



SCOTTISH ENVIRONMENT PROTECTION AGENCY

CONSULTATION ON A PROPOSAL TO INCREASE CHARGES IN 2013-14

December 2012

Published by:
Scottish Environment Protection Agency
Erskine Court
Castle Business Park
Stirling
FK9 4TR

Tel: 01786 457700

THE PURPOSE OF THIS CONSULTATION

We are seeking your comments on a proposal to increase SEPA charges from 1 April 2013. Your responses will inform the development of the final scheme, which will be submitted to the Scottish Government for final approval by the Scottish Ministers.

SEPA is currently reviewing all of its charging schemes with a view to implementing a new and significantly different charging framework from 2015. It is likely to be based on a common and consolidated risk assessment, and we aim to reduce the number and complexity of schemes and support our delivery of Better Regulation. We have recently published a consultation on our proposals for future funding arrangements, as an interim step in this wider process. That consultation closes on 4 January 2013

Our review and reassessment of charges for 2014/15 will be consulted upon again as part of that process.

THE CHARGES APPROVAL PROCESS

Any significant changes to a charging scheme are subject to approval by the Scottish Government and Scottish Ministers. Before submitting proposals to the Scottish Ministers we must consult with interested parties.

Scottish Ministers consider the comments received on the consultation, while having regard to the desirability of ensuring that the amounts recovered by the charges meet the relevant costs and expenses. The Scottish Government places copies of the consultation responses in their library and SEPA publishes a summary of comments received (as well as its response to those comments) on the SEPA website.

HANDLING YOUR RESPONSE

We need to know how you wish your response to be handled and, in particular, whether you are happy for your response to be made public. Please complete and return the Respondent Information Form (Annex 1) as this will ensure that we treat your response appropriately. If you ask for your response not to be published we will regard it as confidential, and we will treat it accordingly.

All respondents should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

How to respond

We would like your views on these proposed amendments, the reasons behind your views and, where possible, any evidence you have that supports them.

The consultation period closes on 15 February 2013.

Please send your written responses and the completed form in writing or by email to:

Hilary Tristram
Scottish Government
SEPA Sponsorship Team
Victoria Quay
Area 1-J (N)
Edinburgh, EH6 6QQ

Email: SEPATeam@scotland.gsi.gov.uk

We would be grateful if you could clearly indicate which parts of the consultation document you are responding to, as this will aid analysis of the responses received. Please also submit the enclosed Respondee's Information Form (Annex 1) with your response.

Next steps in the process

Where respondents have given permission for their response to be made public and after we have checked that they contain no potentially defamatory material, responses will be made available to the public in the Scottish Government Library (see the attached Respondent Information Form). You can make arrangements to view responses by contacting the Scottish Government Library on 0131 244 4552. Responses can be copied and sent to you, but a charge may be made for this service.

We look forward to receiving your comments.

INTRODUCTION

SEPA is proposing to increase charges from April 2013 by 2%, the first significant increase in charges since 2008.

The increase will be below the recent Retail Price Index for September 2012 of 2.6%.

Charging schemes are normally submitted for approval by the Scottish Ministers, after appropriate consultation by SEPA.

The Scottish Government require the standard approach to setting charges for public services to be full cost recovery.

BACKGROUND

During the economically difficult five year period 2008-2013, SEPA charges have increased overall by only 6.4%, well below the UK Retail Price Index (RPI) increase of 17.7% for the period.

Charges have been frozen since April 2011 and water abstraction charges have not increased since 2008.

This has been achieved by making significant cost savings through reviewing business processes, increasing business efficiency and reducing the staff complement. Further efficiency and cost savings are planned during 2012/13 of £1.7M. This has enabled us to keep the proposed increase to less than RPI, at 2%, for 2013/14.

We would have hoped our efficiency savings would have enabled us to avoid an increase altogether, as in prior years, but this hasn't been possible due to cost pressures on pay and supplies which will increase total costs, and therefore the under recovery of chargeable costs.

The performance of each charging scheme is reported in the trading accounts in our Annual Report and accounts. SEPA achieved 96% overall cost recovery across all charging schemes in 2011/12, with some schemes over recovering and some under recovering. We are currently forecasting 96% recovery in 2012/13 despite making further efficiency and cost savings.

Efficiency gains and process improvements have not impacted in an equitable manner across the many activities, regimes and SEPA duties, resulting in variable cost reductions across the charging schemes under SEPA control.

However, we have made significant progress reducing costs for some Pollution Prevention and Control (PPC) activities, and as a result we are able to propose that PPC Part B charges will not be increased in 2013/14.

This has been achieved by the recent introduction of standard rules for some PPC Part B activities. A standard rules permit contains one condition requiring permit holders to comply with the standard rules, instead of a number of conditions which may vary from site to site.

We are continually reviewing and seeking better ways to implement regulations. However, the level of recovery for schemes other than PPC Part B has been variable with all other SEPA schemes under recovering by greater than 2% or with forecast

declining recovery in 2012/13 It is therefore proposed to increase charges uniformly across the remainder of the charging schemes by 2%.

In the medium and longer terms we recognise the need to rebalance the levels of recovery across all of our chargeable work, and this will be a core issue to be addressed in the new charging framework, which will be the subject of a further consultation in 2013/14.

PROPOSED INCREASE

It is proposed that application fees including variation, transfer and surrender fees and subsistence charges be increased by 2% for SEPA charging schemes.

PPC Part B charges will be frozen and there will be some exceptions where charges are included in Regulations and charges recently transferred from Regulations into SEPA charging schemes. These charges will not be increased:

- Special Waste Notifications,
- Producer Responsibility (Packaging Waste)
- Transfrontier Shipments
- Waste Electrical and Electronic Equipment
- Waste Batteries and Accumulators

Emissions Trading Scheme (ETS), Carbon Reduction Commitment (CRC) and Aviation charges are the subject of a separate consultation proposing some new charges, and consolidation of aviation charges into the SEPA ETS charging scheme, but no increase for existing activities.

Financial impact and risks

This proposed price increase will prevent further widening of the funding gap across charging schemes but it is still unlikely to result in 100% recovery of chargeable costs.

A two percent increase of application and subsistence charges will generate an additional annual income of c£660,000.

For 45% of charge payers a two percent increase will be less than £10 per annum.

Customer information

Any increase in charges for 2013/14 will be advised clearly on the SEPA website and a note informing all charge payers of any increase will be included with invoices issued in March or April 2013.

ANNEX 1

RESPONDENT INFORMATION FORM

Please Note that this form **must** be returned with your response to ensure that we handle your response appropriately

1. Name/Organisation

Organisation Name

Title Mr Ms Mrs Miss Dr *Please tick as appropriate*

Surname

Forename

2. Postal Address

<input type="text"/>		
<input type="text"/>		
<input type="text"/>		
<input type="text"/>		
Postcode	Phone	Email

3. Permissions

I am responding as...

Individual

Group/Organisation

Please tick as appropriate

(a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

Please tick as appropriate Yes

(b) Where confidentiality is not requested, we will make your responses available to the public on the following basis

Please tick ONE of the following boxes

Yes, make my response, name and address all available

or

Yes, make my response available, but not my name and address

or

Yes, make my response and name available, but not my address

(c) The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Scottish Government web site).

Are you content for your **response** to be made available?

Please tick as appropriate Yes

No

(d) We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Please tick as appropriate Yes No