Title:	Impact Assessment (IA)
Plant Protection Products: Enforcement Regulations and Fees Regulations **Lead department or agency:** DEFRA **Other departments or agencies:** HSE Devolved Administrations	**IA No:** DEFRA 1315 **Date:** 14/06/2011 **Stage:** Final **Source of intervention:** EU **Type of measure:** Secondary legislation **Contact for enquiries:** mark.hawkins@hse.gsi.gov.uk

Summary: Intervention and Options

What is the problem under consideration? Why is government intervention necessary?

Plant protection products (PPPs) are widely used in agriculture and other sectors to control pests, diseases and weeds. Regulation 1107/2009 repeals and replaces Directive 91/414/EEC, which currently governs the authorisation regime for PPPs. It lays down rules for the authorisation of PPPs in commercial form and for their placing on the market, use and control in the European Union. It applies direct in member States, but requires domestic legislation to set out penalties for infringement.
In the UK, much of the cost of work on pesticide regulation is recovered from the pesticides industry by means of fees and charges. The UK's existing statutory arrangements governing cost recovery need to be aligned with the EU legislation.

What are the policy objectives and the intended effects?

1. To ensure appropriate penalty and enforcement provisions are in place to support the operation of EC Regulation 1107/2009.

2. To revise the current system of funding for pesticide controls to support the package of EU legislation on pesticides due to come into force in 2011 and to reflect additional costs arising since fees were last set in 2007. The proposals reflect government policy that certain costs of the pesticides regime should be recovered from the pesticide industry through fees and charges.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

1. With regard to measures to support the operation of Regulation (EC) No 1107/2009:
Option 1: take no action. Maintain the existing statutory arrangements and enforcement provision.
Option 2 (preferred): implement new Regulations to meet the requirements set by Regulation (EC) No 1107/2009.

2. With regard to the provisions for making fees and charges:
Option 1: take no action. Maintain the existing structure and current fees and charges legislation.
Option 2 (preferred): introduce new Regulations to recover costs arising from the new EU legislation and additional costs arising since fees were last set in 2007.
The enforcement regime has passed MoJ's Gateway procedures.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 6/2016 **What is the basis for this review?** Duty to review. **If applicable, set sunset clause date:** Month/Year	
Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?	Yes

SELECT SIGNATORY Sign-off For final proposal stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) the benefits justify the costs.

Signed by the responsible SELECT SIGNATORY: ..... Date: .....

Summary: Analysis and Evidence

Policy Option 1

Description:

Take no action. Maintain the existing statutory arrangments and enforcement provision.

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	**High:** Optional	**Best Estimate: £0**

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional		Optional	**Optional**
High	Optional		Optional	**Optional**
Best Estimate	N/A			**N/A**

Description and scale of key monetised costs by 'main affected groups'

No changes.

Other key non-monetised costs by 'main affected groups'

No changes.

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional		Optional	**Optional**
High	Optional		Optional	**Optional**
Best Estimate	N/A			**N/A**

Description and scale of key monetised benefits by 'main affected groups'

No changes.

Other key non-monetised benefits by 'main affected groups'

No changes.

Key assumptions/sensitivities/risks **Discount rate (%)**

No changes.

Direct impact on business (Equivalent Annual) £m):			In scope of OIOO?	Measure qualifies as
Costs:	**Benefits:**	**Net:**	No	IN/OUT

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?			Options		
From what date will the policy be implemented?					
Which organisation(s) will enforce the policy?					
What is the annual change in enforcement cost (£m)?					
Does enforcement comply with Hampton principles?			Yes/No		
Does implementation go beyond minimum EU requirements?			Yes/No		
What is the CO_2 equivalent change in greenhouse gas emissions? (Million tonnes CO_2 equivalent)			**Traded:**		**Non-traded:**
Does the proposal have an impact on competition?			Yes/No		
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?			**Costs:**		**Benefits:**
Distribution of annual cost (%) by organisation size (excl. Transition) (Constant Price)	**Micro**	**< 20**	**Small**	**Medium**	**Large**
Are any of these organisations exempt?	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on…?	**Impact**	**Page ref within IA**
Statutory equality duties[1] Statutory Equality Duties Impact Test guidance	Yes/No	
Economic impacts		
Competition Competition Assessment Impact Test guidance	Yes/No	
Small firms Small Firms Impact Test guidance	Yes/No	
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	Yes/No	
Wider environmental issues Wider Environmental Issues Impact Test guidance	Yes/No	
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	Yes/No	
Human rights Human Rights Impact Test guidance	Yes/No	
Justice system Justice Impact Test guidance	Yes/No	
Rural proofing Rural Proofing Impact Test guidance	Yes/No	
Sustainable development Sustainable Development Impact Test guidance	Yes/No	

[1] Public bodies including Whitehall departments are required to consider the impact of their policies and measures on race, disability and gender. It is intended to extend this consideration requirement under the Equality Act 2010 to cover age, sexual orientation, religion or belief and gender reassignment from April 2011 (to Great Britain only). The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Summary: Analysis and Evidence

Policy Option 2

Description:

Two new statutory instruments required to support EU legislation governing plant protection products

Price Base Year 2010	PV Base Year 2010	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	**High:** Optional	**Best Estimate: -£5.64**

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	4	Optional	**Optional**
High	Optional		Optional	**Optional**
Best Estimate	£0.182		£0.637	**£5.637**

Description and scale of key monetised costs by 'main affected groups'

PPP SI : Additional cost to both pesticide industry and pesticide users will be negligible.
Fees SI : Cost to pesticide manufacturers and related industries: £182,000 non-recurring, £615,000 settled, recurring. Overall cost (settled) to pesticide users: £30,000 recurring. Overall cost (settled) to the food industry: £8,000 recurring. In addition to foregoing costs for new Regulations, increased payments arising from existing provisions; £425,000 per annum (see IA, paragraph 3.11, p12) .

