

To:	Environment Agency strategicrevcharges@environment-agency.gov.uk	Date:	26 th January 2018
		Ref:	Environment Agency Charge proposals from 2018 – NFU response
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Environment Agency consultation Charge proposals from 2018

The NFU represents 55,000 members in England and Wales, involved in 46,000 farming businesses. In addition, we have 55,000 countryside members with an interest in farming and the countryside. The NFU welcomes the opportunity to respond to the Environment Agency consultation on Charge proposals from 2018.

Our interest is in the Environment Agency's proposed changes to the charging regimes that are relevant to agriculture, which include

- Intensive poultry farming
- Landspreading of waste
- Groundwater authorisations for the landspreading of sheep dip and pesticides
- Anaerobic digestion for on-farm activities
- Flood management activities.

Summary

We have provided detailed comments in our response on each of the charge regimes of interest to us and our key points can be summarised as follows

- The NFU has **significant concerns about the proposed level of the charge increases** outlined in the Environment Agency's consultation. These involve proposals for several fold increases in application, variation, surrender and annual fees, which are disproportionately high.
- We also have **substantial concerns about the level of transparency** in how the Agency has calculated the proposed charge increases and any services that will be charged on a time & materials basis.
 - Very little specific information has been provided on the basis of these charge changes.
 - The onus is solely on the Agency to demonstrate greater transparency and show that these costs are fair, proportionate and competitive.
 - We call on the Agency to show that it is efficient in its processes and doing everything it can to keep these costs of these services to a minimum.
- There is a **significant risk of unintended consequences or perverse impacts** if these changes go ahead un-adjusted. These could include
 - curbing the adoption of new technologies or the uptake of new innovations;
 - putting up a barrier to new entrants; and
 - damaging currently positive industry-Agency partnerships or relationships.
- The **NFU is keen to identify and develop solutions that provide mutual benefit to the Agency and the industry** to help keep costs down. These include developing 'model' application templates for the poultry industry, combining on-farm visits where farms conduct multiple activities under different permits, or recognising the importance of a risk based approach.
- However, we recognise that it takes time to agree and implement any changes. **Therefore, the NFU strongly recommends a delay in the implementation of any charge changes until at least April 2019** when additional dialogue and solutions of mutual benefit for the Agency and industry can be discussed and agreed.

- There is a strong argument for **the continued use of grant in aid to contribute to permitting fees**. A permit nearly always has additional and wider socio-economic benefits, such as flood mitigation, improvement in air quality or water quality or waste recovery, which provides wider public goods.

Q1 Do you agree with the proposals to charge fixed charges where we have greater certainty over costs and time and materials in other instances?

No, we do not agree. We note the Agency's reassurances that they will notify operators when they are entering time & materials supplementary charges and that they will keep them informed of the estimated cost of on-going work, which is helpful clarification, but we do have concerns about this approach to charge time & materials.

For some services, operators will have the option to go elsewhere for their advice and guidance and therefore not incur the Agency's charges. However, in other cases, such as when operators are in a sensitive location, have a high interest application or they have a novel activity that needs to be permitted, operators will have no choice but to pay.

At a rate of around £84 – £100 per hour for some of these services or additional fixed rate charge charges (such as £779 if you are in a sensitive location), these are significant rates and without additional information provided by the Agency on the basis of these fees, would appear to be uncompetitive. We would expect that rates of around £75-£80 per hour to be far more competitive.

The onus is on the Agency to demonstrate that these costs are fair, proportionate and competitive. Importantly, the Agency must also show that it is efficient in its processes and doing everything it can to keep these costs of these services to a minimum.

Q2 Please tell us if you have any comments about the proposed transitional arrangements outlined in section 2.8.

Our concern is not about the process involved in transitioning between one set of charging provisions and the other, but about the speed and timing of the proposed implementation of the changes.

The proposal to introduce the new charges in April 2018 is very soon after the end of the consultation close. Not only does this not allow the Agency very much time to consider the consultation outcomes and make any amends to its proposals, these timescales give the industry very little time to prepare for such significant charge increases.

