

Annex B

Defra review of Local Authority Environmental Regulation of Industrial Plant - including permit fees and charges, risk methodology, and LA statistical reporting obligations. Cost accounting guidance.

Cost Accounting methodology

The current costs are calculated using the cost accounting methodology. The Cost accounting approach was deemed necessary to show that money levied from business under the statutory LAPPC/LA-IPPC charging scheme to pay for its regulation is generally devoted to this function. This approach expects Local Authorities to:

1. Count the number of hours of work devoted to LA-IPPC and LAPPC by a) members of the pollution control teams and b) other council officers including legal advisors. Ensuring that it is clear how many hours relate to which staff pay bands
2. Calculate the hourly rate for each of the pay bands involved in the LA-IPPC and LAPPC function. The hourly rate should include the "**gross total cost**" calculation the council normally uses to add on pension, accommodation, IT costs etc
3. Add the standard figure (the relevant apportionment) the Council normally uses to reflect
 - a. Corporate and Democratic Core (CDC) costs: comprise the costs of corporate policy making, other member based activities and a range of other costs relating to the "corporate management" of the authority, such as corporate financial management, external audit and inspections and corporate reporting to the public.
 - b. Non Distributed Costs: Comprised a miscellaneous set of costs the common feature of which is that no service currently benefits from them. Examples are pension past service costs and the costs of unused IT facilities
 - c. Capital financing charge: comprising an interest charge on the value of capital assets

The relevant LAPPC/LA-IPPC duties should be taken to comprise:

Full, check and extra risk-based inspections

Review of monitoring data

Dealing with complaints

Monitoring upgrading

Periodic reviews of permits

Enforcement activities, appeal and prosecution work (not including the costs of prosecutions which are recoverable through the courts)

Assessing applications

Producing, varying and transferring permits

Visits in connection with (including travel time): a new application, existing application (including periodic review), complaint, training

Identifying processes operating without a permit

Serving information notices

Checking and maintaining the public register

Liaising with other regulators, Defra and WAG for the purpose of information exchange, benchmarking and auditing related to LAPPC and LA-IPPC

Related LAPPC/LA-IPPC IT work not covered under "on costs"

Administration and management directly related to LAPPC/LA-IPPC duties

(including cost accounting, inspection planning, producing internal regulatory procedures)

Purchase of LAPPC/LA-IPPC-related equipment or monitoring services

Clearing decisions with Members where required