

Circulation:

Date: October 2022

Ref:

Contact:

Tel: 01982 554200

NRW Consultation on its regulatory fees and charges 2023/24

NRW is consulting on their regulatory fees and charges. Feedback will be used to inform NRW's final charging scheme implemented from 1 April 2023, subject to Welsh Government approval. The proposals are summarised in this NFU Cymru Briefing, for detailed information please visit the [NRW website](#).

Strategic Review of Charges (SRoC)

NRW's regulatory responsibilities are funded either by grants from Welsh Government (Grant in Aid) or by charges levied to those they regulate, where they have legal powers to charge. Welsh Government requires NRW to fully recover the costs of regulatory services from those they regulate, rather than through general taxation. NRW also need to ensure that income from fees and charges is only used to provide that regulatory service.

NRW has commissioned a Strategic Review of Charging (SRoC) programme as the amount they charge for their regulatory activities has not changed fundamentally since NRW was established in 2013. The SRoC programme has focussed on changes to the fees and charges associated with applications for **new permits and amended permits** (summarised below for the key farming related regimes).

The review of delivery costs for permitting services, NRW say, shows under-recovery across most regimes, with regulatory fees and charges failing to recover the full costs of determining permit applications. NRW state there is an annual £3 million shortfall in the delivery of permitting activities as only 24% of their costs are recovered. NRW, therefore, propose charge increases and the introduction of new charges.

Farming installations for the rearing of pigs and poultry

NRW propose returning to a single rate for all farms. They also propose charging time and materials for those applications which take more than 150% of the time covered by the charge. This, they state, will ensure that they recover the determination costs for those applications which are more complex and time-consuming to assess.

NRW **currently** have charges for normal and substantial variations for farming installations. The normal variation charge was not reviewed in 2017. NRW propose to replace it with a charge to cover the cost of this type of variation. They will also add charges for administrative and minor technical variations.



The proposed charges for applications for intensive rearing of pigs and poultry are:

	Application	Minor Technical Variation	Normal Variation	Substantial Variation	Transfer	Surrender
Current	£7,322 / £10,240 (for >80,000 poultry places)	£388	£388	£3,584 / £5,120 (for >80,000 poultry places)	£388	£388
Proposed	£9,270	£2,614	£5,562	£7,416	£2,601	£5,642

Table 4 – Intensive rearing of pigs and poultry charges

The application charge for an administrative variation will be £595.

Water Quality Charging Scheme - Landspreading

NRW proposes that landspreading charges, most of which are associated with the disposal of spent or unused sheep dip as well as the disposal of wash-water produced from the cleaning and disinfecting after an outbreak of animal disease, will require approximately a 10-fold increase in charges to cover costs (from £402 for a new application and £77 for a permit variation currently). Where required, NRW are also proposing to introduce an additional charge to conduct a Habitat Regulation Assessment and or an Environmental Risk Assessment. Non-waste solid discharges to land. This can include disposal of animal carcasses when derogations from the animal by product regulations are in force (for example, as a response to an animal disease outbreak in an emergency).

Landspreading	Proposed charges
New	£3,728
Variation - Substantial	£3,011
Variation – Normal	£1,935
Variation – Minor	£680
Variation – Administration	£352
Transfer	£352
Surrender	£352
Returned or not duly made	£373
Withdrawn	£3,728
Add-on charge: Habitat Regulations Assessment	£1,670

Water Resources Charging Scheme

An abstraction licence is needed before abstraction of more than 20 cubic metres of water a day per source of supply can take place (unless exempt from licensing). An impoundment licence is needed where flow is impeded or obstructed (impounded) by the construction, alteration, repair, or removal of an impoundment (unless exempt).

NRW proposes a charge of £6,327 (current charge £135 to £1,500) for the following applications:

- new full surface water abstraction, including hydroelectric power schemes (HEP)
- new full groundwater abstraction
- new impoundment including HEP
- temporary licence
- new transfer licence

The proposed charge for a simple variation is £1,357 and £4,810 for applications for a full variation. NRW propose a charge of £4,810 to either vary or apply for a licence to remove an impoundment. The subsequent revocation of that licence will remain free. A new add-on charge of £917 for Habitats Regulation Assessment will be introduced where applicable.