We would strongly recommend a delay to the introduction of the charge changes until at least April 2019. This would allow additional dialogue and solutions of mutual benefit to the Agency and industry to be discussed and agreed. Specific examples of areas of mutual benefit are included in our detailed answers to questions 12, 14, 22, 23, 27, 28, 34, 35, 47 and 48.

Q9 Do you agree with the proposal to include only basic pre-application advice in all of our application charges?

Only if the additional pre-application advice is being charged at a fair and competitive rate and that the Agency shows that it is working efficiently to keep its costs of running this service to a minimum.

Q10 Do you agree with the proposal for a discretionary enhanced pre-application advice service?

Yes, in principle. Providing a discretionary advice service may be a fairer approach, where these are genuinely discretionary services and where operators can source their advice from advisers other than the Agency.

However, many operators will still rely on the services of the Agency and the proposed pre-application advice charge of £100 per hour appears high. We are particularly concerned that again, the Agency has not been transparent in how it has come to this figure. We firmly believe that the onus is on the Agency 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.

Q12 Do you agree with our proposal to retain a proportion of the fee to cover costs associated with processing poor applications?

No, we do not agree. Retention of 20 % of the application charge to handle a poorly submitted application appears to be a significant amount. We request further justification on the level of the proposed charge.

We firmly believe that it is far more efficient for both businesses and the Agency to address the source of errors and work to reduce these occurring in the first place. Therefore, we recommend that the Agency should engage with the industry, via the trade bodies such as the NFU and key industry bodies, such as poultry processing organisations, to discuss how best to address common mistakes and errors in applications and, as outlined in our answer to Q47, to explore the potential for 'model' application templates. This would help keep the costs to the industry, and to the Agency, down.

Q13 Do you agree with the proposals to recovering additional costs for determining public interest applications through time and materials?

No, we do not agree. Our main concerns about the Agency charging time & materials for high public interest applications is that these can be by their nature, very time and effort intensive but also unpredictable and the Agency's costs could quite easily and quickly escalate. From an operator's perspective, they may be faced with rising costs that could be completely outside of their control.

We believe that a cap or an upper limit on costs for these cases should be introduced. Above this cap, any costs should continue to be paid for via grant in aid.

Q14 Do you agree with the fixed charge approach for application amendments during determination?

Whilst we agree that, in principle, that a fixed charge approach could offer a consistent approach, a fixed rate charge of £1,930 for amendments to an application during its determination is far too costly, particularly where an amendment is quite simple and straightforward to process.

Again, the onus is on the Agency to demonstrate that this charge is fair, proportionate and competitive.

We would welcome further discussions with the Agency on how we can jointly convey clear messages to the industry to prevent amendment changes which may be costly to the applicant.

Q15 Do you agree with our proposal to recover costs of determining permits for novel activities through time and materials charging?

No, we do not agree. As with our concerns about charging time & materials for high public interest sites, the charges for determining permits for novel activities could be very unpredictable and very quickly escalate.

The strong feedback that we have received from members is that this proposal will curb the adoption of new technologies or new innovation; these could mean that producers rethink their plans to improve, update or expand their units and impact on competitiveness.

We would like farming to continue to improve its environmental performance, but this proposal could have perverse impacts and be seen as a disincentive to modernisation.

It is also worth bearing in mind that a new innovation does not necessarily come from the operator, but another body or organisation, such as the designer or the manufacturer of the new technique. Therefore it would seem unjust for the costs to be applied to permit operator.

An un-bureaucratic and low cost approach must be devised as an alternative to ensure that the costs to the industry are kept down. We would welcome further discussions with the Agency on how this could be achieved.

Q16 Do you agree with our proposals to charge for further information requests not covered within the baseline charge?

We note that this charge will only be levied where the Agency has requested the information twice previously, but we believe that a fixed rate charge of £1,200 for each additional information notice appears to be far too costly, particularly for information requests that may be simple and straightforward to administer.

The onus is on the Agency to demonstrate that this charge is fair and proportionate and that it is doing all it can to keep the costs down.

