes
- providing longer term planning horizons wherever possible
- avoiding cycles of cutting then raising charges by actively managing our surpluses and deficits
- keeping charges as low as possible through a continued drive for increased efficiency
- not profiting from charge payers, and
- to be independent of taxpayer subsidies.

Our SRoC programme has focussed on changes to the fees and charges associated with applications for new permits and amended permits. Our review of delivery costs for our permitting services demonstrates under-recovery across most regimes, with our regulatory fees and charges failing to recover the full costs of determining permit applications. These factors have led to an annual £3 million shortfall in our delivery of permitting activities as only 24% of our costs are recovered. This is currently met by reducing our service in other areas of our work. Whilst we have changed some of our processes to be more efficient, this is not enough to balance the full costs of delivery.

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

The proposed changes outlined in this consultation reflect the need for charge increases and the introduction of new charges. If we do not make significant changes, under-resourcing, a reduction in our technical skill base and a continued reliance on general taxation will continue.

Annual review of charging

In addition to the detailed analysis of our permitting costs within our SRoC programme, we have also conducted a high-level assessment of our annual subsistence charges, namely the annual fees we charge operators to recover the costs of monitoring and assessing their compliance with permit conditions.

For the period from 1st April 2023, we are proposing to maintain as far as possible our existing annual subsistence charges. However, we do need to adjust some charges to ensure we properly manage inflationary pressures and the forecast surplus and deficit position. These proposals are made in line with [Managing Welsh Public Money](#), HM Treasury rules and our legislative obligations.

Our proposed regulatory fees and charges for 2023/2024

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

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

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

Our charging proposals have been developed through a process of extensive background research and ongoing discussions with Welsh Government, stakeholders and other UK regulators. We regularly meet and discuss our proposals with the Chargepayer's Consultative Group, consisting of stakeholders from trade and representative organisations. This helps us to develop our charging strategy and schemes. We would like to thank those in the group for their commitment in representing their members' views and continuing to work with us in this way. We review the membership of this group annually to make sure we continue to have members relevant to the changes proposed.

Application charges

Our consultation covers the following areas where we are proposing 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. We receive on average 1,700 EPR applications a year
- Water abstraction and impoundment licences. We receive on average 177 applications a year
- Species Licences. We process on average 1,800 a year. Our proposals include the introduction of waivers for some species licence applications
- Reservoir registrations.

The supporting appendices contain the details of the charge proposals for each of these areas and a consolidated list of all charges

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.

In addition to charges which continue to be implemented under existing legislation, we are proposing to introduce some new charges using powers under Article 12A of [The Natural Resources Body for Wales \(Functions\) Order 2013⁵](#). This allows us to charge for the goods, services and facilities that we provide. Where we are prevented from cost recovering for some regulatory duties by policy and legislative barriers these activities will continue to be funded by Grant in Aid money provided by Welsh Government.

By modifying current charges and introducing new charges where no scheme currently exists, we forecast that our proposed changes will address the shortfall outlined above, if application numbers remain the same. This will ensure that our regulatory services are paid for by those who use them and not by the taxpayer or other charge payers.

Pre-application advice

We provide a basic pre-application service for advice, on certain types of permits and licences⁶, to help customers understand what permissions they need and how to apply for them. This may include signposting to relevant forms or sources of information needed to

⁵ [The Natural Resources Body for Wales \(Functions\) Order 2013 \(legislation.gov.uk\)](#)

⁶ [Natural Resources Wales / Permits and permissions](#)

prepare a quality application. It may also include advice on legal requirements, how to identify environmental risks and where to find established best practice guidance.

We are proposing 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 Service⁷, which is charged for using a standard hourly rate.

Annual subsistence charges

Our consultation covers the following areas where we are proposing to change annual subsistence charges to reflect inflationary pressures and the forecast deficit position. Appendix 11 details the changes we propose to implement for 2023/2024.

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

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

Responding to this consultation

How to respond

We are seeking your views and opinions on our proposals for our regulatory charges from 1st April 2023 as detailed in the appendices. Further information on our cost modelling is available upon request. We will use the feedback to inform our final schemes, which we intend to implement from 1st April 2023 subject to Welsh Government approval.

This consultation closes at midday on Friday 6th January 2023.

Our consultation is available on our website at:

⁷ [Natural Resources Wales / Our service to developers](#)

Data protection

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

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

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

Next steps

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

Appendices

Appendix 1 – Legislation and legal basis for Strategic Review of Charging

Appendix 2 – All current and proposed charges

Appendix 3 – Industry regulation

Appendix 4 – Reservoirs

Appendix 5 – Site-based waste

Appendix 6 – Species licencing

Appendix 7 – Water quality

Appendix 8 – Water resources

Appendix 9 – List of consultation questions

Appendix 10 – Glossary

Appendix 11 – Annual review of subsistence charges