Other key non-monetised costs by 'main affected groups'

PPP supporting SI: none identified.

Fees SI: none identified.

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional		Optional	**Optional**
High	Optional		Optional	**Optional**
Best Estimate				**N/A**

Description and scale of key monetised benefits by 'main affected groups'

PPP supporting SI: the benefits are expected to be moderate but are not quantifiable so it has not been possible to monetise them.
Fees SI: benefits to government - £182,000 non-recurring and £653,000 (settled) recurring costs recovered.

Other key non-monetised benefits by 'main affected groups'

PPP supporting SI: The availability of information about sales use etc. of pesticides and their possible adverse effects assists the investigation of problems with products in supply or arising from use. Harmonised rules on seed treated with pesticides ensure the safe trade of goods and enforcement against unlawful trade. These benefits are additional to those arising from the existing authorisation regime.
Fees SI: none.

Key assumptions/sensitivities/risks **Discount rate (%)** 3.5

Assumptions have been made regarding the number of applications and data reviews which are likely to arise (see Table 1 in the supporting evidence text), which are assumed to be broadly similar to those in 2009/10.

Assumptions have also been made regarding the level of work needed to implement key aspects of the Sustainable Use Directive.

Direct impact on business (Equivalent Annual) £m):			In scope of OIOO?	Measure qualifies as
Costs:	**Benefits:**	**Net:** £0.655	No	IN/OUT

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?			United Kingdom		
From what date will the policy be implemented?			14/06/2011		
Which organisation(s) will enforce the policy?			HSE, Welsh Assembly, Scottish Assembley, LAs		
What is the annual change in enforcement cost (£m)?			None		
Does enforcement comply with Hampton principles?			Yes		
Does implementation go beyond minimum EU requirements?			No		
What is the CO_2 equivalent change in greenhouse gas emissions? (Million tonnes CO_2 equivalent)			**Traded:** neutral	**Non-traded:** neutral	
Does the proposal have an impact on competition?			No		
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?			**Costs:** n/a	**Benefits:** n/a	
Distribution of annual cost (%) by organisation size (excl. Transition) (Constant Price)	**Micro**	**< 20**	**Small**	**Medium**	**Large**
Are any of these organisations exempt?	No	No	No	No	No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on…?	**Impact**	**Page ref within IA**
Statutory equality duties[1] Statutory Equality Duties Impact Test guidance	No	15
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	15
Small firms Small Firms Impact Test guidance	No	15
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	15
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	16
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	16
Human rights Human Rights Impact Test guidance	No	16
Justice system Justice Impact Test guidance	No	16
Rural proofing Rural Proofing Impact Test guidance	No	16
Sustainable development Sustainable Development Impact Test guidance	No	16

[1] Public bodies including Whitehall departments are required to consider the impact of their policies and measures on race, disability and gender. It is intended to extend this consideration requirement under the Equality Act 2010 to cover age, sexual orientation, religion or belief and gender reassignment from April 2011 (to Great Britain only). The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

References

Include the links to relevant legislation and publications, such as public impact assessments of earlier stages (e.g. Consultation, Final, Enactment) and those of the matching IN or OUTs measures.

No.	Legislation or publication
1	Consultation document and impact assessment
2	Consultation on these proposals
3	
4	

+ Add another row

Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

Annual profile of monetised costs and benefits* - (£m) constant prices

	Y_0	Y_1	Y_2	Y_3	Y_4	Y_5	Y_6	Y_7	Y_8	Y_9
Transition costs	0.032	0.050	0.050	0.050						
Annual recurring cost	0.593	0.603	0.603	0.653	0.653	0.653	0.653	0.653	0.653	0.653
Total annual costs	0.625	0.653	0.653	0.703	0.653	0.653	0.653	0.653	0.653	0.653
Transition benefits										
Annual recurring benefits										
Total annual benefits										

* For non-monetised benefits please see summary pages and main evidence base section

Evidence Base (for summary sheets)

1. Overall objective/scope of the IA

1.1 The purpose of this Impact Assessment is to provide options for new Regulations directed to implementing a major package of EU legislation on pesticides due to come into force from 2011.

1.2 Options are considered for two sets of Regulations. The first is a set of Regulations setting enforcement and penalty provisions to support the operation of EC Regulation 1107/2009 governing the authorisation of plant protection products. The second is a new set of Regulations setting charging structures and specific fees and charges to meet the following objectives:

- to recover the costs of meeting the requirements arising from legislation implementing the European Community Thematic Strategy through new fees and an increase in the charge on UK pesticide sales;

- to recover from fees the cost of some approval related activities currently recovered from a charge on UK pesticide sales.

- to revise charges made under the current legislation in the light of a review of the present UK fee structure.