Q17 Do you agree with our proposal to use the new application fee as the basis for variation and surrender charges?

No, we do not agree. As our detailed answers to questions 27, 28, 34, 35, 47 and 48 outlines, we have significant concerns about the level of proposed increases in application charge for a number of sector regimes that are particularly relevant to agriculture, but also about the lack of transparency for the basis of these changes.

In addition, the Agency has not provided any transparent or valid reasons for the differing percentages of application fee which it proposes will be used to calculate the variation or the surrender fee. We are concerned that it may be more cost effective for some to continue to pay an annual fee year on year, rather than making a surrender.

Again, the onus is on the Agency to demonstrate that these charges are fair and proportionate and that it is doing all it can to keep the costs to the industry down.

Q20 Please tell us if you have any comments about the approach to annual subsistence charging outlined in sections 4.5 and 4.6.

The onus is on the Agency to demonstrate that these charges are fair and proportionate and that it is doing all it can to keep the costs to the industry down.

Q21 Do you agree with our approach to charging for non-planned compliance work at permitted sites?

No, we do not agree. Rates of around £84 – £100 per hour to cover the costs of additional non-planned compliance work appear to be significant and would appear to be uncompetitive.

The onus is on the Agency to demonstrate that these costs are fair, proportionate and competitive. It must also show that it is efficient in its processes and doing everything it can to keep these costs to a minimum.

We would be particularly concerned if the Agency used this new approach to deal with vexatious and organised complaints, which often impact on the intensive poultry sector, not because there is always an issue to be addressed, but because there may be local opposition to a type of farming system. It would be extremely unfair for operators to have to shoulder additional costs to deal with unsubstantiated complaints.

Q22 Do you agree with the additional charge to cover extra regulation work in the first year of operation on an activity?

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Q23 Do you agree that this first year charge should apply across all regimes and sectors under EPR or should it apply to some sectors only? (If so which sector/s?)

No, we disagree.

Clearly, the Agency is in a better place to assess which sectors or regimes are in need of more advice and support in the first few months of operation, but a generic charge that applies to all new operators from all sectors is too broad brush and unfair.

Our alternative recommendation is that it would be far more beneficial to engage with the industry, via the trade bodies, such as the NFU, and key industry bodies, such as poultry integrator companies, to discuss how best to address and communicate common any issues in the first year of operation. This would help keep the costs to both the industry and the Agency down.

Q25 Please tell us if you have any comments regarding our proposed arrangements to recover regulatory costs at multi-activity sites?

As we outline in our response to Q27 & 28, in some circumstances farmers who apply for flood risk management permits will also possess a permit for activities contained within another regime of Environmental Permitting Regulations (EPR): for example for spreading waste to land or for permit to spread sheep dip. We believe that compliance costs could be reduced by combining inspections during on-farm visits, to ensure duplicate inspections are not conducted. Combining permit inspections in this way will reduce the costs of compliance activities to the Environment Agency, and enable a reduction in compliance charges to the operator. We urge the Agency to seek out such opportunities to improve their efficiency in this area which could reduce time and cost impact on both farm businesses and indeed the Agency itself.

Q27 Do you agree with our proposals for flood and coastal risk management permitting charges?

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Q28 Please tell us if you have any comments in relation to our flood and coastal risk management proposals. In particular, do our proposals cover all activities you may undertake as an operator?

No, we do not agree with these proposals.

NFU members are involved in a diverse spectrum of flood risk management activities on main rivers across the country. These projects provide a flood risk management service to people, property, agricultural land, environmental sites, infrastructure and other land uses across the catchment. Permitted flood risk management activities farmers are regularly involved with include: dredging; desilting; bankside stabilisation; river bank re-profiling and the installation of riparian tracks and fences. Furthermore, farmers are involved with a range of natural flood management measures, including the installation of woody debris dams, re-meandering and floodplain reconnection.

The benefits of permitted flood risk activities on wider catchment stakeholders demonstrate why permit holders should not bear the total costs of processing permit applications, and compliance inspections.

