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