1.3 This IA follows on from IAs produced for the Consultation on the Implementation of Pesticides Legislation, issued on 9 February 2010. It finalises the draft assessment which was issued with the draft Regulations for consultation on 1 March 2011. In light of responses received, the Department has substantially reduced its estimate of the costs which are likely to arise from their implementation.

1.4 The two sets of Regulations are described in turn below.

2. Enforcement Regulations

Background

The current EC and national based control regime for the authorisation of pesticides and the enforcement of authorisation requirements

2.1 The principal legislation governing the authorisation of plant protection products (pesticides) in the EU is Directive 91/414/EEC, which is aimed at harmonising the authorisation and marketing of plant protection products in the EU. Active substances used in plant protection products (PPPs) are approved at EU level and placed on a ‘positive list’. Products containing these active substances can then be authorised by Member States according to a set of common rules.

2.2 In the UK, specific plant protection products containing ‘positive list’ active substances are authorised and enforced under the Plant Protection Products Regulations 2005. These Regulations are supplemented by the Plant Protection Products (Basic Conditions) Regulations 1997, which allow for essential additional controls to be applied that are not addressed by the Directive.

2.3 In addition, there remain some UK pesticides that have not yet been authorised under the terms of the Directive. These pesticides are approved under the Control of Pesticides Regulations 1986 (CoPR), and enforced under the provisions of the Food and Environment Protection Act 1985 (FEPA).

Regulation (EC) No 1107/2009

2.4 Regulation (EC) No 1107/2009 ('the PPP Regulation') will come into full force from 14 June 2011. This Regulation is essentially a recasting of Directive 91/414/EEC but with some new elements. It lays down rules for the authorisation of plant protection products in commercial form and for their placing on the market, use and control within the European Union. The relevant articles are directly applicable and were the subject of a consultation issued in September 2006 on the implementation of the EU Thematic Strategy.

2.5 The PPP Regulation imposes obligatory duties on Member States, including the requirement to put appropriate national enforcement and penalty provisions in place to ensure compliance. In most respects, the enforcement provisions arising from it mirror those already in place in the UK to implement Directive 91/414. The PPP Regulation imposes just four new requirements that were not previously set under Directive 91/414. These are:

- the authorisation and labelling of seed which has been treated with a plant protection product. This puts on a legal basis a voluntary industry agreement which has been in place in the UK since 1990;

- an obligation on authorisation holders to report annually any adverse data relating to efficacy, resistance or unexpected effects on plants or plant products. These provisions put on a legal basis what is already established practice for authorisation holders;

- adjuvants which may be mistaken for food, drink or feed must be packaged so as to minimise the risk of such a mistake's being made. If available to the general public, they must contain components to discourage or prevent their consumption. These provisions are consistent with the general practices of adjuvant manufacturers and thus would put on a legal basis what is already established practice;

- a requirement to keep records of uses of plant protection products, and make information from them available to competent authorities on request. This aspect of the Regulation was described in Stage One of the consultation on the implementation of EU pesticides legislation, issued in February 2010.

Proposed Enforcement Regulations

2.6 Enforcement Regulations are needed to meet the obligations and requirements set by the PPP Regulation. The enforcement regime itself has passed the Ministry of Justice's Gateway procedure and been approved by their Secretary of State. For the purpose of clarity and simplicity they will also cover authorisations of agricultural and home/garden pesticides currently granted under CoPR pending their incorporation into the harmonised EU regime.

2.7 These Enforcement Regulations would cover Great Britain. Equivalent Regulations would be required for Northern Ireland, subject to a separate assessment.

Costs arising

2.8 Defra continuously monitors the cost implications of the developing EU regime. It has challenged unnecessary cost-increasing proposals in EU Committees, but so far without substantial support from other Member States. The costs to be recovered are the lowest achievable consistent with meeting obligations in EU law.

2.9 The following is an assessment of the specific additional costs arising from those new requirements set by the PPP Regulation described above.

- *The authorisation and labelling of seed*: comparable voluntary arrangements for treated seed are already in place, and no breaches have come to our attention in recent years. As such the annual cost is anticipated to be negligible.

- *The adverse data reporting requirement*: it is anticipated that there would be an average of 2 notifications concerning crop resistance and 6 reporting phytotoxicity effects per year. Notification would be in the form of a simple letter or email based communication. Any relevant data will have already been gathered for other reasons, as part of the companies' normal development or stewardship work, and not as a result of this obligation. The annual cost to industry is therefore expected to be negligible.

- *The adjuvant packaging requirement*: comparable voluntary arrangements for adjuvants are already operated by manufacturers and no difficulties have come to our attention in recent years. As such the annual cost is expected to be negligible.

- *The requirement to keep record*s: the impact of this measure was assessed in a separate Impact Assessment produced for the Consultation on the implementation of EU pesticides legislation issued in February 2010.

2.10 All the other provisions of the Regulation mirror existing controls so will not impose additional costs.

Options

Option 1

2.11 Take no action, leaving the current GB regulatory provision as it stands.

2.12 This would result in a breach of the requirements of the PPP Regulation. Failure to implement new enforcing Regulations would mean that there would be no means in Great Britain of ensuring compliance with the authorisations and other requirements set by that Regulation. This would also attract infraction proceedings with consequential embarrassment to the UK and potential fines.