Therefore, the NFU strongly disagrees with the proposals to increase the application and compliance costs for flood risk management permits, our primary reasons for taking this view are manifold:

- The significant increase in costs will lead to a *reduction in the amount of essential flood risk management works* on main rivers- exposing urban and rural areas to a greater risk of flooding;
- There is currently a *lack of transparency in how the proposed costs have been calculated*.
- There is *no clarity over how the compliance charge will be applied*, and how permit applicants can understand the potential compliance charge costs of their permit;
- A number of *actions could be undertaken to streamline the costs* to the Environment Agency of processing flood risk management permits and the association compliance activities. Many of the suggestions outlined in this document have already been raised by the NFU to the Agency during previous consultation responses or correspondence. We do not believe it is acceptable to increase the costs of permits, before streamlining the regulatory process;
- There is a significant risk that these *proposed increases to charges will undermine positive catchment partnerships across the country*.

Application charges

The NFU's overarching concern is the risk of a reduction in the number of essential flood risk management projects which can be funded due to the increase in permit costs. This issue will be most relevant for schemes which are primarily funded by local catchment partnerships, or require multiple permits across a catchment.

It must be recognised that flood risk management works undertaken on main river contribute towards a reduction in the scale, extent and impact of flood events. It has recently been estimated that the costs of the 2015/16 floods to the UK economy was £2bnⁱ, with average annual costs of flooding to the UK estimated at £1.1bnⁱⁱ. This demonstrates that the costs saved in increasing permit application and compliance charges will be far outweighed by an increase in the frequency or severity of extreme flood events due to a reduction in the amount of essential maintenance undertaken.

Therefore the NFU is calling for the proposed costs of permits to be reviewed to recognise the benefits to all of catchment stakeholder in permitted flood risk activities taking place.

Lack of transparency surrounding proposed new costs

We have called a number of times for the Environment Agency to outline how they have arrived at the costs proposed within the consultation document.

We recognise that the table produced of proposed costs for different activities is a helpful tool for understanding what permit applicants can expect to pay. However, we believe that this does not go far enough in justifying the costs of different permits, and some of the costs are extremely disproportionate to the scale of the activity: for example it is proposed that it will cost £446 to apply for the installation of a noticeboard.

Furthermore, some of the activities within the table sound very similar but have different costs: for example "*removal of sand, silt, and other material*" or "*gravel removal*" costs £968, but works to "*widen, deepen or straighten a channel*" cost £1441. Greater clarity is required on the internal processes which make some activities more expensive to process than others.

In summary, the NFU would benefit from being provided with more detailed information on how the costs have been derived for the different activities. We believe it is appropriate for the costs of the activities to be fully justified before they are implemented.

Compliance charges

The NFU believes that for a compliance charge to be issued, it must be made absolutely clear to all when applying what the potential compliance costs will be. There is currently no information on what the costs would be of different types of compliance activity for the different permit types: for example

what the costs of a desk-based survey or site visit would be for each permit. We do not believe it is possible to have a full and complete consultation about proposed charges without these figures being provided, and believe that until these are provided, no changes to charges can be made.

There are also a large number of questions surrounding compliance charges which must be fully explained before changes can be made:

- How will it be ensured that holders of permits can still attain free advice from the Agency without being issued a compliance charge? For example, it would be very undesirable for all phone calls between permit holders and the Agency to be charged.
- How will permit holders be informed that a visit or activity being undertaken by the Agency will lead to them being charged?
- How will permit holders be invoiced for inspections?
- In what circumstances will a permit holder be charged, even if no site visit is undertaken? What will the costs be of such activities?
- How will it be ensured that permit holders are not issued a compliance charge in situations where a site visit is undertaken and no activity is being conducted at that time? For example, if a compliance inspection is conducted by the Agency before the permit holder has carried out the permitted activity.

We believe there should be greater transparency about the types of desk-based inspections which would take place, their associated costs and how these are justified. It is also not clear how these can be challenged. For example if someone was charged £68 for a desk-based survey of a notice board-how would an operator challenge that this is a disproportionate cost in a fair and easy way?