Reservoir safety

NRW propose to amend their current charge for the registration and risk designation of large, raised reservoirs, they say this will reflect a more accurate level of activity required, and to include their investigation of unregistered reservoirs. The current charging scheme was introduced in 2017 with a single registration charge of £510 which has not increased since. NRW propose to introduce new charges for standalone, timebound activities which require notification and processing by them, but which are not currently charged for. The registration charges do not include the costs incurred associated with enforcement.

Reservoir compliance	2023/24	2022/23
Activity type	Proposed charge	Current charge
Registration of new reservoir	£757	£510
Risk designation review	£860	No charge
Notification of abandonment of a large, raised reservoir	£318	No charge
Notification of the reuse of a large, raised reservoir	£255	No charge
Notification of discontinuance of a large, raised reservoir	£191	No charge

More information relating to reservoirs can be accessed [here](#).

Standard Rules Permit for on-farm Anaerobic Digestion using farm waste only, including use of resulting biogas

NRW proposes a significant increase in charges stating that charges have only increased 5% in the last ten years. NRW say a Standard Rules permit is still considerably less than a bespoke permit.

	New	Normal Variation	Part Transfer	Full Transfer	Part Surrender	Full Surrender
Current	£1,995	N/A	£997	£997	£1,575	£1,575
Proposed	£4,510	£595	£2,038	£2,038	£250	£250

Species licensing charging scheme

NRW proposes introducing charges to some of the species licences. More information [here](#).

Annual review of charging – subsistence charges

NRW has also conducted a high-level assessment of their **annual subsistence charges** - the annual fees they charge operators to recover the costs of monitoring and assessing compliance with permit conditions. For the period from 1 April 2023, NRW is proposing to maintain as far as possible the existing annual subsistence charges. However, they have identified deficits within a number of regimes and propose a 6% increase in the subsistence charges. The regimes relevant to farming to which the 6% increase will be applied includes:

- Abstraction Standard Unit Charges
- Water Quality Environmental Permitting Regulation subsistence charges
- Reservoir Compliance subsistence charges
- Flood Risk Activity Permits subsistence charges

NRW state the 6.0% increase is based on HM Treasury's quarterly long-term CPI forecast in August 2022. If HM Treasury's CPI forecast reduces during the consultation period or before implementation, they will consider reducing the rate of increase as appropriate.

Pre-application advice

NRW provides a basic pre-application service for advice, on certain types of permits and licences, to help customers understand what permissions they need and how to apply for them. This may include signposting to relevant forms or sources of information needed to prepare a quality application. It may also include advice on legal requirements, how to identify environmental risks and where to find established best practice guidance.

NRW are proposing changes to how they define and offer basic pre-application advice for permits and licences they charge for, by formalising their approach to provide **signposting only**. Applicants can request bespoke advice through the Discretionary Advice Service, which is charged for using a standard hourly rate (£125/hour).

NFU Cymru response

NFU Cymru has expressed concern at proposals for eye-watering increases to Natural Resource Wales' (NRW) regulatory fees and charges.

In the context of the very significant inflationary pressures faced by farm businesses for key inputs such as energy, feed and fertiliser, many farmers will be dismayed at NRW's proposals. While we understand that NRW has a duty to recover costs and is unable to cross-subsidise various charging regimes, farmers will be astonished at the scale of the proposed cost increases and disappointed that NRW has not made more effort to streamline the application process and deliver efficiencies to reduce costs.

NRW proposals to increase the costs for sheep dip disposal 10 times will hinder efforts to eradicate sheep scab, which has been identified by the Wales Animal Health and Welfare Framework Group as a long-standing priority.

Given the limited options available for treatment of sheep scab - with dipping one of the best options available - farmers will be justified in feeling frustrated at the complete lack of co-ordination across government and its agencies. The proposals are short sighted and ill thought out and NFU Cymru will be seeking a full breakdown and justification from NRW for these eye-watering increases.

In the wider context of the challenges facing many farmers at present, but particularly pig and poultry farmers given their ongoing struggles, these hikes in charges for new permits and variations to permits are tantamount to kicking these sectors while they're down.

We want farming to continue to improve its environmental performance, but these cost increases could be seen as a disincentive to improve management practices or limit the availability of diversification and management options for farmers in Wales in the future.

Ahead of the consultation closing date on 6th January 2023, NFU Cymru will be consulting its members and exploring every opportunity to keep costs to a minimum.

NFU Cymru would welcome your feedback to inform our response ahead of the consultation closing date on **Friday 6 January 2023**. Please e-mail rachel.lewis-davies@nfu.org.uk