Option 2

2.13 Introduce new enforcing Regulations for Great Britain, allowing for the enforcement of conditions of authorisation and other controls set under the PPP Regulation and the enforcement of approvals remaining under CoPR.

Summary and preferred option/implementation plan

2.14 The preferred option is option 2.

2.15 Option 1 would result in a total loss of enforcement provision to ensure compliance with the new EC legislation, and infraction proceedings for failure to implement EU obligations which, under the Lisbon Treaty, could lead to fines of at least €9.6 million, plus a periodic payment until the breach is remedied.

2.16 Option 2 ensures compliance with the requirements of the new PPP Regulation, which are measures already agreed, and the maintenance of effective controls necessary for the enforcement of pesticides in Great Britain.

2.17 The benefits from the EU legislation as a whole are essentially improved protection for pesticide users, consumers and the environment, including an improved system for identifying and acting on adverse data. New Regulations would be generally supportive of a well regulated enforcement industry ensuring compliance with the pesticide authorisation system.

2.18 A non-formal consultation was held between 1 March and 12 April 2011. Eleven responses were received from the farming/growing industry and businesses, two from government advisory bodies and two from the public and NGOs. Respondents in the first group generally supported the overall approach of the Enforcement Regulations, but raised some concerns over legal clarity and materiality, whilst respondents in the third group sought greater regulation and stronger sanctions for breaches. In light of the consultation, the Department has maintained the general approach of the Enforcement Regulations, with some technical amendments to certain provisions.

3. Fees Regulations

Background

The current UK charging structure for costs related to pesticide controls

3.1 Much of the cost of work on pesticides under the current pesticide authorisation and control regime is already recovered from the pesticides industry, either by fees charged to applicants for the determination of applications to use pesticides (£3.5 million in 2009/10) or a charge on the UK turnover of pesticides companies (£3.9 million in 2009/10).

3.2 Currently, fees are charged under the Plant Protection Products (Fees) Regulations 2007.

3.3 A charge, based on companies' turnover, is made under the terms of the Food and Environment Protection Act (FEPA).

New EU legislation

3.4 Under the European Community's Thematic Strategy for pesticides, two new pieces of pesticide legislation, which will come into full force in 2011, will introduce a new statutory framework for the control of pesticides/plant protection products. These are:

- the PPP Regulation, which will be directly applicable in all Member States from 14 June 2011.

- Directive 2009/128/EC establishing a framework for the sustainable use of pesticides (the 'SUD'). It requires member States to take measures to reduce the risks and impacts of using PPPs and is due to be fully transposed and implemented on 26 November 2011.

3.5 These new pieces of legislation will replace the combination of existing statutory arrangements set under EC Directive 91/414 and national legislation. The general impact of these is the subject of separate impact assessments enclosed with a consultation on the implementation of EU pesticides legislation, issued in February 2010.

3.6 In addition, EC Regulation 396/2005, which came into full force in September 2008, introduced a new EC regime for the setting and application of maximum residue levels (MRLs) for pesticides in food.

3.7 The PPP Regulation, the SUD and Regulation 396/2005/EC all include provisions which allow Member States' regulatory authorities to recover the costs of work they carry out under that legislation. The majority of these costs are already recovered through existing fees and charges. But the EU legislation imposes new obligations which will result in some increases in fees and charges to maintain the government's policy of full cost recoupment.

3.8 For the reasons outlined below, option 2 is viewed as the only realistic approach and the following sections reflect that option.

Potential additional/revised costs under new Fees Regulations

3.9 The proposed Regulations would:

- provide a new statutory basis for existing fees and charges;
- introduce new fees to cover requirements arising from the PPP Regulation and Regulation 396/2005;
- establish a continuing basis for a charge to recover certain costs related to pesticide controls that are not recovered through fees;
- transfer to fees some costs currently recovered via the pesticides charge.

Changes to fees

3.10 Most of the aspects of work covered by a new fees and charges regime will be the same as those covered under the existing pesticide charging regime (and the subject of previous impact assessments), so those are not addressed here. However, the PPP Regulation and Regulation 396/2005 impose new obligations and new fees will be required to meet them. These are identified in Table 1 below. The fees proposed in the Regulations have been set on the basis of the actual costs of undertaking the work. Based on the anticipated volume of applications, the total cost of these additional fees is estimated at £163,000.

Table 1

New Fees	Affected group	Cost[1]	Further notes
Peer review of active substance applications	Pesticide applicants	£75,000 per annum	To apply from June 2011
Peer review of safener[2] applications	Safener manufacturers Pesticide product applicants	£25,000 per annum	Likely to apply from 2014
Peer review of synergist[3] applications	Synergist manufacturers, pesticide product applicants	£25,000 per annum	Likely to apply from 2014
Work in preparing applications for basic substance[4] authorisations	Chemical manufacturers, Pesticide user interests	£30,000 per annum	To apply from June 2011. Anticipated maximum amount.
Evaluation of import tolerance – based MRL	Third country food producers; Importers/distributors	£8,000 per annum	To apply from June 2011. Anticipated

applications	of food in the EU		maximum amount
Total new fees		**£163,000**	**recurring**

Notes:
[1] The determination of these costs is set out at Annex 2.
[2] Safeners are added to PPPs to eliminate or reduce damage to treated plants.
[3] Synergists are added to PPPs to enhance the activity of the active substance.
[4] Basic substances are active substances which are not predominantly used for plant protection purposes or marketed as PPPs, but which are useful in plant protection.