Possible actions to streamline Environment Agency costs

In a number of previous consultations and correspondents, the NFU has outlined examples of actions which could be undertaken to reduce the costs of processing flood risk management permit applications, and the associated compliance activities.

In many circumstances farmers who apply for flood risk management permits will also possess a permit for activities contained within another regime of Environmental Permitting Regulations (EPR): for example for spreading waste to land or for permit to spread sheep dip. We believe that compliance costs could be reduced by combining inspections during on-farm visits, to ensure duplicate inspections are not conducted. Combining permit inspections in this way will reduce the costs of compliance activities to the Environment Agency, and enable a reduction in compliance charges to the operator.

In many circumstances, the use of permits and exemptions for individual activities does not reflect real life situations where a group of farmers or other stakeholders would undertake a range of essential flood maintenance projects within a catchment. Permits should be available at the whole catchment level. We note that the sharing of licences already exists within the water abstraction licence regime to good effect, enabling one licence to cover multiple users whilst streamlining processing costs. We also note that district and organisation wildlife licences are granted by Natural England. This is an example of a regulatory regime which already enables permissions to be issued over a whole geographical area, or for an organisation to undertake a multitude of different activities. We believe that a system of permitting multiple activities in a catchment, or multiple activities undertaken by an individual or group of individuals would save costs, and be more aligned with real-life situations where multiple maintenance activities are conducted in a particular location.

We note that a lot of examples of bespoke permit have now been produced, when the costs for these activities standardised. We believe that if standardising the costs, the whole permit should become a standard rules permit, thus reducing the amount of processing which has to be undertaken by Agency permitting charges, thus allowing the costs of these permits to reduce.

Partnership working

We are aware that across the country, very positive partnerships have been established between the Agency and other parties to undertake flood risk management works on main rivers. Examples of this

include Public Sector Cooperation Agreements (PSCAs) and the proposed works under the Partnership Approach to Catchment Management (PACM) projects in Lincolnshire. The proposed increases in charges may act as a deterrent for future partnerships to be established, or for less to be achieved through these partnerships. This is a very unsatisfactory outcome, when these partnerships are often established to ensure that the optimum flood risk management authority or stakeholder undertakes flood risk management works in a particular area.

The cost of natural flood management projects, to increase the resilience of homes, businesses, agricultural land, infrastructure and environmental sites to flooding are at risk of significantly increasing. This will undoubtedly prevent some natural flood management schemes from establishing, or for far less to be achieved through the funding. This is a very undesirable income, and we believe that issuing permits at a 'project-level' would help to reduce costs as a whole.

Q34 Do you have any comments on the proposed approach to variation charges specifically relating to Water Discharge and Groundwater activity permits?

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Q35 Do you have any other comments on the Water Discharge and Groundwater Activity proposal?

We do not agree with these proposals.

Landspreading of sheep dip

Proposed level of charge increases and transparency

The NFU has significant concerns about the proposed level of the charge increases outlined in the Environment Agency's consultation for the disposal of sheep dip.

- A 5 fold increase in current application fees (£390/£600 to a proposed charge of nearly £2700) is disproportionately high and under the current proposal annual fees will be seen to almost double in price (from a current charge of £153 to £271/£910).
- The NFU has repeatedly attempted to gather evidence from the Environment Agency to gain a better understanding of how these costs are justified. The Agency provided us with some information but we still have outstanding questions.
- According to the information sent to us from the Agency, the average time spent on a permit application for landspreading of waste sheep dip less than 5m³ is 3.6 hours in total, across all departments involved. However, so far, the Agency has been unable to justify £2,700 for 3.6 hours work.
- The lack of information around this continues to raise questions about the proposed level of charges and we would be concerned if this involved costs in inefficiencies being passed back to our membership.

Impact the charge increases will have on businesses

The feedback direct from our membership demonstrates that the proposed charges will have numerous implications on farm.

The costs of new licenses are incredibly restrictive to the average sheep farmers, especially when considering the profitability challenges facing the sector. This will particularly affect new entrants requiring a new application.

