

SCOTTISH ENVIRONMENT PROTECTION AGENCY

**ENVIRONMENTAL REGULATION (SCOTLAND)
CHARGING SCHEME 2018**

CHARGING GUIDANCE

Version 04

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The original Guidance was produced in 2016 and updates were produced thereafter. Following the review and consultation, this guidance was first published on 1 April 2018. The following updates have been introduced, we receive a number of queries and to ensure we clarify points we will update the guidance so that everyone can benefit from the questions and answers we receive and give:

Section	Description
Version 02	
3.4	Wording updated to include references to radioactive substances / nuclear sites and to specialist input
3.6.7	Updated to include increased charges where SEPA has to assess the transfer of multiple licences at the same time.
3.9.4	Inserted
4.1	A new first sentence inserted
4.8	Wording updated to include references to radioactive substances / nuclear sites
5.11	Inserted
5.12	Inserted
6.11	A new third paragraph inserted
Version 03	
6.10	Clarification on temporary cessation for irrigation
Version 04	
5.13	Clarification on what charges apply for PPC Closed landfills.
3.3	Clarification on how charges for multiple applications should be dealt with.
6.4	Additional point on environmental service and habitat restoration

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1 INTRODUCTION

This guidance document explains how to determine your charge under the Environmental Regulation (Scotland) Charging Scheme 2018 (and amendments).

The layout of this guidance is as follows:

- Section 2 gives a brief overview of the scheme and how it will be regularly reviewed;
- Section 3 details application charges;
- Section 4 details annual charges;
- Section 5 gives additional guidance regarding recent changes;
- Section 6 lists exemptions and abatements;
- Section 7 outlines future changes;
- Section 8 covers terms and conditions
- Annex A includes a number of examples of how charges are calculated
- Annex B maps the charges for variations, transfers and surrenders under the previous scheme to the new scheme.

You should refer to the relevant section to work out your charge.

While every effort has been made to ensure the guidance is consistent with the legal scheme, in the event of any conflict then the **legal scheme takes precedence**. This is particularly true for examples where we may not use the current scheme factors.

Should SEPA make a decision on your charges which you consider does not reflect the legal scheme as supported by the guidance then you should question this decision by using SEPA [Complaints Handling Procedure](#).

2 AN OVERVIEW OF THE SCHEME

2.1 Introduction

The Environmental Regulation (Scotland) Charging Scheme 2018 (referred to as the Scheme) allows SEPA to charge for the following.

- Application charges: which are one-off charges intended to recover our costs when a person applies for a new authorisation or applies to change an existing authorisation.
- Annual changes: which are charges paid every year to recover our on-going costs of regulating an authorised activity.

The Scheme sets charges for the following types of authorisations:

- waste management licences and exemptions;
- pollution prevention and control permits;
- authorisations for holding/use/disposal of radioactive substances;

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- authorisations and registrations for discharges to water, water abstraction, impoundment and engineering; and
- registrations and authorisations for disposal to land.

General Binding Rules - which are authorisations under the Controlled Activity (Scotland) Regulation (CA) - are not subject to charges. Many types of CA Registrations are subject to application charges only. The same applies to CA licences/authorisations covering some small low-risk activity types.

2.2 Application Charges

Application charges recover our costs for processing an application or a variation to an authorisation.

The Application Charge is related to the number of activity types being applied for. Each activity type attracts an Activity Application Charge. The list of activity types covered and their corresponding application charges are listed in the Table in the Schedule to the legal scheme (hereafter referred to as the Schedule). Charges have been arranged by Key Sector, Sector and Regulatory Sector to help you identify which activity type – and corresponding Activity Application Charge – applies. Note: while there are a large number of activity types listed, there are only 19 different actual Activity Application Charges.

Most applications involve an application for a single activity type and the application charge is just the relevant Activity Application Charge. Where an application covers multiple activities, the application charge is the sum of the Activity Application Charges (subject to discount rules described later). The discount rules take account of the efficiencies involved in processing more than one activity type. Full details are given in Section 3.3.

Some applications are so large and complex that we do not provide a set charge for the work. Instead we charge for these projects on a time and materials basis (see Section 3.4).

2.3 Annual Charges

Annual charges recover the on-going costs we incur in delivering our regulatory duties of protecting and improving the environment. The charge is for an individual authorisation. If a site has more than one authorisation, each authorisation will attract a charge. Our charges look to recover costs of our:

- direct work such as site inspections; and
- indirect work such as environmental monitoring and reporting.

The Scheme is based on a charging model in which the annual charge is calculated from three components: an activity component, an environmental component and a compliance factor:

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Figure 1:
Schematic representation of our annual charging mechanism



The **Activity Component** of the Scheme is determined by the activity type(s) included in the authorisation. The list of activity types covered and their corresponding Annual Activity Charges are listed in the Table in the Schedule. Charges have again been arranged by Key Sector, Sector and Regulatory Sector to help you identify which activity type, and Annual Activity Charge, applies.

This element of the charge recovers our direct regulatory costs as well as some indirect costs.

Note that, as with the application-related charge, there are a range of reductions in the Activity Component when there are multiple activity types covered by a single authorisation. See Section 4.3 for more details.

The **Environmental Component** only applies to larger activities. It recovers the remainder of our indirect costs (for example, those associated with environmental monitoring, data management and reporting). It takes into account the environmental significance of these activities.

The **Compliance Factor** is based on your compliance records; operators with poor compliance records will have a higher Compliance Factor, increasing their overall charge. The Compliance Factor will not come into effect for charging until financial year 2021-22 at the earliest, to give operators time to adjust to the new Compliance Assessment Scheme.

The Annual Charges have been applied to new authorisations from April 2016. If you hold an authorisation that was subject to a charge before April 2016, any change in your charge introduced by the Scheme is being phased in over five years until 2020/21. For activities that were licenced before 1/4/2018 and had a zero charge under the 2016 scheme (but will now be charged under the 2018 scheme e.g. 0.1 – 2 MW Hydro schemes) will be phased over three years until 2020/21. See Section 4.7 for details.

Other types of annual charge

Large and complex authorisations where applications are charged on a time-and-material basis may also continue to be charged in this manner until the authorised activity is completed (typically construction projects) or until normal annual charges apply.

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We may undertake specific project work related to a particular customer which goes beyond the normal day-to-day work by SEPA. The costs of such work will be charged on a time and materials basis on top of the annual charge.

We will discuss the costs of these projects with charge-payers in advance and will cap the charges for each year at the level agreed.

2.4 Future Reviews and Consultations

We will periodically review the Scheme to ensure that it remains up-to-date and that charges remain cost-reflective. This Guidance is following the first such review which took place during 2017-18, allowing for amendments to come into effect for 2018-19. The guidance will be updated for clarification as required based on experience.

Originally the charging scheme was planned to be reviewed in 2019. We have put this full review back so that it coincides with the implementation of the Environment Authorisation (Scotland) Regulations to ensure this is done efficiently. We will review specific areas which we believe may need a review before the regulations are fully implemented.

2.5 Inflation Increase

Charges under this Scheme shall increase annually in line with any increase in the Retail Prices Index published by the Office for National Statistics as at 30 September in the immediately preceding year. An example of how this will work is given in Example 1 in Annex A ([click here](#)). The figures given in this document are those in place during the initial implementation of the Environmental Regulation (Scotland) Charging Scheme 2016 prior to any inflationary increase. The most recent version of the Scheme on the SEPA website should be consulted in order to obtain the most up to date fee.

3 APPLICATION CHARGES

3.1 Introduction

This section covers application charges for:

- new authorisations, and
- varying, transferring or surrendering authorisations.

3.2 Calculation of application charges for single activities

If you are applying for an authorisation involving only one activity type, the application charge is the activity application charge listed against the relevant activity type in Column 6 of the Schedule to the legal Scheme.

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If you are in the process of applying, you are probably aware of the activity type you are applying for. If not, to help you find your activity type the table has been broken down into Key Sectors (Column 2), Sectors (Column 3) and sub Sectors (Column 4). If you are reading the Schedule in an electronic format, you can search easily for your activity and charge using the document search box.

If you are in any doubt about which charge applies, please contact us and we will confirm the appropriate charge.

While there are many different activity types there are just 18 activity application charge bands with an additional 19th band covering unusually large/complex applications.

An illustration of how a simple application charge is calculated is given in Example 2 in Annex A ([click here](#)).

3.3 Charges for authorisations covering more than one activity

If you are applying for an authorisation involving two or more activities (of the same or different types), the costs of processing your application is not simply the sum of the application activity charges for each activity. There are efficiency savings when processing such applications and 'discount' rules are applied:

- the full charge will apply to the activity type with the largest Activity Application Charge;
- a 10% discount will apply to the Activity Application Charge for each subsequent associated activity in the application.

To be an associated activity, the activities must be:

- part of the same authorisation; and
- on the same site; and/or
- part of the same process or scheme (e.g. a large drinking water abstraction scheme or hydropower scheme spread over a geographic area).

An example of how the application discount applies is shown in Example 3 in Annex A ([click here](#)).

Where an activity on a site can fall within two Activity Descriptors purely based on a threshold, then the Application Charge will be that of the higher level and the lower activity will not be charged.

A specific example of this would be where a site has an anaerobic digester with a 75 tonne/day capacity for disposing of animal waste. This would fall under the Activity Descriptor of "*PPC A: 6.8(b) – Disposing of or recycling animal carcasses and animal waste, except by incineration, exceeding 50 tonnes per day*", with an application charge of £A. If the capacity was 125 tonnes/day, it would also fall under the Activity Descriptor "*PPC A: 5.4(b) – Recovery or a mix of recovery and disposal of non-hazardous waste by: biological treatment, capacity exceeding...100 tonnes per day if by anaerobic digestion*" with a lower application charge of £B.

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In this case, the Application Charge would only be that for the larger charge i.e. 6.8(b) Activity Descriptor.

3.4 Project Work for Large/Complex Applications

3.4.1 Introduction

Within the charging scheme SEPA has the "large and complex activity" charge. This was designed to cover activities where SEPA believe there is a high level of uncertainty in the amount of work which will be needed due to the scale of the work (in terms of what SEPA has to do or the implicit size of project) making it technically or logistically complex. In many of these projects the work to develop the application which will be finally needed is undertaken several years in advance of the application(s) and therefore does not fit into the usual regulatory charging regime of an application. These types of projects, which are long term, require effective working at an early stage to ensure applications are suitable and that developers reduce the potential for poor designs which would require considerable rework before becoming acceptable. They can also have a considerable amount of post application work where the protection of the environment is best met by ongoing discussion / inspection and revision.

Given the variety of activities the following guidance splits the types of work covered into 4 general categories.

- 1) Predominantly application phase - majority of work is during the application period (there will be some work before the application) and once the licence is issued the work is covered by subsistence fees.
- 2) Predominantly application plus site development phase - this covers construction activities where the project development is short but the application and the following ongoing regulatory work is high due to ongoing activity until the construction work is complete.
- 3) Project working - where the project work will take several years before applications will be submitted for determining. These projects may cover several separate applications over different operators / timeframes but on some linked areas of work (e.g. road, windfarm, bridge, major industrial construction site). There may also be significant ongoing work once the licence(s) has been issued.
- 4) Nuclear site work - this is always considered to be large and complex due to the large amount of work required and / or the complex nature of the technical challenges.

3.4.2 Key Points to Consider

The first decision which needs to be made is assessing whether the large and complex charge is applicable. The following sets out how this can be broadly assessed and if you have queries then you can come back to Charging who will provide some further help / input. Section 0 gives a flow chart to help visualise the process particularly when parts of SEPA need to be informed.

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3.4.3 Predominantly application phase

This type of working is closer to a conventional application except there can be significant differences in design and construction, the potential for impacts on the environment and that they are much more likely to be controversial. Based on past experience the types of activities that would fall into this are energy from waste incinerators.