3.11 In addition, a review of the existing fee structure has been undertaken to take account of changes since the last review in 2007. This review has identified a number of increases in costs due to additional work requirements which have been introduced into the evaluation process since then. These include costs associated with the production of equivalence reports for new sources of technical material; new reports for registration of plant protection product applications the evaluation of MRLs; greater complexity in environmental risk assessment; and additional demands arising from the European Food Safety Authority and other member States in the peer review process for active substances. These increases are partially offset by administrative savings and improved efficiencies. The net increase is estimated to be £425,000 annually. The determination of these costs is set out at Annex 2.

3.12 Finally, fees currently recover the full cost of processing an application for the approval of a particular product. Other costs arising from the operation of the approval system as a whole (such as providing guidance to all applicants) are recovered through the pesticides charge. In line with Treasury guidance, it is proposed that these costs are in future recovered through fees. This would be cost neutral to the pesticides industry but would result in around £1.4 million per annum (based on 2009/10 figures) being transferred from the pesticide charge to fees.

Changes to the charge

3.13 The SUD requires member States to implement various measures in order to reduce the risks and impacts of using PPPs. There is some national discretion in the activities undertaken and, in line with wider government policy, these are being limited to the minimum required to meet the EU obligations, resulting in a small increase in the charge.

3.14 New components of the charge arising under the SUD and under the PPP Regulation are set out in Table 2 below. The sum of these additions is estimated at non-recurring costs of £182,000 and recurring costs of £65,000.

Table 2

New additions to the pesticide charge:	Additional cost	Further notes
Reviewing the approval of active substances, safeners or synergists;	£10,000 per annum	To apply from June 2011
Setting restrictions or other interim measures to address safety concerns	£5,000 per annum	To apply from June 2011
Support for pesticide equipment testing	£30,000 per annum	To apply from 2011/12 financial year
Developing harmonised risk indicators	£10,000 set-up costs, then £10,000 recurring costs per annum	To apply from 2011/12 financial year
Communication activities, including	£20,000 one-off	To be met in 2011/12

explanation in changes to 'grandfather rights' exemptions	charge	financial year
Reviewing training syllabuses	£10,000 per annum	To apply from 2011/12 financial year
Updating guidance on storage	£2,000 one-off cost	To be met in financial year 2011/12
Updating the Codes of Practice	A one-off cost of £150,000 running over three years at £50,000 per annum	Starting in 2012/13 financial year, running to financial year 2014/15
Total additions to charge	**£182,000 £65,000**	**non-recurring recurring**

Note: The costs to business in complying with the new obligations under the SUD were assessed in the *Impact Assessment on the Sustainable Use Directive (SUD)* provided for the February 2010 Consultation on the implementation of EU pesticides legislation. Table 2 above adds detail only on those costs which will be recovered through the pesticides charge. The determination of these costs is set out at Annex 2. In all cases the affected parties (i.e. those to which the additional charge would be directed) are companies selling pesticides in the UK. Other costs arising are included in the separate SUD impact assessment provided for the February 2010 consultation, which will be revised as the implementation programme progresses.

3.15 As indicated in the *Changes to fees* section above, the level of the charge would be reduced by around £1.4 million per annum (based on 2009/10 figures) to reflect the transfer from the charge to fees of certain other costs arising from the operation of the approval system as a whole. The change would be cost-neutral to the pesticides industry.

Options

Option 1

3.16 Do nothing – maintain existing structure, with continuing use of current fees and charges legislation.

3.17 As far as fees are concerned this would involve no increase in baseline costs, but would rule out new fees to cover costs from the PPP Regulation and SUD. This would result in the immediate loss of all fee income since the current charging powers relate to existing EU legislation which will fall in June 2011.

3.18 With respect to the pesticide charge, if no further action were taken those costs arising from the new EC legislation that are already met under the current arrangements would continue to be charged under FEPA. However this would not allow for new costs arising from the SUD to be charged, leading to a shortfall in funding which would have to be made up by government to avoid infraction proceedings.

Option 2

3.19 Introduce new Fees Regulations that, in addition to maintaining current charging, would recover additional costs arising from the review of existing fees, plus those additional costs directly arising from the PPP Regulation, SUD and Regulation 396/2005.

3.20 The benefits from the EU legislation are essentially improved protection for pesticide users, consumers and the environment, including an improved system for identifying and acting

on adverse data. However these are not quantifiable in monetary terms. The benefit in this proposal is that it allows government to meet the new EU obligations at the minimum cost to business consistent with its policy of cost recovery for certain elements of the pesticide regime.

Summary and preferred option/implementation plan

3.21 The preferred option is option 2.

3.22 Option 1 would result in a total loss of fee income, and a shortfall in receipts from the charge which would have to be made up by government to avoid the UK defaulting on its EU obligations.

3.23 Option 2 allows for full recovery of costs from industry to implement the terms of new EU legislation. These are measures already agreed. They are largely supportive of the pesticide authorisation system, providing for pesticide manufacturers retailers and users to market and use properly evaluated products. On this basis it is appropriate that industry contributes, as it has up to now, to the pesticide control regime via a mixture of fees and charges.