Furthermore, with annual fees almost doubling (from £153 to £219/£910), the NFU fears that the result may be that many farmers surrender their permits. This risks the loss of current disposal sites. Transporting waste sheep dip over longer distances has its own risks and costs.

Unintended consequences

Organophosphate dips form a key part of the treatment and prevention options for farmers and are integral to the long-term control of sheep scab.

In limiting sheep farmers from utilising organophosphate dips it will continue to put huge pressure on the injectables available (e.g. moxidectin) and in turn the resistance in sheep scab. Long-term there may be significantly reduced efficacy of injectables.

Ultimately, in reducing treatment options the welfare of sheep will be compromised and this is unacceptable.

About 40% of lamb is exported and we rely on a high health status in terms of maintaining productivity and producing a high quality product. As we prepare to leave the EU we are more visible than ever in terms of export markets; we rely on our reputation and transparency for the high health status of our livestock and we cannot compromise this.

Regulators incorporating the needs of new technologies

Chemical treatments on the market have been shown to significantly reduce the polluting value of sheep dip. However, the charging framework currently offers no incentive to farmers to invest in these treatments that could reduce the polluting potential.

We would urge the Agency to relook at this, recognise the reduced risk that these new products offer and allow these to be utilised responsibly within future charging framework.

Once again we feel a delay in these proposed charges until April 2019, would give the Agency time to do a full and comprehensive review of the products currently on the market place and how/if these can be incorporated into future charging framework.

Landspreading of pesticides

The NFU also has significant concerns with the level of charge increases for groundwater authorisations for the landspreading of pesticides.

Proposed application charge changes from between £390 and £960 to £2,708 and a doubling of the annual fee from £153 to £342 are significant step changes, which will be counter-productive to those who would like to improve the environmental standards of their farming operations.

Q47 Do you agree with our proposals for the installations: intensive farming sector permit charges?

No, we do not agree with these proposals.

Proposed level of charge increases

The NFU has significant concerns about the proposed level of the charge increases outlined in the Environment Agency's consultation.

We are pleased that the costs of the annual fees are to remain reasonably stable, but also will reduce slightly. This is very welcome.

However, according to the proposals, the application charges for poultry units could more than double, increasing from £3,750 to £8,020. However, with additional fees such as £779 for those in a sensitive location, £620 for ammonia modelling or £1,151 for complex ammonia modelling, application costs could be in the region of £9,000 or £10,000.

The variation costs could also see an increase from £380 to somewhere between £2,406 and £7,218. This a substantial increase in cost.

Concerns about transparency

We also have significant concerns about the level of transparency in how the Agency has calculated the proposed charge changes. The Agency has shared some generic information with us on the basis

of the costs, such as direct and indirect costs, but we need to have a greater understanding of the extent to which the Agency costs levied on operators are fair and proportionate.

Impact the charge increases will have on businesses

The feedback that we have received from members is that the proposed charges will curb the adoption of new technologies or new innovations, such that producers rethink their plans to improve, update or expand their units and impact on competitiveness. So, the proposed charge changes will have perverse impacts. We would like farming to continue to improve its environmental performance, but these charge increases could be seen as a disincentive to modernisation.

The NFU has always maintained that we are keen to find realistic solutions that can benefit both the industry and the Agency. As much as possible we would like to keep the costs of the charges down, or at the very least, think about how any increases could be introduced in a stepped or phased approach.

One of the more pressing issues related to the charge consultation is that of the implications of the upcoming BREF review. Because of the new BREF, we anticipate that the Agency will have to issue a variation notice to the majority of the 1251 permitted poultry sites, which we understand will incur a variation charge. The exact amount has not been confirmed by the Agency but it may be between £2,406 and £7,218. This is a significant additional and unbudgeted cost that all businesses will have to accommodate in the new financial year. For some of our members, the bill could run into tens of thousands of pounds. If producers do have to amend their permits as part of the review, we would be in favour of the current £380 variation charge remaining.

