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Charges Consultation: Water Discharges  
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Dear Environment Agency

### **Charges consultation: water discharges**

Water UK is the trade association for water companies in the United Kingdom. We are pleased to respond to this consultation on the charges for water discharge permits. Water companies will respond directly with their views and more technical assessment of the consultation questions. Our response provides the EA with several strategic, principles-based suggestions that we hope will prove useful in the development of charges.

**Necessity of action:** We welcome moves to improve the audit and inspection regime of the water sector that will be funded by the rises in costs outlined in this consultation, and strongly support the Environment Agency (EA) having the resources it needs to underpin its vital regulatory work. While we fully accept the need for the uplift in charges, we would note this consultation has been conducted very quickly and the relatively short notice introduction of additional costs will present a not inconsiderable administrative burden on water companies.

We suggest that in the future any increases are aligned to the price review cycle to ensure companies can plan and account for any additional expenditure well in advance.

**Improved levels of service:** Increases to charges levied by the EA should be accompanied by an improvement in the service provided, especially in the end-to-end turn-around of permit applications as delays to the permitting process can and do hinder operational improvements.

The EA set a series of performance measures or key performance indicators (KPIs) to monitor the turnaround of permits from the point of application to the point of approval. There are three KPIs, measured against the 5 categories of similar permit types with Category 1 permit types being the most straightforward and therefore having the shortest KPI through to the most complex in Category 5.

Permit applications relevant to this consultation typically include those for new water quality permits which fall into Category 2 (e.g. "WQ\_New Bespoke simple") or Category 3

(e.g. “WQ\_New Bespoke (Complex) Sewage” or “WQ\_Normal Variation”). The expected turnaround time for Category 2 applications is 15 weeks from the point of application to final determination (or end-to-end turnaround) and for Category 3 applications is 21 weeks.

Data from EA indicates that, while there have been improvements overall in meeting their targets, only 33% of Category 3 permit applications are processed within the set target time.

We have reviewed data provided to us by our members on the number of outstanding applications for water quality discharge permits as of the end of February 2024. The data details that:

- On average, permit applications are yet to be determined 40 weeks beyond the target.
- 20% of the submissions we reviewed were still noted as being yet to be determined between 50 and 60 weeks after submission.
- Delays of over one year beyond the target KPI were common, with some applications still being processed three or more years after submissions.

We acknowledge that there are occasions where submissions require additional material or evidence to be provided by the water company and this can contribute to delay in processing. However, even accounting for that our analysis indicates there are significant delays in the processing of water quality discharge permits.

**Impacts on water bill payers:** Charges made by the EA for their regulatory and enforcement activity are largely pass through costs recovered from the water bill paid by customers. We are therefore concerned that the impact assessment associated with the fee increases did not consider the direct impact on customers. This matter should be factored into any impact assessment and subsequent discussions with Ofwat and decision makers.

**Equity of approach & efficiency:** We consider that EA charges should demonstrate equity of approach between sectors, with all who affect the natural environment required to pay equally for EA’s regulatory activity. Other parties such as agriculture and highways have demonstrable environmental impacts which require EA regulation. More generally, we consider that EA could take a more efficient approach to regulation that would help them meet their objectives and save customers money. As such, we propose an annual national efficiency target for EA is established to embed an innovative, value for money approach.

Yours sincerely

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