For these activities the main work is in and around the application determination, application charges do have some pre-work in general but where it is expected to come under large and complex charging then this pre-application work should be charged. However for certain activities it may end up being similar to "project working" say where SEPA has been asked to initially review and assess more than one option (e.g. as part of a tendering process), this pre-application work should be charged for and agreed with the operator / council / person requesting the work.

3.4.4 Predominantly application plus site development phase

This is typically the construction licences. SEPA has defined when these activities fall into the large and complex charging ([link](#)). This guidance will be reviewed as we gain experience but we believe this reflects the potential since the sites cover large areas, with the potential for large impacts on the environment if not suitably managed and will have more complex issues around regulation on a day to day basis than smaller activities.

Construction licences mainly covers the development phase of the work so the hourly rate will generally apply during this construction work. Once constructed the residual licences will fall under the normal subsistence charges.

3.4.5 Project working

It is highly advisable to discuss with SEPA how these projects should be worked.

Project work is expected to cover activities which may take several years in development before SEPA would have traditionally been involved at an application stage. A project may cover what would have been several separate applications from different operators / timeframes but on some linked areas of work (e.g. road, windfarm, bridge, major industrial construction site).

Given the long term nature and how the work will change with time it is best undertaken on an hourly rate. This allows SEPA to work with the designer / developer or in the case of roads Transport Scotland to refine the design to ensure it minimises the impact on the environment. This working allows applications to be developed which otherwise may have come through at a late stage which would not have been acceptable and would mean additional costs for the design and application.

To be clear this type of working does not mean SEPA will accept an application unless it meets the regulatory requirements.

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Given that the work is well in advance of the applications it should be agreed in advance that SEPA would only undertake this where our costs would be met via the hourly rate. SEPA is **required** to use public money responsibly and this means we should recover the costs from the organisation(s) where we need to work with unless it is clearly Grant in Aid - if you think the work might be covered by Grant In Aid then please contact charging.

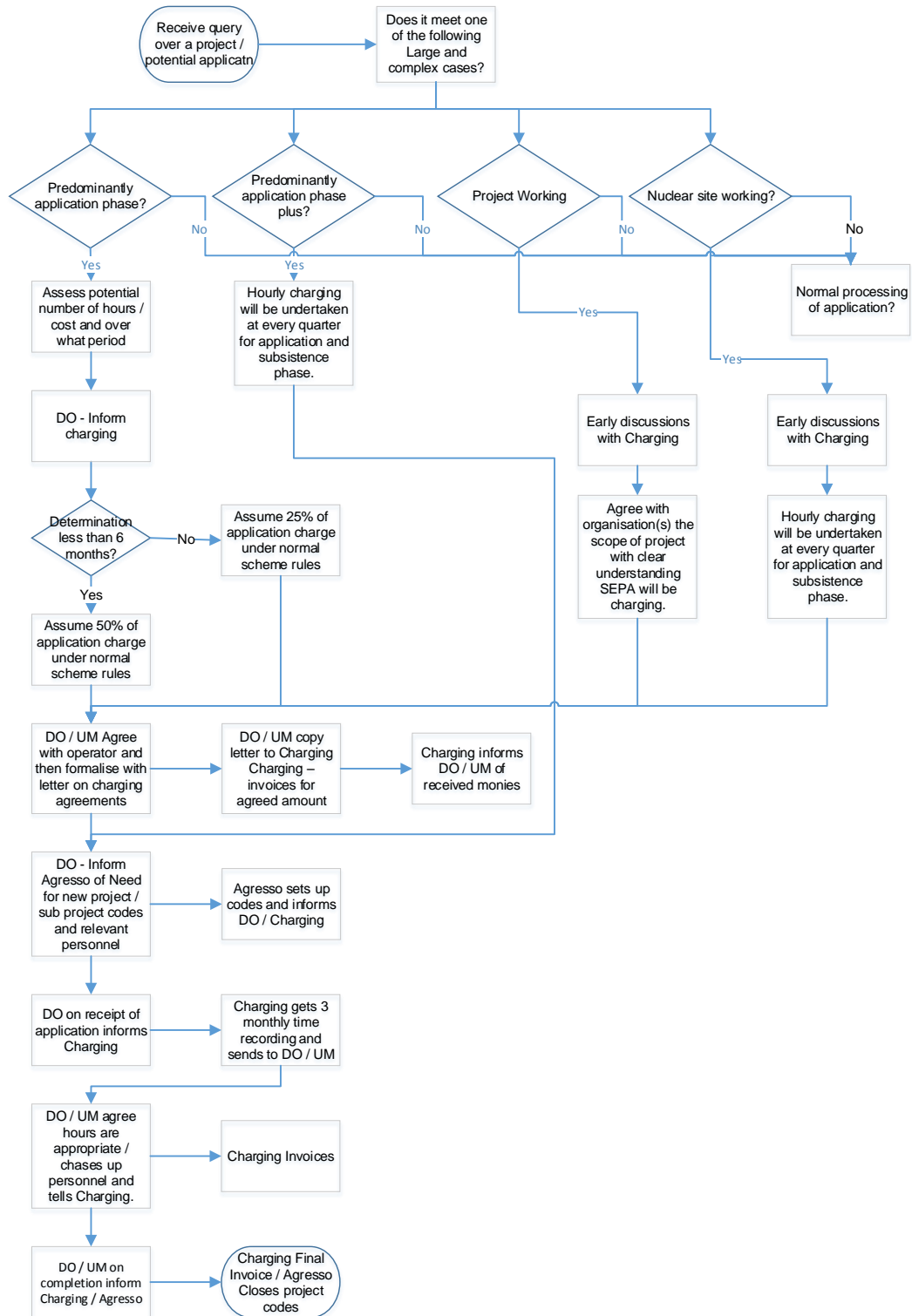
This type of project may well extend after the licence(s) has been issued, though this should be kept under review.

3.4.6 Nuclear site work

Given the nature of nuclear site work and non-nuclear application work for complex sites. This will always be charged on an hourly basis reflecting the technical complexity and the large projects involved requiring a large amount of resource to be used.

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Flow Diagram (note this is for internal use as well as external but is produced here for clarity)



DO – Determining Officer or Officer who is taking the main overview (so can include the unit / project manager).

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It should be noted that the hourly rate for applications (and subsistence) work dealing with radioactive substances will be higher than the average normally applied given the specialist nature of the work.

The intention is for SEPA in the first year to invoice at the start of the work for:

- 25% of the estimated costs for the project year if the project is going to last over 6 months.
- For projects less than 6 months SEPA will invoice 50% of the estimated cost.

We will invoice every three months over the pre-application period, determination process and relevant subsistence period (taking into account the initial invoice). The project working will continue after the authorisation has been determined to cover our on-going costs during the delivery phase of the project. This will continue until the project has been completed and no longer imposes demands upon our resources over and above the normal subsistence, or until normal annual charges apply.

Should it not be possible to agree to the estimated costs, then the full application fee will need to be supplied at application as if it was a normal application an invoice will be issued every three months based upon the costs we incur (taking into account the initial application charge).

3.5 Imposed authorisation

There are some circumstances in which we have to impose an authorisation (or an amendment to an existing authorisation) upon an operator. Typically this occurs when the operator is responsible for a regulated activity, but refuses to apply for a SEPA authorisation. In rare circumstances it may also apply where we need to vary, transfer or require the surrender of an authorisation. Under these circumstances, we will impose the relevant charge plus an additional 25% surcharge to cover additional costs incurred. Note this is intended only to apply where we receive lack of cooperation with a charge payer and not for our routine reviews.

3.6 Variations, transfers and surrenders of an authorisation

The following goes through how you should interpret the charging scheme for variations, transfers and surrenders. For those who are more used to the previous Charging Schemes, a table in Annex B maps the charges from the previous scheme to this new one, and includes entries where there was not a comparable charge. It should be noted that application charges are expected to include claims for commercial confidentiality or national security already unless they are considered to require considerable extra work over the normal levels.

Please note for RSA Band B and C applications there is a new note RS-G-020 that covers how the charging scheme should be applied.

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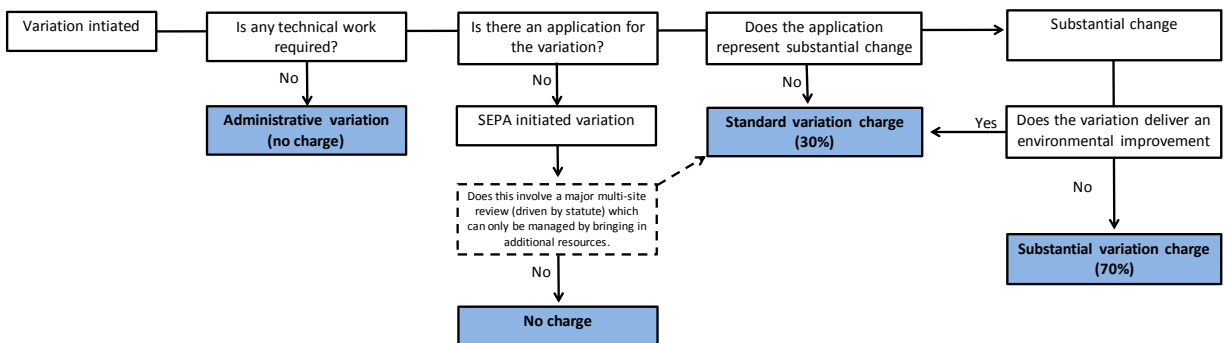
If a licence contains more than one chargeable activity, the variation charge is only applied to those activities that are being varied.

3.6.1 Variations introduction

There are three levels of charges for variations:

- administrative,
- substantial, and
- standard.

Figure 3: Schematic illustrating how to identify the appropriate variation charge



3.6.2 Administrative variation

It is important that SEPA's authorisations are kept up to date and therefore accurately reflect the activities that they cover. To avoid any financial disincentive, there will be no charge for keeping an authorisation up to date, so long as these changes do not involve SEPA in much technical work.

Examples of administrative variations:

- Changes or correction of errors in the permit such as name and address (where there has been no change in legal entity), descriptions of regulated activities (but no change in the actual activity undertaken).
- Correction to grid references where an error has occurred (even if this involves the creation of a new location code) so long as the changes do not have any environmental/regulatory consequences.
- Reduction in the scale of authorised activity: for example, waste throughput, abstraction or discharge flows or pollutant emissions.
- The removal of wastes types from the list of acceptable wastes.
- A reduction in any disposal or accumulation activity, time, or volume limit in a permit authorising the disposal of radioactive waste.
- The change in the type of sea-lice treatment used at a fish farm where a product with the

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same formulation is already included in the licence.

3.6.3 SEPA initiated variations

There will be no charge associated with SEPA- initiated variations. This work is considered to be part of SEPA's on-going work and the costs are recovered via annual charges.

There may be some circumstances where there is extensive work associated with variations where SEPA has to undertake a lot of additional work itself and needs to employ additional staff / consultancy support in order to manage the scale of work. Under these circumstances, SEPA may require operators to submit an application. Under these circumstances we would charge for a standard variation in order to fund the additional staff resources required to manage such peak in workload. The decision to require operators to apply for a variation, because the resource demands exceed SEPA's capacity to manage the variations, requires senior Management team clearance.

3.6.4 Substantial variation

Substantial variation charge is the default variation charge dependant on specific regulatory regimes. The work involved in a substantial variation is comparable to that required for a new application. Where there is existing guidance we will use this.

For PPC activities, the PPC Substantial change guidance see section 4.13 in IED-TG-03 should be used.

For CAR the majority of variations under the previous scheme would have charges equivalent to a substantial variation. Going forward this should be taken as a starting point and assessed whether it meets the standard variation requirements.

For WML there was not a comparable charge so the following generic guidance should be used and we will develop further guidance as it is required.

Where an operator proposes to substantially change the operation of an authorisation in a way that may have a significant **negative effect** on the environment or human health and wellbeing, we will be required to carry out a substantial amount of technical work comparable to the scale of work involved in assessing a new application. We may also be required to advertise an application for a substantial variation.