We are, however, encouraged with suggestions from the Agency that it is trialling a new approach to agree low risk operational changes in writing without the need for a variation, which could include minor changes to shed buildings, use of heat exchangers on poultry sites and changes to site drainage. This is very welcome.

The Agency has shared some information with us on the different activities which may fall into the different categories of 'variation', which has provided much needed clarity. In the interests of transparency, it would be useful for this to be shared more widely with the industry.

Following on from the recent discussions with the Agency's National Permitting Service, we would welcome further discussions with the Agency about how we can work together to keep the application costs down. These include discussions on how producers can make the most of the Agency's pre-application advice, how we can work on updated 'model' applications for the poultry sector, how we can identify common application errors that we can communicate to the industry and how we can work with advisers and consultants to the industry to make the most of their expertise.

We are pleased that the Agency is undertaking a "light touch" review of the permitting process for the poultry sector this year. We look forward to engaging in this process which we can collectively address the efficiencies in the process and identify where the industry can help.

Q48 Do you agree with our proposals for the waste: land spreading (mobile plant) sector permit charges?

No, we do not accept or agree with these proposals.

Waste to land is a resource, providing valuable nutrients to farming, but also diverts millions of tonnes of waste from landfill, providing a public good.

As a membership organisation, we would like to see a regulatory system that is fair and proportionate in its approach but also one that provides greater confidence in the waste materials going to our members land, reducing the risk of land contamination or prosecution of our members.

The key issue here is that there is a lack of a clear link between the charge changes and what the Agency is delivering for these. Without this clarity, it is difficult to accept the Agency's proposals. In addition, there is a concern that such changes will not give us the reassurances that we need that appropriate checks will be put in place to improve enforcement. The consultation explains that time on site may include undertaking visual observation, review of site operations and environmental systems, maintenance activities, training and competence of staff, measurement, sampling, discussion with and advising the operator and doesn't appear to mention the critical aspect that benefit and assure our farming members: deployment inspections. We already have concerns over the lack of timely and frequent deployment inspections by the Agency and with no additional reassurances in this area we are unable to support such a drastic charge changes.

Overall it is clear that there is a pressing need to encourage the diversion and recovery of waste to be used for agricultural benefit. Increasing the charging costs associated with this beneficial activity but not giving greater reassurances in relation to scrutiny and enforcement may well endanger our confidence in the regulatory regime.

We would be supportive of a move to split permitting charges into two separate categories, one which would be utilized by single agricultural enterprises the other by those with dedicated waste enterprises. The two potential categories are briefly detailed below:

Significantly simple activities

We propose an exclusion from charge increases where a single permitted waste source is produced on the same holding where it is to be spread, and the permitted waste type does not change from year to year.

The regulatory effort for handling such applications are likely to be minimal and so charges should reflect this. This would fit with the Environment Agency's future plans to work "*with Defra Digital Services to trial a new system for the Waste Industry to make application and management of permits more efficient*".

Complex activities

In terms of sites and deployments using multiple waste sources and locations and in absence of any clarity on the basis of the Agency's proposed charge changes, we propose that the current charging system should remain.

For an increase in fees to be justified there must robust measures put in place, instilling confidence in the waste sector and guaranteeing that the correct and appropriate wastes are spread to land to provide this vital environmental and agronomic benefit.

However, we would like to continue the discussions and dialogue with the Agency on how the regulatory regime could give us greater reassurances in relation to appropriate checks and enforcement.

Q52 Do you agree with the proposal to reduce the Thames regional charging area Standard Unit Charge?

Yes, we agree.

Q53 Do you agree with the proposal to remove the River Aire (northern and southern reaches) from the list of supported sources in the Abstraction charging scheme?

Yes, we agree.

Q68 Please tell us if you have any comments on our plans to review abstraction charges.

Farmers and growers need a secure supply of water to grow our food. Agricultural production is highly sensitive to fluctuations in input costs.

The current abstraction charges scheme is built on the principle of 'cost recovery' by the Environment Agency in performing its regulatory duties. This must not change; charges should not become an income generating opportunity for government.