3.24 The costs identified and allocation of recovery between fees and the pesticides charge take careful account of the requirements of the new EU pesticide legislation as well as a full review of the current charging structure.

3.25 A non-formal consultation was held between 1 March and 12 April 2011. Eleven responses were received from the farming/growing industry and businesses, two from government advisory bodies and two from the public and NGOs. Respondents in the first group generally supported the overall approach of the Fees Regulations, but raised concerns about some specific fees (particularly for off-label approvals and parallel trade) and matters which were proposed to be funded by the pesticide charge. One respondent in the third group proposed that costs should not be recovered from the industry and should instead be Exchequer-funded. In light of these comments, the Department has retained the overall structure of the Fees Regulations, but deleted or adjusted some individual fees and decided not to proceed with some matters which it proposed to fund from the charge.

4. Impact tests

Statutory equality duties

4.1 There are no limitations on meeting the requirements of these SIs on the grounds of race, disability or gender. Neither SI imposes any restriction or involves any requirement which a person of a particular racial background, disability or gender would find difficult to comply with. Conditions apply equally to all individuals and businesses involved in the activities covered by these SIs.

Competition

4.2 These proposals are unlikely to have a distortive effect and should pass the competition filter.

Small firms

4.3 These SIs will mostly affect medium to large size businesses involved in the manufacturing and marketing of plant protection products.

4.4 Data are compiled on turnover in the UK of business specifically arising from the sale of plant protection products (this represents only part of their turnover for many businesses, which may also sell other chemical products or agricultural supplies). A breakdown of companies by turnover in plant protection products of companies reporting sales in 2009-10 is given in the table below:

Turnover range	Number of companies in range	Total value of turnover
£1 – 1 million	42	£1 million
£1 million – 10 million	21	£69 million
Over £10 million	12	£507 million

4.5 The costs identified as new fees within this proposal will thus be met primarily by larger, often multinational, companies who develop and support new pesticide products. Smaller companies tend to sell products which are based on those developed by the larger companies and thus incur lower fees when applying for authorisations. New costs arising under the pesticide charge will be met by all parties in proportion to their turnover of pesticide sales. Costs overall will thus fall more heavily on larger businesses. Only one consultation response indicated the size of the business. It identified itself as a micro-business (1-9 employees) and supported the approaches proposed in both the Enforcement and Fees Regulations.

Greenhouse gas assessment

4.6 As the proposed SIs closely mirror current controls on plant protection products, the activities of those affected will not significantly change, so there should be no impact on carbon emissions.

4.7 There should be no increase in the carbon footprint of government officials. It is not anticipated that any additional enforcement activity (additional to activity under the current control regime) will arise.

Wider environmental issues

4.8 No wider environmental issues arise.

Health and well-being

4.9 No additional health risks arise from the proposals. There may be some non-quantifiable indirect health or social benefits from the proposals related to greater access to information on pesticide use, which may lead to greater public confidence and less concerns about being exposed to unknown chemicals. The proposals have no implications for the NHS.

Human rights

4.10 The implementing legislation will be consistent with the Human Rights Act 1998.

Justice system

4.11 Enforcement provisions are being introduced with regard to controls on treated seed; the notification of problems with the efficacy of products; the packaging of adjuvants; and the keeping and disclosure of records of the use of plant protection products. Although these are new enforcement provisions required under the terms of the PPP Regulation, most of the provisions (with the exception of disclosure of records) replace similar provisions already operated on a non-statutory basis. The level of adherence to the non-statutory arrangements has been high, and it is not anticipated that the requirement to disclose records will generate any significant non-compliance. It is therefore expected that the level of enforcement activity and number of cases pursued will remain as present.

Rural proofing

4.12 The majority of parties affected by these proposals are urban based plant protection product manufacturers and retailers.

4.13 Users of plant protection products and some retailers are rurally based. These proposals largely carry forward existing controls, so they should not have any significant effect on rural communities.

Sustainable development

4.14 The principles of sustainable development are fundamental to the EU Thematic Strategy on Pesticides and reflected in the SIs proposed.

Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added where the Specific Impact Tests yield information relevant to an overall understanding of policy options.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. If the policy is subject to a sunset clause, the review should be carried out sufficiently early that any renewal or amendment to legislation can be enacted before the expiry date. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

Basis of the review: [The basis of the review could be statutory (forming part of the legislation), i.e. a sunset clause or a duty to review , or there could be a political commitment to review (PIR)]; Fees SI: fee levels will be reviewed annually after 2011 as part of the wider HSE review of fees. PPP supporting SI: the SI includes a statutory duty to review after five years, and will reflect Commission proposals for a Regulation on official controls which will be adopted under Art. 68 of Regulation 1107/2009.
Review objective: [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?] Fees SI: the review is intended as a proportionate check that the Regulations are operating as expected. PPP supporting SI: the review will entail a wider exploration of the policy approach taken.
Review approach and rationale: [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach] Fees SI: the review will be conducted as an in-depth evaluation, to compare income from fees and charges with operating costs and taking the views of stakeholders on the future approach. PPP supporting SI: the review will be conducted as an in-depth evaluation of enforcement monitoring data and the proposed EU Regulation on official controls. We will take the views of stakeholders on the future approach and will try to assess the benefits, either qualitatively of if possible quantitively, of the new controls.
Baseline: [The current (baseline) position against which the change introduced by the legislation can be measured] Fees SI: changes will be measured against the level of cost recovery in 2010 for chargeable aspects of the regulatory regime for plant protection products, and the new aspects introduced into the regime by Regulation 1107/2009. PPP supporting SI: changes will be measures against levels of compliance observed and enforcement action taken in 2010.
Success criteria: [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives] Fees SI: success will be indicated by full recovery of operating costs for chargeable aspects of the regulatory regime and levels of stakeholder satisfaction. Changes will be made if fees and charges fail to achieve full cost recovery. PPP supporting SI: success will be indicated by high levels of compliance and low levels of enforcement action required to deal with transgressions, and levels of stakeholder satisfaction.
Monitoring information arrangements: [Provide further details of the planned/existing arrangements in place that will allow a systematic collection systematic collection of monitoring information for future policy review] Fees SI: arrangements are already in place for recording working time spent on chargeable activities and income from fees and charges. PPP supporting SI: arrangements are already in place for recording levels of compliance and enforcement actions taken.
Reasons for not planning a review: [If there is no plan to do a PIR please provide reasons here] N/A