We charge 70% of the full application charge for applications to substantially vary an authorisation. The 10% discount for the second and subsequent activities (as detailed in Section 3.3 above) also applies for substantial variations.

Examples of cases that may be deemed to be substantial variations include:

- Addition of a new activity not previously covered by the licence requiring a technical assessment comparable to a new application. Under these circumstances, the charge will be 70% of the application charge for the new activity.
- Any change to a licence which increases the risk to the environment, where we need to make an assessment e.g. significant increase in scale / emissions or change in nature of

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the process (such as volume discharged / abstracted, operating conditions, duration, treatment techniques, etc.). This can vary, for example an abstraction from a minor river could be impacted significantly by small percentage increases whereas a larger river may not be.

- New waste treatment / disposal activities being undertaken on the site, or as an extension to the licenced site; increases in throughput; or increases in the types of waste imported if the potential environmental risks are significant (so introduction of biodegradable waste onto a site).
- An increase in biomass held at a marine fish farm which would require us to re-assess the whole authorisation, including the consequences of increased organic deposition on the sea bed, and the quantity of sea-lice treatment used.
- The addition of a new sea lice treatment based on a formulation not already included in the authorisation.

3.6.5 Standard variation

A standard variation applies unless it is clearly an administrative or substantial variation. For applications for a standard variation we charge 30% of the full application charge. The 10% discount for the second and subsequent activities (as detailed in Section 3.3 above) also applies for Standard Variations.

Examples of standard variations include:

The addition of an activity to a licence, of a type already covered by that licence. The addition of the new activity should be of a relatively small scale so that it does not have a significant adverse impact on the environment or human health and wellbeing. For example:

- The addition of 100m of grey-bank reinforcement to a 2km length of grey-bank reinforcement.
- PPC Part B PVRs covered by standard rules apply for stage II in addition to stage I recovery. PVR Stage II is an activity in its own right however the work involved since it is covered by standard rules is relatively small.
- An increase in annual throughput at a waste management site which does not significantly increase the environmental risk posed by the site.
- An increase in storage capacities which would not impact on emissions (including odour, dust etc.) and would not increase risks (either frequency or consequence from accidents under PPC Part A).
- A change to reporting or monitoring requirements.

In addition, all variations which are solely intended to deliver an environmental improvement and are not commercial (so increasing operational capacity) or driven by tighter regulatory / directive requirements, but which involve significant or substantial technical work will be considered as a standard variation to an authorisation. It is stressed that if the environmental improvement is

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accompanied by other changes (for example, an increase in the production capacity) then we may consider the review to be a substantial variation.

3.6.6 Surrender of an authorisation

Any charges for the surrender of an authorisation depend on the amount of technical work we may have to carry out in order to approve the surrender application.

The charges for an application for an administrative, standard and substantial surrender follow the same principle as described for variations.

Administrative Surrender

We have a significant number of authorisations that cover sites or activities that no longer operate. We wish to encourage operators to surrender authorisations when they are no longer needed. Consequently, we will not charge for a surrender of an authorisation if the process of surrendering the authorisation does not involve us undertaking significant technical work. If the surrender is for the partial or total removal of an activity (for example a barrier) then this is taken to be an administrative surrender if it falls into the definition of an environmental improvement or service as detailed in section 6.4.

Standard Surrender

The default charge is 30% of the application charge for a standard surrender where we have to carry out technical work in order to determine the application. This would apply, for example, where a surrender of a licence requires a site visit in order to carry out a simple risk assessment. An application for the partial or total removal of (for example) a barrier is likely to be standard surrender, unless the paragraph below applies.

Substantial Surrender

A substantial surrender charge (70%) applies where we have to carry out extensive technical work in order to approve the surrender application. The scale of work should be comparable or exceeds the amount of technical work involved in determining an application.

Examples of substantial surrenders may include:

- the surrender of some landfill authorisations involving substantial work to assess the condition of the site (such as the long-term environmental impacts of continuing emissions and legacy issues).

3.6.7 Application to transfer an authorisation

There are two types of transfer for charging purposes.

An administrative transfer applies when the transfer of the authorisation to another person does not require SEPA to undertake any assessment of the competence of the person to whom the authorisation is transferred. There is no charge for this type of transfer.

Where a transfer requires an assessment of the competence of the new operator then a fixed Assessed Transfer charge will apply. For example, this fee will apply to transfers of all Waste

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Management Licences and PPC Permits for specified waste management activities. If there are multiple transfers (at one time) to the same person, then the charge will be reduced and calculated based on the following method. The method reflects the expected level of work given that the assessment will vary depending on the type of licence, underlying directive requirements and the number of licences. This method will be further refined based on experience:

- For each transfer under different directives / regulations then first transfer in each will be charged the full amount.
- For each subsequent transfer under a directive / regulations then the assessed transfer fee will be reduced by 10% for each the 2nd and 3rd licences.
- For the subsequent 4th onwards the transfer under a directive / regulations the fee will be reduced by 50%.

This would mean someone transferring 9 similar WML licences would be charged:

$$\text{Full charge} \times (1 + 0.9 + 0.9 + 0.5 + 0.5 + 0.5 + 0.5 + 0.5 + 0.5) = 5.8 \times \text{Full charge.}$$

This is general guidance where we get large numbers we may review whether this is sufficient.

3.6.8 Application amendment

Where an applicant formally requests to amend an application that is in the process of being determined, and this amendment results in the need for further public consultation, a charge of 30% of the original application charge shall apply.

3.7 Pre-application advice

Our experience shows that pre-application discussion with an applicant is an important part of the application process. It can help the applicant produce a good quality application and can help make the overall process of applying for an authorisation more efficient. We have recognised this by allowing for such pre-application discussions in our charges.

Applicants are encouraged to discuss their applications with our staff to help produce good quality applications. Applications that are submitted but do not contain sufficient information for us to properly assess will be considered not-duly-made or declined and returned to the applicant. A portion of the application charge will be retained to reflect the administration of this.

Please note that large / complex charging should record this pre-application work.

3.8 Advertising

There is a statutory duty to advertise certain applications that could adversely affect the interests of local people. Where we are required to advertise an application, we will apply a charge of £525 (in 2018) to recovering our administrative costs.

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3.9 Other considerations

3.9.1 Mobile plant

Where a water abstraction activity is mobile and moves from location to location (e.g. an irrigation pump), an application may be made for a mobile plant authorisation. The locations where the mobile plant is to be used must be specified and the application charge is based on the total volume of water to be abstracted, not on the number of locations where the plant is used.

Where a waste activity is mobile, this activity will be described as: WMA - Mobile Plant Licence

Please note that in connection with part B mobile plant there is now no difference in charging activity description between fixed or mobile plant under section 3.5 and 3.1 Part B of the PPC Regulations.

3.9.2 Provision of an Environmental Service

We have identified a number of situations where we considered that an activity should be exempt from application charges. We based this decision on whether an activity delivered an environmental service. "Environmental Service" means the carrying out, operation or maintenance of any activity that is, in our view, solely for the benefit of the environment. This excludes activity types that are being operated for commercial purposes or as the implementation of a statutory duty. Further detail is provided in section 6.4.

3.9.3 Engineering Dependent Activities

It is recognised that in certain circumstances a structure may have to be constructed before an authorised activity can be carried out (e.g. a new outfall pipe to facilitate a point source discharge or an intake structure to facilitate an abstraction). In these circumstances, SEPA treats the construction (an engineering activity) as secondary to the primary activity and will normally authorise the construction activity in the same authorisation document as the primary activity. This means that SEPA will not normally require two separate applications to be made or fees to be paid, however, SEPA will need details of any dependent activities to be submitted with the main application.

The construction of a flood by-pass channel will be authorised as an engineering activity. When authorising the construction of a flood by-pass channel, the diversion of flood water into the by-pass channel will also be authorised. However this will not be subject to additional abstraction application fees (or abstraction subsistence charges) and will not require a separate authorisation.

3.9.4 Construction Site Licences

There are no activities defined in the Legal scheme for construction site licences, so the following descriptors are used (with the associated charges).

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A construction site licence for a single lane road/track or pipe/services infrastructure of between 5km and 10km in length, and with a width not exceeding 4 metres is described as “any other activity subject to a simple licence”. There is no on-going annual charge with this activity.

Where the area of the construction site is between 4 and 15 hectares for transport infrastructure, housing or other construction projects, it will be defined as “any other activity subject to a complex licence”. The on-going annual charge is determined in accordance with the value given in the Legal Scheme

For construction site that are greater than 15 hectares, then the application fee will be calculated in accordance with section 3.4 above.

3.10 Summary of application related charges

The following table summarises the major provision of the application charge:

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**Table 1:
Short summary of application charges**

Types of application	Guidance Section	Charge
Application for an authorisation or to renew an authorisation (e.g. authorisation, registration, notification, exemption)	Section 3.2 & 3.3	Look up application charge from Schedule to legal scheme
Application for Charges for Unusually Large/Complex Applications	Section 3.4	Time and Materials
Imposed authorisation	Section 3.5	The charge payable for an application for an authorisation plus an additional 25% of that charge
Administrative Variation	Section 3.6.2	No charge
Standard Variation	Section 3.6.5	30% of application charge
Substantial Variation	Section 3.6.4	70% of application charge
Administrative Surrender	Section 3.6.6	No charge
Surrender or Partial Surrender of an authorisation requiring technical assessment	Section 3.6.6	30% of application charge
Substantial Surrender	Section 3.6.6	70% of application charge
Assessed Transfer application (i.e. transfer of an authorisation where a fit-and-proper person test is required).	Section 3.6.7	Fixed charge
Administrative transfer	Section 3.6.7	No charge
Application amendment (i.e. variation of application that has not been determined and which requires re-advertising).	Section 3.6.8	30% of application charge
Advertising of an authorisation where SEPA is required to advertise	Section 3.8	Fixed charge
Application for an Environmental Service	Sections 3.9.2	No charge
Corporate Permit	Section	Time and Materials plus any application charges which would have been incurred as if no corporate permit existed

Note: In applying the percentages in the table above, the resultant figure should be round to the nearest pound.

3.11 Combined application and annual charges

There are some situations in which we must bill an operator to cover our on-going work to support an authorised activity, in addition to the application charge itself. This on-going charge

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is equivalent to the annual charges imposed upon some authorisations. Examples of where this can apply include:

- Where there are regular time-limited or single-use applications and the annual charge is best raised at the same time.
- Where there is a short period of post-authorisation work when charges are required to support the work associated with the authorised activity.

To make this simpler for applicants and to reduce our administrative costs, these on-going costs are recovered as part of the application charges for the following:

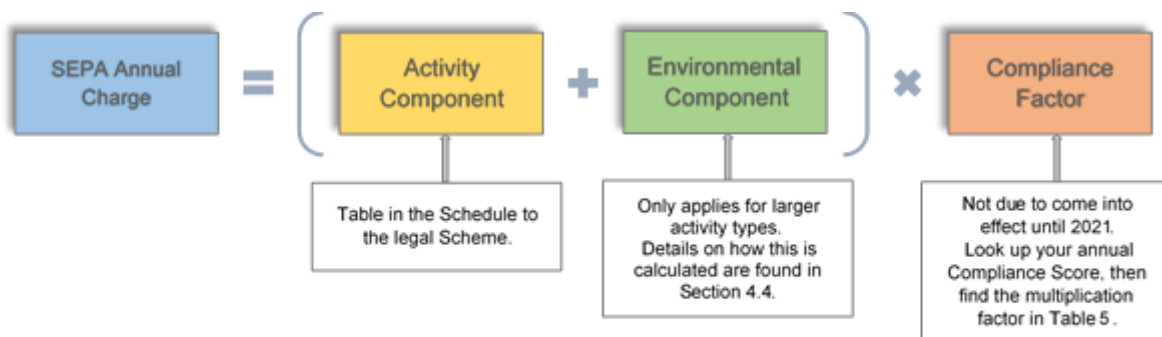
- Waste exemptions: the on-going charge will cover our work to ensure compliance with the condition of the exemption.
- Three-yearly renewal of Waste Carriers and Brokers Registration: the on-going charge will cover follow-up checks and investigations, for example our work with other authorities, police and DVSA carrying out roadside checks on waste carriers.