Any future system for abstraction charges should be effective, efficient, fair, administratively feasible and politically acceptable. Abstraction charges must not treat water as an economic commodity.

It is not clear if, and how, charges would be applied to opportunities to trade water which are part of Defra's abstraction reform proposals.

Q74 Please give us any further comments on our proposals which have not been covered elsewhere in the questions, i.e. If none of the questions throughout the consultation have enabled you to raise further specific issues with these proposals please set them out here with any accompanying evidence.

We have three additional points to make in this section.

Anaerobic digestion

Our first point is about the proposed charge changes for the Anaerobic Digestion (AD) sector and that we couldn't find an obvious question to put our feedback.

The NFU believes the proposed 62% increase in new permit charges for activities related to anaerobic digestion of agricultural residues and crop feedstocks (SR2012 No.10, No.12, No.17) will discourage further deployment of this important technology that delivers multiple environmental benefits (low-carbon energy, reduction in greenhouse gas emissions, encouragement of better nutrient and soil management and protection of water resources). The 2.4-fold increase in the annual fee for on-farm AD plants will add significantly to the fixed costs of these smaller projects - eclipsing the 53% increase for multi-feedstock plants and 71% for digestate storage.

The NFU and other relevant trade associations have repeatedly asked Defra ministers to consider rewarding the positive environmental outcomes delivered by on-farm AD, in order to sustain the growth of this useful technology, consistent with the Government's Clean Growth Strategy. Government officials have previously expressed their preference for deployment of smaller-scale facilities over larger, yet the proposed increased charges will have quite the opposite effect, making large-scale AD more economic than small-scale. We disagree with the principle of making the same charges regardless of scale of installation, and as we have stated a number of times in our consultation response, we question the basis for estimating the Agency's costs.

Role of grant in aid to continue to pay for societal goods or public benefits

Our second issue reinforces a point we discuss in our answers to Q27 & Q28. This relates to full cost recovery and the role that we believe the government has in relation to continuing to maintain, in part, the Agency's grant in aid. We fully understand that the Agency incurs costs in issuing, administering and checking permits and that the costs incurred do have to be covered – in some way. Clearly, we also understand that a permit then allows an operator to undertake a particular activity that is important to their operations or business. Sometimes this comes with commercial benefit to the operator, but not always, and it may have wider socio-economic benefits. For example, a farmer who undertakes the maintenance of a river may be doing it to improve his land drainage but it may also mitigate flooding downstream or someone undertaking good practice under permit conditions may be benefiting his own business but also improving air quality or water quality for the benefit of the wider public. Further, spreading of waste to land can be a good reuse of material that would have otherwise gone to landfill.

So, the “polluter pays principle” is not always clear-cut and we would advocate that the Agency should not have to fully shoulder or recover the full costs of issuing, checking and administering permits. Because of the wider benefits to society or public goods, government should continue to have a role in providing some grant in aid to the Agency in order for it to help it fulfil its responsibilities as an environmental regulator.

As we have mentioned in our consultation response, grant in aid may also have an important role to play in particular circumstances, such as high public interest applications.

Accessibility and ease of use of the Agency’s consultation template

Our third and last point is about the feedback we have received from our members that they have found the Agency’s consultation impenetrable and the consultation template difficult to understand and navigate. This has prevented a number of the Agency’s permit holders from submitting an individual response.

This is highly regrettable. We hope that the Agency improves the design of its documentation and response templates for future consultations.

Q77

I am responding on behalf of the National Farmers' Union, which is a trade association.

Q78

No, the NFU is not an SME.

Q79

My email address is diane.mitchell@nfu.org.uk

Q80 Can we publish your response?

Yes.

ⁱ Environment Agency: Estimating the economic costs of the 2015 to 2016 winter floods
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/672087/Estimating_the_economic_costs_of_the_winter_floods_2015_to_2016.pdf

ⁱⁱ Association of British Insurers: <https://www.abi.org.uk/news/news-articles/2014/03/6-7-million-a-day-in-insurance-claims-from-customers-hit-by-the-recent-flooding/>