Annex 2: Determination of costs

Background

This annex sets out the assumptions used to estimate the costs forecast at various points in the impact assessment.

The Chemicals Regulation Directorate (CRD) of the Health and Safety Executive (the delivery body for plant protection products) operates a work recording system which is used to capture all time spent by CRD staff. Staff allocate their time each week to general activity areas, specific tasks and, where necessary, to individual pieces of work. This information provides the raw data to feed CRD's costing systems, which in turn forms the basis for our charges to Defra, HSE, industry and other external customers (such as the European Commission). The data are used to derive weighted average values for the full economic cost of staff time. For specialist staff, the cost is £55/hour (see Appendix A), whilst for administrative staff the cost is £50/hour (see Appendix B). These figures have been used to determine most of the costs provided in this impact assessment. (In a few cases, costs in this assessment are based on those for comparable exercises which were contracted out.)

Fees are based on the average hours associated with each module of work. This average figure is set as a guide. Given the inherent variation in the size and complexity of tasks, it is accepted that it is not always possible to complete work within this resource allocation. Equally, some work may be completed within a shorter allocation. In all cases, the aim is to ensure the work is undertaken in the most efficient manner possible and that full cost recovery is achieved overall. Industry has expressed a preference for fixed fees based on average costs, to provide certainty of registration costs.

Paragraph 3.11

Fees were last set in 2007. A review was undertaken in 2010 to compare income for each task with the actual resource required to carry out the work. This highlighted shortfalls in income in many areas, as a result of additional work requirements introduced into the evaluation process since 2007 (these are identified in paragraph 3.11). In a few cases, the review identified over-recovery of costs from income. The net increase in fees required to balance income with costs was assessed as £425,000 per annum. The table below sets out the change for each application, assuming forecast volumes of applications which were based on current trends.

Applications with a revised fee	Existing fee	Proposed fee	Change per application	Forecast volumes	Total change
Admin experimental approval	£30	£50	£20	54	£1,080
SOLA	£1,290	£1,700	£410	75	£30,750
Sift – non electronic	£175	£220	£45	362	£16,290
Sift – electronic	£150	£220	£70	931	£65,170
Admin approval	£120	£150	£30	401	£12,030
Task	£40	£50	£10	120	£1,200
Parallel import	£710	£700	-£10	99	-£990
Label check	£300	£200	-£100	251	-£25,100
Co-ordination	£1,100	£1,800	£700	87	£60,900
Reasoned case	£250	£400	£150	892	£133,800
Data evaluation – Chemistry	£425	£750	£325	311	£101,075
Data evaluation – toxicology	£500	£750	£250	104	£26,000
Data evaluation – consumer exposure	£1,000	£750	-£250	72	-£18,000
Data evaluation – environment	£1,000	£1,800	£800	101	£80,800
Data evaluation – ecotoxicology	£1,000	£1,800	£800	87	£69,600

Data evaluation – efficacy	£1,000	£1,800	£800	124	£99,200
Data evaluation – crop safety	£500	£0	-£500	89	-£44,500
Evaluation of full data package	£105,000	£5,000	£5,000	3	£15,000
Official Recognition	£1,500	£2,000	£500	2	£1,000
Total increase in fees					£625,305
Proportion of increase that would have otherwise been charged to the COPR levy					£200,098
Net increased cost to industry					**£425,207**

Table 1

Peer review of active substance applications

Based on previous years, it is estimated that approximately 20 new substances are brought to the EU each year for approval, of which the UK will be responsible for evaluating approximately five as rapporteur member State. For the remaining 15, the UK would expect to contribute to the peer review process to support the Commission and the European Food Safety Authority (EFSA) to ensure that UK views are taken into account. The hours associated with this work are based on the average for similar work undertaken by CRD in previous years.

Cost of evaluation (all areas) = 90 hours @ £55/hour = £4,950

Assume 15 new active substance applications per annum

Total cost of 15 applications @ £4,950 each = £74,250 say **£75,000**

Peer review of safener applications

Under Regulation 1107/2009, safeners will be subject to the same data requirements and processed in the same way as active substances. As such, they will be subject to the same peer review process and will engage the same level of resource. There is no historical information upon which to estimate the number of future applications for these types of substances, but it is unlikely to exceed 5 per year.