4 ANNUAL CHARGES

4.1 Introduction

There are in general two types of charge: the first is an hourly rate used for large and complex applications including all work at nuclear sites and the second is outlined in the following diagram showing schematically how the annual charges are calculated.

Figure 4:
Schematic representation of our annual charging mechanism



The **Activity Component** is determined by the activity type(s) covered by the authorisation. This part of the charge looks to recover our direct regulatory costs as well as a contribution to our indirect costs. We regulate and charge over 300 different activity types, including – for example – sewage treatment works or civic amenity sites. Note that – as with the application-related charge – there are a range of reductions in the Activity Component when there are multiple activity types covered by a single authorisation. See Section 4.3 for more details.

The **Environmental Component** only applies to larger activity types. It looks to recover the remainder of our indirect costs (for example, those associated with environmental monitoring, data management and reporting). It takes into account the environmental significance of these emissions.

The **Compliance Factor** is based on your compliance records; operators with poor compliance records will have a higher Compliance Factor, increasing their overall charge. The Compliance Factor will not come into effect for charging until financial year 2021-22 at the earliest, to give operators time to adjust to the new Compliance Assessment Scheme (CAS). Once it is introduced, it will be based on the calendar year immediately before the current charging year (e.g. the Compliance factor for 2021/2022 financial year – applied to charges on the 1st April

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2021 - would be based upon the CAS score for the calendar year 2020). More details are provided in Section 4.5.

4.2 Activity Component

Where your authorisation just covers one activity type, the Activity Component is equal to the Activity Component listed in Column 6 in the Schedule.

The Schedule shows the charges for 2018-19. Note these charges will be increased by the rate of inflation each subsequent year until the scheme is reviewed (see Section 2.5).

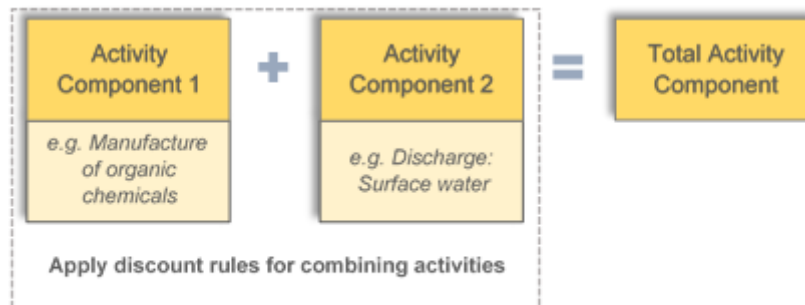
To help find your activity type and the Charging Activity Component, the table has been broken down into Key Sectors (Column 2) then Sectors (Column 3) and regulatory Sectors (Column 4) Column 4 gives the legislation to which the activity refers. Ultimately there will only be one set of regulations as the regulations are brought under the new Environmental Authorisations Regulations which comes into force later in 2018. If you are reading this document electronically you can do a search for your activity to help you find the activity and charge.

If you have more than one activity covered by your authorisation then refer to Section 4.3 to see how these are treated and the rules applying in such circumstances.

4.3 Multiple activity rules

For more complex authorisations (a relatively small number overall), which involve two or more activity type, there are economies of scale associated with visits and liaison. For each activity type you find the Activity Component from the Scheme. You then apply the multiple activity discount rules as set out in Table 2 below to work out the total Activity Component.

Figure 5:
Schematic representation of Activity Component for multiple Activity Types



When calculating these reductions for a number of activity types, we use the following rules for calculating discounts:

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**Table 2:
Multiple Activity Rules**

Rule	Description	Discount
Rule 1	Where an authorisation contains two or more of the <u>same</u> activity types, a discount will be applied to the second and subsequent activity types.	75%
Rule 2	Where an authorisation contains two or more <u>different</u> activity types a discount will be applied to the second and subsequent different activity types.	10%

When calculating the discount for a charge covering a number of activity types the following principles apply:

- No discount applies to the largest Activity Component.
- The discount rules apply to the remaining Activity Components.
- Only one discount rule should apply to any activity.
- Where there are multiple “instances” of the second (or subsequent) activity types, then the 10% rule does not apply to the first “instance” because the 75% rule applies to subsequent “instances”.
- The rules can only be applied to activities covered by an individual authorisation. Where an installation or a site has multiple authorisations it does not apply across all of these separate authorisations.

Example 4 in Annex A ([click here](#)) shows how these rules are applied.

4.4 Environmental Component

The Environmental Component charge only applies to the larger activity types. Column 8 in the Schedule indicates where the Environmental Component does not apply to an activity type. If so indicated, the Environmental Component does not apply and this section of the guidance can be ignored for the purposes of working out your annual charge. However, if any one (or more than one) activity indicates that the Environmental Component may apply, then this section explains how this element is calculated.

Our Environmental Assessment Scheme produces an Environmental Score for authorisations where the Environmental Component applies. The score is calculated from the scale of regulated emissions / abstractions / throughput, and a factor that reflects the environmental significance of the activity. We will publish a Table of Scores for existing permits. This will be based on emissions, abstractions, waste disposals for the period 2014 to 2016, or relevant permit conditions. For the period 2018 to 2020, we will generally use the Environmental Scores published in this Table of Scores to derive the Environmental Component of your annual charge.

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The following steps are required to calculate the environmental component charge:

- Check if the Table in the Schedule to the legal scheme indicates that all the activities covered by the authorisation have a No against them in Column 8 of the Schedule. If so, the Environmental Component does not apply. Under these circumstances column 7 will have the word “N”. If that is the case then no Environmental Component applies and you do not need to consider further.
- If one or more activity type does not have a No in Column 8 of the Schedule, then check SEPA’s Environmental Assessment Scheme (EAS) Table of Scores to see if a Score has been published for your licenced activity.
- If your activity has been licenced by us since the publication of the Table of scores, we will have notified you of the relevant Score, if the activity does qualify for an Environmental Component charge.
- If no score has been published, and you have received no notification from us, then there will be no environmental component to the charge.
- If your activity does have one or more Environmental Scores, you should multiply the score by the relevant financial factor in the legal scheme (increased by RPI when relevant), Table 3 below gives a list of the factors. Note that the Financial Factor will increase annually as described in Section 2.5.

The details of how environmental scores are calculated are provided in the Environmental Assessment Scheme, available on our website.

**Table 3:
Environmental Financial Factors – See Current Charging Scheme**

Environmental component
For emissions to air
For discharges to water
For discharges to water – public water supply
For the management of waste
For the abstraction of water
For the impounding of water

4.5 Compliance Factor

This section describes how the Compliance Assessment Scheme score will be used to determine the Compliance Factor and how this will modify your Annual Charge. Note that this Factor will not come into effect until at least the end of second cycle of the Scheme in 2021-22.

4.5.1 Charge for compliance assessment

The Compliance Factor is determined by the annual Compliance Assessment Scheme (CAS) score. CAS Scores are placed into bands. For each, there is then a Compliance Factor, which acts as a multiplier that increases the charges faced by non-compliant operators. This reflects

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the additional regulatory effort and costs we incur. We initially consulted in 2017 on the development of the Compliance Factor, but following the responses we are further reviewing and will re-consult in 2018. Note that the CAS score is for a calendar year. So, for instance, the CAS score for the year 2020 would be used for annual charging for 2021-22.

4.5.2 Phasing-in of compliance component

The Compliance Factor will not come into effect until 2021-22 at the earliest. This provides time for operators to understand their compliance rating under the amended Compliance Assessment Scheme, and allows for an opportunity to address any non-compliance before this element of the charges is introduced.

We plan to increase the Compliance Factor over subsequent review periods, reflecting the level of additional work at poorly performing sites.

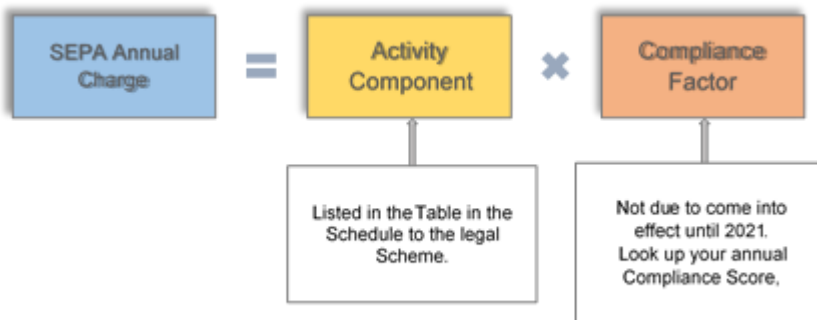
4.6 Examples of how to calculate the annual charge

This section illustrates how to calculate charges from the new Scheme, based on the mechanisms explained in the previous section (Activity Component, Environmental Charge and Compliance Factor). Some examples, reflecting the points outlined above and a number of rules that can modify how the charge is calculated, are given in Annex A.

4.6.1 Small activities

Most authorisations we issue will only have an Annual Charge based on the Activity Component. Typically these activities have limited environmental impact and so fall below the threshold for the variable Environmental Component of the scheme.

Figure 6:
Calculating your charge for small activity types

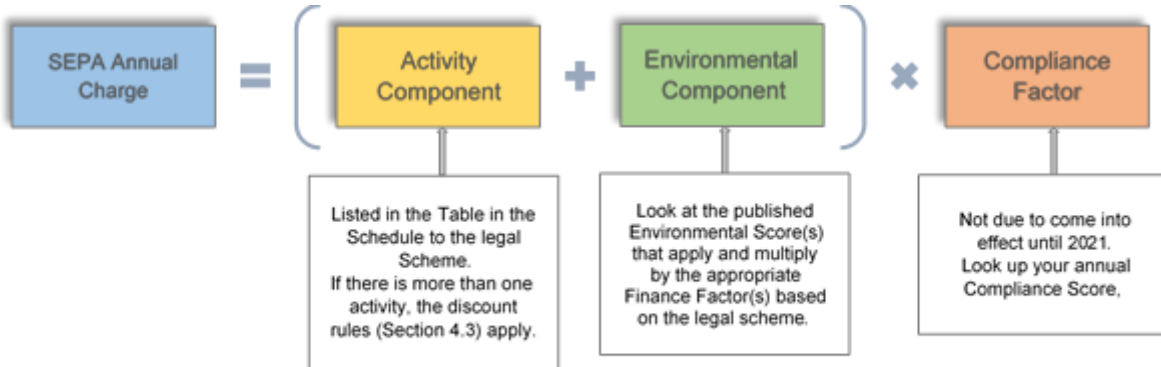


Example 5 in Annex A ([click here](#)) illustrates how the charge is calculated for a small scale abstraction authorisation.

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4.6.2 Large activity types

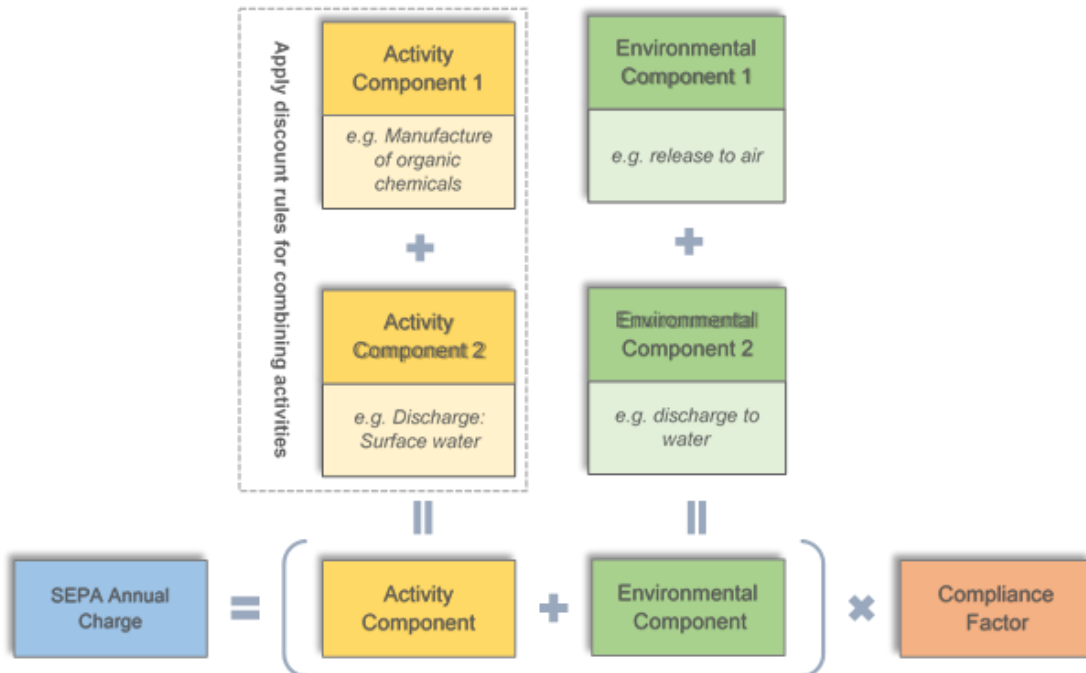
Figure 7:
Calculating your charge for large activity types



An illustration of how charges are calculated for such large activity types is given in Example 6 in Annex A ([click here](#)).

A more complex example with multiple Activity Types and Environmental Scores for multiple media is shown diagrammatically below.

Figure 8:
Calculating your charge when multiple Activity Types and Environmental Components are covered by a single authorisation



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An illustration of the charge is calculated in such circumstances is given in Example 7 in Annex A ([click here](#)).

4.7 Phasing-In the New Charges over 5 Years

For licences issued after 01 April 2016, these transitional arrangements do not apply (except 0.1 – 2 MW hydro schemes see later). For licences that were issued prior to 01 April 2016, the alterations to the annual charges are being phased-in over five years. This covers two cycles of the Scheme with the full charges coming into effect in 2020-21.

Activities that were charged will continue to be phased over the period 2016-17 to 2020-21. The charges will change in increments of one fifth of the difference between the old and new charge (accounting for inflationary increase), until the new charge has been reached. In each new financial year, up to and including 2020-21, the increment will be added to the charge calculated for the previous year.

For activities the 0.1 – 2 MW hydro schemes permitted before the 1st April 2018 the charges will be phased in with one third in 2018-19, two thirds in 2019-20 and will also come into full effect by 2020-21), including any increases from inflation.

The phasing arrangement covers both increases and decreases to our charges. An illustration showing how phasing works is given in Example 8 in Annex A ([click here](#)).

This phasing-in applies only to authorisations in force before 1st April 2016 (except the 0.1 – 2 MW hydro schemes where the relevant date is 1 April 2018). New authorisations issued after that date will attract the charge calculated in the normal way (i.e. without this phasing-in provision).

These phasing-in arrangements do not apply to the following: -

- Any activity, which is authorised after the date this Scheme or the immediately preceding Scheme comes into force.
- Any activity for which the annual charge is relevant time and materials costs.
- Any charges which reflect the costs of regulating a material recycling facility or the costs of additional SEPA monitoring of a marine cage fish farm.

Where the phasing arrangements apply and the authorisation is varied (with the exception of administrative and minor technical changes), the following provision will apply: -

- Any variation to an authorisation that changes an activity, or adds a new one, will attract the full charge for that new activity type and will not be covered by the phasing-in arrangement.
- Existing activity types remaining in the authorisation will continue to attract the phasing-in arrangements.
- The discount rules in Section 4.3 will still apply.

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4.8 Project work for large/complex authorisations

There are some large and / or complex application authorisations for which long-term annual charges are not appropriate, but where we still have to commit significant resources. This continues the project work we do for large complex applications (see Section 3.4). The most frequent example of this type of activity are for nuclear sites (which historically were covered under the Radioactive Substances Activities Band A), waste incinerators and engineering activities associated with the water environment (typically around major road developments). Typically these activities require on-going support from us to cover a wide range of issues including radioactive substances, waste management, emissions to air, discharges to water and engineering activity types affecting the water environment. For the nuclear sites this will be the normal way of working and for other projects this work may extend over several years.

Large and complex work may also apply for work on regulating radioactive substances where there is significant technical input, high level of scrutiny by public and/or private stakeholders and/or government organisations.

We will recover our costs for our post-authorisation work such large-scale activities by charging on a time-and-materials basis. This continues the approach used as part of the authorisation determination process. The work at nuclear sites requires more specialised personnel and the charges will be higher than those used for other activities this hourly rate will also be used for any work in regulating radioactive substance activities.

For nuclear sites, which is always on an hourly rate, the invoicing will be in areas.

4.9 Customer-specific project work

We may undertake major project work related to a particular customer which goes beyond the normal day-to-day work of SEPA. The costs of such work will be charged on a time-and-materials basis on top of the annual charge. This will only happen where the work is of such a scale that it requires SEPA to recruit, or buy in additional resources, to deliver the project work in a timely manner.

5 ADDITIONAL GUIDANCE

This section provides additional guidance on the scheme in response to questions on interpretation.

5.1 Waste activities

Following the recent consultation, the number of waste activities has been reduced.

Apart from civic amenity sites and those sites which also include the depollution of ELV's, other treatment and/or storage activities (such as sites previously known as bulking up or transfer

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station sites) are now largely described by a generic activity type entitled 'Other Storage & Treatment of waste with a capacity that is...'. There are three licensed limit tonnage bands: <= 1000 tonnes; 1000 – 2500 tonnes; and >2500 tonnes for this.

Where a Treatment and Storage site is one that has to comply with the MRF Code of Practice, it also has the activity "WMA: Storage and Treatment of waste which includes the operation of a MRF subject to the statutory Code of Practice" to cover the additional regulatory monitoring requirements for this.

An activity that would be registered as an exempt activity, but for it being an activity undertaken on a licenced site, is charged as "WMA: Schedule 1 exempt activity which is a micro activity".

5.2 Paragraph 7 exemptions- application of material to treat land for agricultural benefit or ecological improvement

A single farm may register more than 50 hectares on one form simply by stating the total number of hectares to be treated. The first 50ha block will be charged as per "WMA: Paragraph 7 activity application of material to treat land for benefit to agriculture or ecological improvement (initial block of land)" and each subsequent 50ha on the same farm will be charged as per "WMA: Paragraph 7 activity application of material to treat land for benefit to agriculture or ecological improvement (further block of land)". A "single farm" means, a single agricultural holding including premises and fields associated with it which is managed as one unit as defined for the purposes of the Integrated Administration and Control System for farm support.

5.3 Sewer Overflows

The lines that refer to the discharge from either a public combined sewer overflow or a public sewage emergency overflow would only apply if a public sewer network licence was not appropriate for some reason.

When an overflow covered by network licence is the subject of a variation, the charge is calculated as a proportion of the network licence application charge.

5.4 Seasonal Abstractions

The Abstraction activities within the Scheme no longer differentiate between summer and winter only abstractions. Instead those which only take place between 01 November and 31 March (winter only abstractions) or those abstractions to isolated ponds or off-line impoundments that are filled during winter and store at least 75% of the water required during the summer will have a 'winter only' status applied to reduce the activity charge.

- Winter only abstraction (1 Nov - 31 March) or Winter filled ponds storing > 75% of requirements

The discount in 2018 is 62%.

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5.5 Seasonal Discharges

Where any discharge occurs only seasonally (for example a campsite that closes during the winter), then it can have the status of “seasonally inactive” for the months that it is closed to reduce the activity charge.

5.6 Hydropower schemes

The application charge for any hydropower application is calculated on the basis of a single charge covering all abstractions and impoundments (not impounding more than 25,000m³) and all engineering activity application charges directly associated with the construction of impoundments or abstraction and return point.

Hydropower schemes that have individual impoundments which impound greater than 25,000m³ will be subject also to an application charge for each impoundment >25,000m³.

If a hydropower scheme has benefited from a “not built” fee waiver, the annual activity charge will commence once construction starts, but an environmental component (if any) will not commence until the hydropower scheme is operational and abstracting.

5.7 Borehole Construction and Operation

Application charges

The following summarise how charges are derived for borehole construction and operation (please note the actual values are contained in the charging scheme plus any inflationary increments, the appropriate Band is given below where 1 is low and 16 high).

Boreholes less than or equal to 200 metres depth:

- If the construction and operation is in accordance with GBR 3, there is no charge;
- If the construction and operation of the borehole is for a registration level abstraction, then the application charge is covered by that activity and the borehole fee is waived.
- If the construction and operation of the borehole is for a licence level abstraction, then it is charged a registration fee.

Boreholes greater than 200 metres depth:

- The construction and operation of a borehole which is either temporary will be charged at Band 8. This means the borehole will be fully backfilled and de-commissioned within 14 days of being constructed. It includes closed loop geothermal systems where the pipework is cemented in place within 14 days of being drilled.
- The construction and operation of a borehole which is not temporary or is for a closed loop geothermal system and the pipework is not quickly cemented in place will be charged at Band 10.

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- If the construction and operation of the borehole is for a registration or licence level activity, then the above borehole application charge is added to the relevant registration or licence level application charge.
- At the current time it is not expected there to be unconventional gas / underground coal gasification developments. If there is then the borehole construction and operation associated with unconventional gas/underground coal gasification will normally be considered to be unusually large/complex applications which we will charge for on a time and materials basis.

We will consider if multiple borehole construction and operation can be treated as a CAR single activity where:

- The boreholes are drilled within a small geographic area (each borehole is within 150m of another borehole in the well-field);
- There are no lateral wells; and
- Activities associated with the boreholes are not likely to require further demonstration of the integrity of the borehole. This will exclude, for example, boreholes subject to high pressure fracking

Annual charges

There will be no annual charge for borehole construction and operation where the boreholes are less than or equal to 200 metres in depth, for temporary boreholes that are backfilled and sealed within 14 days of being drilled or for boreholes drilled for closed loop geothermal system where the pipework involved is fully cemented in place within 14 days of being drilled.

5.8 Surface water heat pumps

SEPA recognises the importance of promoting the development of renewable energy generation as a contribution to reducing global warming. We therefore do not want our charges to be a disincentive for small-scale energy generation.

There is currently no activity description for this type of activity. Therefore the application activity is “any other CAR activity subject to a Registration or of Registration scale”.

For water source heat pumps which return water immediately adjacent to the abstraction and have no significant thermal impact a registration fee will apply to the abstracted water. No fee is payable for the discharge and there will be no annual subsistence fees. The exception to this rule will be if the discharge is downstream of the point of abstraction.

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5.9 PPC Part B Loading, Crushing, Screening, Coating, etc. (Section 3.5)

SEPA have taken the decision that all storing, loading, unloading, crushing and screening activities specified in Section 3.5 Part B (a; b; c; d and f) of the PPC Regulations are allocated to a single Activity Component on any authorised PPC Part B permit.

- PPC B: 3.5(a);(b);(c);(d) & (f) (any combinations) - Crushing, screening & loading (excluding cement).

All authorised instances of coating road stone with tar or bitumen, and/or the fusion of calcinated bauxite for the production of artificial corundum as defined in Section 3.5 Part. B (e and g) within an authorised Part B permit will be described as one single separate activity component.

- PPC B: 3.5(e) and/or (g) - Coating and other (excluding cement).

5.10 Engineering Works Subject to Annual Charges

Some Licences relating to Engineering Works have requirements for the preparation of management plans and the submission of monitoring returns. These are subject to annual charges calculated according to Section 4.8 above.

5.11 Radiative Substances “Offshore” Activities

The Environmental Authorisation Scotland Regulations (EASR) now incorporates radioactive substances activities EXCEPT for offshore facilities. These “offshore” activities will not transfer into the new regulations until an order has been made. Until this time the charges for these offshore activities will remain under the “RSA” descriptions and not the new EASR descriptions.

5.12 Correction of Activity Descriptor – Small STW

The activity descriptors for the “*discharge from private septic tank/sewage treatment work: serving a population equivalent of less than equal to 15 if built after 1 April 2016 or less than 50 if built before 2016*” and for the “*discharge from private sewage treatment works: serving a population equivalent greater than 15 but less than 50 if built after 1 April 2016*” both give the wrong year. In all cases, it should read **2006**.

5.13 PPC Closed Landfills

Landfills regulated under PPC permits have several phases, the charging scheme essentially splits them into two, these being operational or closed. The operational charges will fully apply when a landfill is receiving waste or going through the closure phase before SEPA has varied the permit and the operator is served Definite Closure Notice.

Closed landfill charges will only apply where SEPA has varied the permit and a Definite Closure Notice has been served. For the avoidance of doubt the full charge will continue to apply e.g.

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include the activity and the air and waste environmental components (since there is both regulatory and monitoring work) until the Definite Closure Notice is served.

6 EXEMPTIONS AND ABATEMENTS

This section covers changes to our system of exemption from, or abatement of, charges. Most of these are enacted by being listed against the Activity Types in the Table in the Schedule to the Legal Scheme.

6.1 Annual charge where construction or operation has not commenced

Generally the annual charge applies from the date when the authorisation is issued. However in certain cases the charge will be deferred until either construction work in relation to, or the operation of, any of the authorised activities has commenced (whichever is earlier).

While an authorisation is in force, but there is no equipment or facilities available to operate it, the amount of regulatory work we do is limited. In these instances, we will not apply the annual charge. However, our work will increase once construction commences or operations start whichever occurs first.

For example, if an operator has successfully applied for an authorisation to help with securing planning permission or financing for the project, but no actual construction has taken place, we will not apply the annual charge.

However, when construction starts, for example on a landfill site, we may need to check the integrity of liner being installed in any disposal cells as it is a key abatement technique. Similarly, if a major installation starts construction then we will often be approached for advice on any changes during the construction phase. In such circumstances the annual charge will apply from the time such construction commences.

For smaller scale activities where there are no potential environmental impacts, we will start annual charging when commissioning / initial operation commences, as these represent stages where regulatory work increases.

In situations where all the necessary equipment is in place (e.g. a waste storage site) but operation has not started, the annual charge will apply. We need to periodically inspect to ensure operation has not started. Of course in such circumstances if operation is not planned to commence for a period of time then the operator can apply for “mothballing” – see Section 7.2.

There will be a maximum period of five years over which a licence can be noted as not having been built. After this time, the operator may apply for a fee waiver for a temporary cessation (see section 6.11 below) or to be considered for a further period as not being built. We put the 5 years in so that we can assess whether the licence which was granted is still relevant, whether the holding the licence is blocking other developments even though it is not being used or

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whether the operator no longer has any plans but since it had not incurred any charges was not on the operators “radar”.

6.2 Micro-scale activity types / PPC Low Impact Installations

Full charges are disproportionate for some very small (micro) activity types.

Activity types which we are required to authorise, but which we judge to be of micro or craft scale, will be subject to infrequent levels of inspection and/or monitoring and as result pay a lower annual charge.

To be categorised and charged as a micro-activity, an activity must:

- be of small-scale,
- be assessed as a low hazard activity, and
- fit within the activity type descriptions in this guidance.

Those PPC permits considered to be PPC Low Impact Installations will be levied a Low Impact Charge as opposed to Micro Charge

Micro-Activity types

The following activity types will be categorised and charged as micro-activity types:

- small fish hatcheries, which only rear fish to restock their own fishing club waters;
- abstraction for winter storage for irrigation;
- waste sites with an annual throughput of less than or equal to 100 tonnes; and
- vintage car enthusiasts who keep a spare vehicle(s) for spares or repair and who are clearly not commercial car dismantlers.

If an applicant or holder of an authorisation thinks the micro-activity type should apply to them for any other activity types, they should seek agreement from SEPA. Note that any decision as to whether or not this applies will rest solely with SEPA.

6.3 Abstractions from estuaries and coastal waters

We are not currently aware of any abstractions from estuaries or marine waters in Scotland that pose an environmental risk. Consequently, we are exempting such abstractions from annual charges.

6.4 Provision of an Environmental Service

We have identified some situations where an activity delivers an “environmental service”. In such circumstances we are exempting these from application and annual charges.

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'Environmental Service' means the carrying out, operation or maintenance of any activity that is, in our view, solely for the benefit of the environment. This excludes activity types that are being operated for commercial purposes or as the implementation of a statutory duty.

We have grouped such "environmental services" under the following four headings:

1. **Abstractions associated with the control of historic causes of pollution:**

- Abstraction from mines which are no longer operational, where the abstraction is intended solely to control the breakout of polluted groundwater.
- Abstraction of groundwater associated with contaminated land solely for the purpose of the remediation of that contaminated land.

In both situations, there would be no application or annual charges associated with the abstractions. However, there would still be application charges and relevant annual charges for the discharge element associated with the activity.

2. **Structures and abstractions to maintain or improve the existing water environment:**

- An ex-water supply reservoir that is no longer intended as a drinking water source and is maintained solely to support the ecology that has developed within the reservoir.
- The removal, or partial removal, of redundant weirs or dams that now serve no economic purpose and are not an asset of an organisation or business that makes economic use of dams and weirs.
- The addition of a fish pass to a weirs or dams that now serve no economic purpose and are not an asset of an organisation or business that makes economic use of dams and weirs.
- A canal that is no longer used for navigation and is maintained solely to support the ecology that has developed within the canal.
- A wetland or pond, fed by an abstraction, which is intended solely to maintain or enhance the biodiversity of the water environment.
- Abstractions and impoundments that are solely associated with the delivery of the environmental service will not be subject to charges.

There will be no application charge for an impoundment licence to cover existing weirs or dams where the application is made as part of a programme of work that will introduce fish passage in a manner covered by the definition of environmental service.

3. **Habitat restoration:**

- The restoration of a canalised or culverted watercourse to a more natural profile.
- The removal of flood defences in order to restore a flood plain.
- The creation of wetlands and ponds to enhance biodiversity.

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- The control of invasive non-native species of plants within a watercourse to improve the habitat and enhance biodiversity

There will be no charges associated with the engineering work, abstractions or impoundments associated solely with the restoration work.

This definition does not include fishery improvement work that modified a natural river in order to improve fishing.

4. Maintenance of native fish populations

- Non-commercial fish hatcheries.
- Fish hatcheries, which only rear juvenile, fish up to parr stage.
- Fish hatcheries that return reared fish to the same river of origin for use in restocking programmes.

Where these are not covered by micro scale activities and are not a commercial operation, no application or annual charges apply.

6.5 Lades

The volume of water abstracted from the water environment into a lade, where only part of that volume is subject to use, will not be used in the calculation of the environmental component charge. For example:

- If there is a lade serving a paper mill or a distillery, then the volume to be subjected to charge is that which is abstracted from the lade for cooling, process water or other purposes.
- If there is a lade serving a fish farm, then the volume to be subjected to charge is the volume used by the fish farm processes. If the full volume of the lade is used by the process, then the lade volume will be used to calculate the charge.
- If there is a lade serving a canal, then the volume to be subjected to charge is that which passes into the canal.
- If there is a lade providing water for hydropower, then the volume to be subjected to charge will be that which passes through the turbine.

We will not impose annual charges for a lade used only to:

- power a water wheel which is not used for the generation of electricity, or
- fill or maintain any off-line pond that may have amenity uses (e.g. fishing and sailing).

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6.6 Flood defence (diversion or storage)

Where floodwater is diverted from the river channel into off-line flood storage or a flood relief channel, this represents an abstraction. Such abstractions will be liable for normal application charges but will not be liable for any annual charges.

Impoundment structures installed for the purposes of retaining some flood flows online during high flows will require authorisation and be liable for normal application charges, but will not be liable for any annual charges.

6.7 Impoundments less than a metre high

There may be circumstances where an existing passive impoundment exceeds the 25-megalitre thresholds but is not licensed because the existing dam creates a water level differential of less than 1 metre and allows fish migration. Such impoundments are covered by a General Binding Rule (GBR) and are not subject to annual charges.

New passive dams that are less than 1 metre high but which do not allow fish migration are not covered by GBRs. These are required to apply for an authorisation and are subject to an application charge in the normal way. This is because we must assess whether this new impoundment will cause environmental harm. However, to ensure an equitable approach with existing impoundments, such impoundments will not be liable to annual charges.

6.8 Off-line impoundments and isolated ponds

An off-line impoundment does not hold back the flow of a river, but is constructed on the land adjacent to a river. Off-line impoundments do not pose a barrier to fish migration or affect sediment movement. Such off-line impoundments may collect water seeping from the surrounding land or may be supplied by an abstraction. Such off-line impoundments are not considered a controlled activity and therefore do not need to be authorised and therefore are not subject to application charges nor annual charges.

Abstractions from off-line impoundments or isolated ponds that are filled by groundwater, surface run-off and land drainage are controlled activity types and are required to be authorised. This is because the impoundment/pond is used as a mechanism to collect groundwater or surface water, which can then be abstracted. However, abstractions from off-line impoundments or constructed isolated ponds that are filled by an authorised abstraction do not require authorisation. This is because such impoundments/ponds are considered to be part of the infrastructure used to store water that has already been authorised for removal from the environment.

6.9 Commercial/amenity use of Ponds and Reservoirs / Historic Mills

The following water uses are not liable for impoundment annual charges as long as they do not manage the flow from the dam in order to support the maintenance of the activity:

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- cage fish farms, and
- amenity uses (such as fishing and sailing).

We do not impose annual charges for abstractions solely to fill or maintain any offline pond, reservoir or historic mill lade that may have historic and/or amenity uses.

6.10 Temporary cessation of an abstraction for agricultural irrigation

Where a farmer has decided not to grow crops that may require irrigation in a particular year, then they can notify SEPA in writing between 1 December and the last day of February of their intention not to abstract water in that growing season. SEPA will then reduce the annual activity charge for that farm by 85% that year only. For ease of use, a 'year' is specified as a financial year.

A further consequence of the notification is that SEPA may allow another operator to use the available environmental capacity for that year. Once the notification is made to SEPA, it cannot be reversed. For example, it does not provide the flexibility for farmers to change their mind over what crops they will be growing or whether to irrigate or not. Therefore, if a crop is planted that may require irrigation, farmers should not apply for such reduction in the annual activity charge. If an operator is found to have abstracted during a period they applied for a fee waiver then SEPA may not grant future fee waivers since SEPA considers that operations may not in reality be ceased.

6.11 Any other temporary cessations / mothballing of sites

If an operator applies to SEPA in writing that they will not be undertaking a particular activity over a period of more than 6 months, and if SEPA agrees to this, the annual activity charge will be reduced by 85% and any environmental charge that may have been payable will be waived. This application shall give SEPA at least 28 days' notice and must include the start and end dates over which the temporary cessation shall occur. Each application can only cover a maximum period of two years. If the temporary cessation will extend beyond this time, a separate application for continued temporary cessation will need to be made prior to the end of the 2 year period.

For seasonal activities or activities which are only undertaken for specific periods of time in a year; the minimum period of cessation / mothballing is 12 months. Examples of this include summer or winter abstractions, food harvesting processing.

For certain activities SEPA will not apply the mothball discount, this where the level of checking on whether the authorisation is being used combined with any other duties which will have to be continued are approximately at the same level (e.g. collecting of data returns, liaising with other agencies etc.). Examples of this include disposal to land of sheep dip or other pesticides and, micro activities.

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In order for a site to be mothballed for a period of greater than 12 months, all materials that may cause pollution if there was an incident must be removed from the site. For example: a waste site must be cleared of all wastes; a PPC site must be cleared of raw materials and other chemicals; etc. The local Regulatory Services Team will usually conduct a site visit prior to determining an application for cessation of greater than 12 months.

The operator of an activity ceases to benefit from the reduced annual charges if they subsequently undertake the activity (for example, make an abstraction or a discharge) during the granted period of temporary cessation. Under these circumstances the full annual activity charge will apply. If an operator is found to have operated during a period they applied for a fee waiver then SEPA may not grant future fee waivers since SEPA considers that operations may not in reality be ceased.

Once the agreed period of temporary cessation has come to an end, the normal annual charges shall apply. If an operator so wishes, they may reapply for another period of temporary cessation of up to 2 years between 28 days and 3 months before the expiry of the original period.

6.12 Water authorisations not subject to annual monitoring

Following the consultation in 2017 SEPA are seeking to recover costs from those who hold licences for water discharges that we do not routinely inspect or sample. These licences incur environmental monitoring and regulatory work for SEPA whilst previously did not incur charges.

For such sites that are assessed as not requiring to be inspected, nor sampled nor require the submission of data returns, then the annual activity charge will be reduced by 70% compared to a monitored activity. (Such sites, similar to other small scale activities will never require an environmental component.)

7 GENERAL PROVISIONS

7.1 Annual charges

We will send out bills requesting payment of annual charges at the beginning of the financial year. We look for these bills to be paid in full. However, if you have difficulties in paying the full bill for the year, you can make arrangements with us to pay the charges spread over the year.

7.2 Partial year charges

An authorisation may come into effect part-way through a financial year. Alternatively, an operator may ask us to revoke or transfer an authorisation part of the way through the year. In such circumstances the charge payable will be based on $1/365^{\text{th}}$ of the annual charge for each day the authorisation is in place for.

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7.3 Hourly rates

The hourly rate for time and materials charging is given on the website.

It should be noted only our inspection-related staff record time for charging purposes. The rate therefore reflects costs of other support staff as well as relevant overhead costs.

7.4 VAT

All charges quoted in the scheme are not subject to VAT.

7.5 Refund of application charges

If we consider that an application is not “duly made”, it is returned to the applicant minus a sum equal to 20% of the application charge, subject to a maximum in 2018 of £1,500. We make this decision as part of the screening process when we first receive an application and the deduction reflects the work undertaken along with the incurred administration costs.

We do not offer a refund if we refuse an application. This is because we have to carry out the determination process in order to reach the decision. This means that we have done detailed technical work similar to the scale of work which we carry out when we grant an application.

There are some limited circumstances where we will offer a refund even if we have done significant work to determine the application. This will occur where the application also includes the costs for post-authorisation work. For example we may offer a 60% refund if we refuse a complex waste exemption because part of the charges covers review of data and site visits which are not incurred if the licence is refused.

7.6 Liability to make payment

The persons set out below shall be liable to pay the charges and charges under the Scheme:

- In respect of an application (for a new licence, or to vary, transfer or surrender a licence), the person making that application.
- In respect of the annual charges, the holder of the authorisation in respect of which the charge payable relates.

7.7 Non-payment of charges

An application that is not accompanied by the appropriate charge is not deemed to be “duly made” and so cannot be determined. If the charge submitted is insufficient you will be advised accordingly and asked to pay the balance. We will be unable to determine the application and will not issue a new or revised authorisation if any part of an application charge is outstanding.

If an annual charge is not paid when due, we may revoke or suspend the authorisation and take action to recover the debt.

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8 CONTACT US

For billing queries, please contact the address on the back of your invoice.

If you have any queries regarding the interpretation of charges, please contact the Charges Team by:

Email: charging@sepa.org.uk

Post: Charging Scheme Team

SEPA

Strathallan House

Castle Business Park

Stirling

FK9 4TZ

We welcome views from our users, stakeholders and the public, including comments about the content and presentation of this scheme. If you are happy with our service, please tell us about it. It helps us to identify good practice and rewards our staff. If you are unhappy with our service, please let us know how we can improve it.

For copies of SEPA publications please go to our website, or email us at:
charging@sepa.org.uk

9 GLOSSARY

Authorisation - is the generic term we are using in this document to cover all the various permits, consents and licences we currently issue.

Activity - means an activity which falls within a description in column 5 of the Table in the Schedule to the Legal Scheme and which is required to be carried on under an authorisation;

Activity Application Charge - means the charge listed in column 6 of the Table in the Schedule to the Legal Scheme in respect of the corresponding activity type set out in that Table;

Activity component - means the amount set out in column 7 of the Table in the Schedule of the Legal Scheme in respect of the corresponding activity type set out in that Table;

Activity type - means a type of activity falling within a single description in a single row of column 5 of the Table in the Schedule to the Legal Scheme. Individual activity types within a regulatory

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activity should have the same annual regulatory charge and the same application charge. Examples include:

- Discharge from public sewage treatment works: serving a population equivalent greater than or equal to 50,000 but less than 100,000.
- PPC B: 1.2(b)(ii),(c),(d) & (e) (any combination of) - Petrol vapour recovery - unloading of petrol at a service station.
- WMA: Civic Amenity Site with a capacity that is greater than 2,500 tonnes per year.

Note that multiple instances of the same activity type on the same authorisation covering a single site or scheme are usually described as one activity type. Examples include:

- Multiple surface outfalls contained in a single authorisation covering a single site or scheme from a road or car park, airport would be described as 1 activity component
- Multiple abstractions serving a distillery or other industrial process for the same purpose would be described under the total volume abstracted and considered 1 activity type.
- Multiple instances of screening or crushing described under PPC Sect 3.5 Part B sections (a,b,c, d & f) would be considered 1 activity.

Charging scheme component. The main building blocks of the annual charging structure which when put together allow the charge to be calculated:

- Activity Components,
- Environmental Charges, and
- Compliance Factors

Charging scheme categories. The sub-divisions of the charging scheme. They represent the units for which SEPA calculates the funding that should be recovered from charge-payers. They include:

- Waste Management Activity types,
- Holding of Radioactive Substances,
- Discharges to water,
- Abstraction of water,
- Impoundment of water,
- Engineering in the water environment, and
- Emissions to air.

SEPA's direct work – covers our planned effort associated with the regulation of site (inspections sampling and data returns) and reactive effort (work on compliance breaches, environmental events and liaison with operators)

SEPA's indirect work – covers work not directly associated with a site such as environmental monitoring, analyses, modelling, reporting.

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Dynamic Regulatory Effort and Assessment Model (DREAM) is the hazard and risk assessment tool we use to assess the inherent hazards and risks of an activity.

Environmental Service means the carrying out, operation or maintenance of any Activity, which is in the view of SEPA, solely for the benefit of the environment, not being for commercial purposes or in implementation of a statutory duty or condition of an authorisation. SEPA Guidance, updated from time to time, is available via the website or on request;

Environmental Assessment Scheme. The scheme published by SEPA, which explains how the Environmental Assessment Score is calculated.

Table of Environmental Scores - The Environmental Scores published by SEPA for all relevant authorisations covered by this scheme. The score can be used to calculate the Environmental Component charge.

Environmental component - means, in relation to each environmental category attributable to the authorised activities, the environmental score multiplied by the financial factor.

Regulatory Support – covers work on regime support and sector management authorisation.

Schedule - means the Table in the Schedule to The Environmental Regulation (Scotland) Charging Scheme 2018

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ANNEX A - EXAMPLES OF CHARGE CALCULATIONS

This Annex contains examples of charge calculations to show how the scheme works in practice. There are cross referred to in the main text. Note that these activities and charges relate to those in the Environmental Regulations (Scotland) Charging Scheme 2016 and are provided for information only.

Example 1 – Annual Inflation Increases (See Section 2.5)

Example of inflation increase.

If you are applying for a permit for a PPC B Chapter 5: Incineration section 5.1. para (a) (non-hazardous waste generated and incinerated on same site).

The application charge listed in the legal scheme is £2,000, and this would be the charge for 2016-17.

If Retail Price Inflation (RPI) on the 30th September 2016 is 2.5% then the charge for 2017-18 will be:

$$£2,000 * 102.5\% = £2,050.$$

Such inflation amendments are applied each year until the scheme is reviewed and replaced.

Example 2 – Agricultural Irrigation (Section 3.2)

Let us take the case of an application for Abstraction: Agriculture (irrigation - mobile and/or fixed intake) <= 2000m³/d.

This activity is listed in the Table of Activity Components under the Land Management Key Sector ;Agriculture Sector and the Crops Regulatory Sector. From Column 6 the Activity Application Charge Band 8 (£660 in 2016/17).

Is there more than one activity in the authorisation? No – so rules in Section 3.3 do not apply.

Are there any supplementary charges (Sections 3.7 & 3.8) that apply? – No

Therefore, the Application Charge is Band 8 (this was £600 in 2016/17)

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Example 3 – 10% discount for second and subsequent activities (Section 3.3)

Say an application for a landfill of non-hazardous waste (with no inert waste): 10 tonnes or more of waste per day or total capacity exceeding 25,000 tonnes with and a disposing of or recycling animal carcasses and animal waste at installations with a capacity greater than 10 tonnes per day.

From the Schedule these fall under PPC A: 5.2 (a) with PPC 6.8(b) activity types, each with an Application Activity Charges of Band 17 (£23,460 in 2017/18) and Band 14 (£10,200 in 2017/18) respectively.

Applying the 10% discount gives the following:

The 1st 5.2(a) would have a charge of £23,460.

By virtue of the application discount the 2nd activity 6.8(b) would each attract the 10% discount and have a charge of $£10,200 \times 90\% = £9,180$.

So the total application charge is $£23,460 + £9,180 = £32,640$. (based on 2017/18 rates)

Example 4 – Applying Rule 2 (Section 4.3)

Licence A is for PPC A: 5.2(a) - Landfill of non-hazardous waste: 10 tonnes or more of waste per day or total capacity exceeding 25,000 tonnes, excluding landfills of inert waste and a PPC A: 6.8(b) - Disposing of or recycling animal carcasses and animal waste at installations with a capacity greater than 10 tonnes per day. Since these are waste activities they would also have an additional WMA: Additional recovery costs to cover the costs associated with Material Recycling Facilities which are shared by waste sites.

The 1st activity type would have a component of £14,158.

By virtue of Rule 2 (which is the most commonly used), 2nd and 3rd activity types would each have a discount of 10%, giving:

PPC 6.8(b) = $£7110 \times (1 - 0.1) = £6399$.

WMA: Addl cost = $£147.00 \times (1-0.1) = £132.30$

So the total charge is $£14,158 + £6399 + £132.30 = £20,689.30$ (2017/18 charges)

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Example 5 – Agricultural irrigation annual charge (Section 4.6.1)

Let us take the case of the annual charge for Abstraction: Agriculture (irrigation - mobile and/or fixed intake) $\leq 2000\text{m}^3/\text{d}$.

This activity is listed in the Schedule under the Land Management Key Sector; Agriculture Sector and the Crops regulatory Sector the annual charge is £591 (2017/18 charges).

Is there more than one activity in the authorisation? No – so rules in Section 4.3 do not apply.

Is there an Environmental Charge that applies, the entry in the table says no, so the Environmental Component does not apply. (Note however that if the volume was $>2,000\text{m}^3/\text{day}$ then an Environmental Component would apply).

Therefore the Annual Charge is just the Activity Charge = £591.

Note that the final charge may be subject to inflation increase (Section 2.5) or the phasing in provisions set out in Section 4.7. In the future it will also be subject to the Compliance Factor as well.

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Example 6 – Agricultural irrigation annual charge (Section 4.6.2)

Let us take the case of the annual charge for Abstraction: Agriculture (irrigation - mobile and/or fixed intake) > 2000m³/d.

Activity Component

This activity is listed in the Schedule under the Land Management Key Sector, Agriculture Sector and the Crops regulatory Sector. The activity type charge is £951 (2017/18 charge).

Is there more than one activity type in the authorisation? No – so rules in Section 4.3 do not apply.

So the Activity Component of the charge is £951

Environmental Component

The table in the schedule indicates that the Environmental Component may apply. So look up the Environmental Assessment Scheme Table of Scores – say the abstraction of water score is 700.

From Table 3 In Section 4.4, the Environmental Financial Factor for abstractions is £17.21.

So the Environmental Component of the charge is $700 * £17.21 = £12,047$.

The total Annual Charge will then be $£951 + £12,047 = £12,998$ (2017/18 charge)

Note that the final charge may be subject to inflation increase (Section 2.4) or the phasing in provisions set out in

Section 3.7). In the future (possibly 2021 onward) the Compliance Factor will also apply.

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Example 7 - A Food and Drink Process (Section 4.6.2)

Say a small Food and Drink authorisation covers the following activity types with corresponding Activity Components

Activity Type	Activity Component	Environmental Component
PPC A: 6.8(d) - Treating and processing materials for food products from animal and vegetable raw materials but excluding milk.	£3712	Yes
Abstraction from inland waters for food and drink (other): cooling water (evaporative or non-evaporative) that exceeds 2,000 cubic metres per day.	£698	Yes
Discharge of effluent from other food and drink production, not defined elsewhere in this schedule, that is greater than 10 cubic metres per day but does not exceed 100 cubic metres per day.	£1628	Yes

Calculation of Activity Component

As there are three activity types a discount applies.

The most expensive activity component is £3,712, so this applies in full.

However, by virtue of Rule 2

“Where an authorisation contains two or more different activity types a discount will be applied to the second or more different activity types. “

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a 10% discount applies to the abstraction and discharge activity types.

So the Activity Component charge

$$= \text{£}3712 + (\text{£}698 \text{ less } 10\%) + (\text{£}1628 \text{ less } 10\%) = \text{£}3712 + \text{£}628.2 + \text{£}1465.20$$

$$= \text{£}5,805.4 \text{ (2017/18 Charge)}$$

Calculation of Environmental Component

All of the activity types in the authorisation qualify for an Environmental Component and say the emission scores in the Environmental Assessment Scheme Table of Scores are as given in the table below. Applying the relevant Financial Factor to these emissions score for each medium is summarised below.

Environmental Component	Corresponding Environmental Emission Score	Environmental Component Finance Factor	Environmental Component Charge
To Air	30	£267.84	£8,035.20
Abstraction	150	£17.21	£2581.50
Discharge to water	25	£780.48	£19,512.00
Total			£30,128.70

So the Environmental Component element of the charge is £30,128.70

The total charge is therefore = £5,805.40 + £30,128.70 = £35,934.10 (2017/18 charge)

Note inflation increases (Section 2.4) or Phasing in provisions (4.7) may also apply where appropriate.

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Example 8 - Demonstration of how phasing will be calculated (Section 4.7)

Let us say

- The annual charge in 2015-16 was £2,000
- From April 2016 the annual charge increases to £3,000
- Inflation is 2.5% pa throughout the period

The calculation is summarised in the following table.

Year	2015/16 Charge + Inflation	Revised New Charge + Inflation	Difference	Yearly Difference (Difference / 5)	No. of Years of phasing	Years x Yearly Difference	In Year Charge
2016/17	£2,000.00	£ 3,000.00	£1,000.00	£ 200.00	1	£ 200.00	£ 2,200.00
2017/18	£2,050.00	£ 3,075.00	£1,025.00	£ 205.00	2	£ 410.00	£ 2,460.00
2018/19	£2,101.25	£ 3,151.88	£1,050.63	£ 210.13	3	£ 630.38	£ 2,731.63
2019/20	£2,153.78	£ 3,230.67	£1,076.89	£ 215.38	4	£ 861.51	£ 3,015.29
2020/21	£2,207.63	£ 3,311.44	£1,103.81	£ 220.76	5	£ 1,103.81	£ 3,311.44

If we take year 2018/19 as an example (so inflation for 2 years from 2016): -

Revised 2016/17 Charge = £2000 plus inflation compounded over 2 years.

$$= £2000 \times (1+0.025) \times (1+0.025) = £2,101.25$$

Revised new charge

= £3000 plus inflation compounded over 2 years.

$$= £3000 \times (1+0.025) \times (1+0.025) = £3,151.88$$

Difference

$$= £3,151.88 - £2,101.25 = £1,050.63$$

2017/18 Charge

= (2015/16 Charge + Inflation) + Difference x 3 (for number of phasing years) ÷ 5 (total number of phasing years)

$$= £2,101.25 + £1050.63 \times 3 \div 5 = £2,731.63.$$

This example represents a pessimistic situation where the charge goes up with the new scheme. In practice there will be a variety of cases with charges going up and / or down when the scheme is first introduced and when reviewed. But the basic phasing methodology outlined above will apply.

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Example 9 Charge after Mothballing (Section 7.2)

Let us say that the site in Example 8 had been mothballed (so would have been charged 15% of the applicable activity charge in year 3 and comes back into normal operation in Year 4.

The site does not have any environment component charges so the mothball charge for year 3 is = $£3151.88 \times 0.15$ (note the activity charge used is the new charge plus inflation after the 3 years) = £472.882

The activity comes back into operation in years 4 and 5 and the charge would continue to be phased in with £3,015.29 and £3311.44 respectively.

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ANNEX B – MAPPING OF PREVIOUS (BEFORE 31/3/2016 SCHEMES) TO NEW CHARGE CATEGORY FOR VARIATIONS, TRANSFERS AND SURRENDERS

Previous (before 31/3/2016) Application Charge Category and Summary Guidance	Previous Charge / Comment	New	NEW ASPECT
<p>CAR Administration Variation: In respect of any request for an Administrative Variation made in accordance with Regulation 24 of the 2011 Regulations.</p> <p>In respect of any Administrative Variation of an authorisation in accordance with Regulation 21 or 22 of the 2011 Regulations, no charge shall be payable.</p> <p>An administrative variation is a variation which does not require SEPA to carry out an environmental assessment as the proposed change will either not have environmental implications or it will reduce the impact of the activity on the environment.</p>	£87	Admin variation £0	
<p>CAR Variation:</p>		Standard variation – 30% of the application fee.	Not previously covered
<p>CAR Technical variation (incurring a charge): In respect of any request for a Technical Variation made in accordance with Regulation 24 of the 2011 Regulations,</p> <p>A technical variation is an application for variation of a licence, made by an operator, which will require SEPA to undertake an environmental assessment of the potential impact. It may lead to SEPA modifying the licence conditions or adding new licence conditions, as necessary, to mitigate the impact. Examples of technical variations would include adding an additional activity to a licence, a</p>	75% of the Application Fee that would otherwise have been imposed in accordance with the Scheme.	Substantial variation. 70% of Application fee.	

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Previous (before 31/3/2016) Application Charge Category and Summary Guidance	Previous Charge / Comment	New	NEW ASPECT
<p>request to increase the volume abstracted or to change the composition of a discharge.</p> <p>A technical variation fee will apply where an operator applies to vary the conditions of a licence which will require an environmental assessment to be carried out and will increase the impact, or risk of impact, upon the water environment or will not contribute to improvements to the water environment.</p>			
<p>CAR Transfer: In respect of any application for the transfer of an authorisation in accordance with Regulation 25 of the 2011 Regulations</p>	<p>£87 per authorisation.</p>	<p>Admin variation - £0</p>	
<p>CAR surrender</p> <p>The termination of an activity which leads to the surrender of an authorisation or part of an authorisation removes an environmental risk. Consequently, there will be no charge for such surrenders. This exemption from charges includes the:</p> <ul style="list-style-type: none"> • partial surrender of an authorisation where an activity is removed from a licence; • full surrender of an authorisation where all the activities covered by an authorisation cease. 	<p>£0</p>	<p>Admin fee – (£0)</p> <p>or</p> <p>Standard fee (30%)</p> <p>or</p> <p>Substantial fee (70%)</p>	
<p>PPC Part A: Administration Variation</p>		<p>Admin variation £0</p>	<p>Not previously covered</p>
<p>PPC Part A Variation: A variation fee shall be payable for an application under Regulation 46 of the 2012 Regulations for the variation of the conditions of a</p>	<p>Varied from fixed fee to ~30%</p>	<p>Standard variation – 30% of application fee</p>	

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Previous (before 31/3/2016) Application Charge Category and Summary Guidance	Previous Charge / Comment	New	NEW ASPECT
permit, as it shall where SEPA itself determines that the conditions of a permit should be varied.			
<p>PPC Part A Substantial change: A substantial change variation fee shall be payable where SEPA serves a notice under Paragraph 4 (4) (a) of Schedule 7 to the 2012 Regulations. The substantial change variation fee shall be calculated in accordance with Table 1 of the Schedule annexed hereto.</p> <p>A substantial change variation fee shall be payable where Regulation 25(2) is applied.</p>	90% of the application fee or fixed fee dependant on the activity	Substantial change: 70% of the application fee	
PPC Part A: Surrender	Varied between variable or fixed fees	Considered substantial surrender so 70% of application fee	
PPC Part A: Transfer	Fixed fees depending on activity type.	Fixed fee £1,200	
PPC Part B: Administration Variation		Admin variation £0	Not previously covered
PPC Part B: Standard variation	No previous provision	Standard variation 30% of the application fee. Essentially if it is not administrative or	Not previously covered

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Previous (before 31/3/2016) Application Charge Category and Summary Guidance	Previous Charge / Comment	New	NEW ASPECT
		substantial in this case it would be caught by the standard application.	
PPC Part B: Substantial variation	40% of application fee for Cat 2 activities, otherwise over 60%	Substantial change: 70% of the application fee	
PPC Part B: Transfer	£0 Charge	Admin variation – £0 charge	
PPC Part B: surrender	£0 Charge	Admin variation – £0 charge	
<p>WML Administration Variation:</p> <p>A charge will not be made for minor administrative amendments where professional input is not required, such as change of company name. (A change of company number is a Transfer and would require a full fee)</p> <p>A charge will not be made should a further application be required to make good any error on the part of the SEPA</p>	£0 Charge	Admin variation – £0 charge	
WML Substantial Variation:		70% of the application fee.	Not previously covered

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Previous (before 31/3/2016) Application Charge Category and Summary Guidance	Previous Charge / Comment	New	NEW ASPECT
<p>Waste management licenced activities: “modification charge”:</p> <p>Means the charge payable in respect of an application by the licence holder under section 37 of the Act to modify the conditions of his licence</p>	<p>No fixed percentage it varied depending on the activity and the scale of the activity.</p>	<p>Standard variation - 30% of original application fee, unless it falls under the description of a ‘substantial variation’</p>	
<p>WML Transfer:</p> <p>An application under section 40 of the Act for the transfer of a licence</p>	<p>Fixed fee depending on the activity</p>	<p>Where a transfer requires an assessment of the competence of the new operator then a charge of £1,200 will apply. For example, this fee will apply if a fit-and-proper-person test is required at a waste management or PPC site.</p>	
<p>WML Surrender:</p> <p>“Surrender charge” means the charge payable in respect of an application by the licence holder under section 39 of the Act to surrender their licence;</p>	<p>Fixed dependant on the activity type</p>	<p>Taken as substantial surrender so 70% of the application fee.</p>	
<p>RSA Bands B and C Administrative Variation</p>	<p>No charge</p>	<p>Admin variation £0</p>	

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Previous (before 31/3/2016) Application Charge Category and Summary Guidance	Previous Charge / Comment	New	NEW ASPECT
A charge will not be made for minor administrative amendments where professional input is not required, such as change of company name.		(see document RS-G-020)	
RSA Bands B and C Variation	Fixed fee depending on the activity	Likely to default to Substantial, thus 70% of application fee. If appears on list for 'standard variation' in RS-G-020, then will be 30% of application fee	
RSA Bands B and C Revocation	Fixed fee depending on the activity	Varies according to guidance document RS-G-020	