Cost of evaluation (all areas) = 90 hours @ £55/hour = £4,950

Assume 5 new safener applications per annum

Total cost of 5 applications @ £4,950 each = £24,750 say **£25,000**

Peer review of synergist applications

Under Regulation 1107/2009, synergists will be subject to the same data requirements and processed in the same way as active substances. As such, they will be subject to the same peer review process and will engage the same level of resource. There is no historical information upon which to estimate the number of future applications for these types of substances, but from recent development trends it seems unlikely to exceed 5 per year.

Cost of evaluation (all areas) = 90 hours @ £55/hour = £4,950

Assume 5 new synergist applications per annum

Total cost of 5 applications @ £4,950 each = £24,750 say **£25,000**

Preparing basic substance applications

Basic substances are commodity chemicals which are not predominantly used for plant protection purposes and are not marketed as such. Based on our knowledge of the small number approved for use

in plant protection under existing national arrangements for commodity chemicals, only one application per year is predicted. The number of hours allocated reflects the reduced data package as compared to a new active substance dossier (i.e. about 30%), since they will be typically include cases for waiving data requirements and use of public domain information.

Cost of evaluation = 550 hours @ £55/hour = £30,250

Assume partial preparation of one new basic substance application per annum

Total cost of 1 application @ £30,250 each = £30,250 say **£30,000**

Import tolerance applications

This item covers import tolerance applications for active substance/food commodity combinations not currently approved in the EU. The hours associated with this work are based on the resource required to evaluate similar applications in the past. The number of applications is estimated.

Cost of evaluation = 35 hours @ £55/hour = £1,925

Assume four import tolerance applications per annum

Total cost of four applications @ £1,925 each = £7,700 say **£8,000**

Table 2

Reviewing approval of active substance, safeners and synergists

Companies are obliged to present adverse data relating to their authorised products. Historically, the number of adverse data reviews is small and the level of resource dependent on the issue involved. This estimate is based on the assumption that the amount of work involved will be consistent with that of a standard active substance peer review.

Cost of specialist evaluation (all areas) = 90 hours @ £55/hour = £4,950

Assume two reviews per annum

Total cost of two reviews @ £4,950 each = £9,900 say **£10,000**

Setting restrictions to address safety concerns

The need to amend products labels as a consequence of a safety concern is rare and the level of input is consistent with that required to undertake a standard product assessment, as reflected in the costs shown below.

Cost of specialist evaluation (two areas) = 30 hours @ £55/hour = £1,650

Assume a need to amend three labels as a result of safety concerns per annum

Total cost of three safety restrictions @ £1,650 each = £4,950 say **£5,000**

Support for pesticide equipment testing

This item represents staff costs in respect of work arising under the inspection regime prescribed by Directive 2006/42/EC, as amended by Directive 2009/127/EC and covers:

1. producing guidance and advice on the inspection regime in liaison with the body designated to administer the scheme and with stakeholders (120 hours);
2. managing the relationship with the designated body including:
   - contribution to, and attendance at, the designated body's management meetings (60 hours);
   - updating the specifications of the inspection regime to take account of amendments to the Directive in respect of technical and scientific progress (100 hours);

- work on developing and updating international standards for pesticides application equipment (50 hours);
- work on mutual recognition of OMS certification for inspection schemes (160 hours);

3. monitoring the inspection regime (80 hours).

Total = 570 hours @ £50 hour = £28,500 per annum say **£30,000**

Developing harmonised risk indicators

This item covers aspects relating to the development of risk indicators. It assumes that the need for a specific new indicator will be identified and provides for its development. If no such need is identified, this cost will not arise. It also provides for the ongoing cost of reporting on a suite of indicators.

Where the need for a specific new indicator is identified, it may be developed by means of a small research study to scope options and investigate the suitability of potential data sources. The estimate is based on the cost of a comparable recent study which investigated a chick food index.

Cost of one-off research project = approximately £10,000 say **£10,000**

There may be ongoing costs associated with collecting information to report a suite of indicators. The cost of comparable work carried out in recent surveys of plant protection product use in the amenity sector was approximately £30,000 over three years.

Cost of reporting = approximately £10,000 per annum say **£10,000**

Communication activities

This item considers in particular the need to communicate changes to training and certification which will affect existing 'grandfather rights' for those using plant protection products. It covers staff costs for:

1. the production of guidance (web-based and leaflets) on the new training and certification regime (150 hours);
2. attendance at seminars, conferences and management meetings to disseminate new messages on changes to the certification regime (220 hours).

Total = 370 hours @ £50 per hour = £18,500 one-off cost say **£20,000**

Reviewing training syllabuses

This item reflects annual staff costs (primarily administrative, but with specialist input) for work carried out to ensure that training syllabuses correctly reflect ongoing developments in the EU regime for the sustainable use of plant protection products (Directive 2009/128/EC). It covers:

1) governance as the competent authority responsible for designating bodies which provide training and awards and ensuring that such awards take account of the requirements of the Directive (30 hours);
2) reviewing existing awards and continuous professional development schemes offered by designated bodies for compliance with Annex I of the Directive (40 hours);
3) attendance at, or contribution to, management meetings to discuss the need for new syllabuses, or gaps in knowledge in existing ones (50 hours);
4) work with awarding bodies to develop new awards and assessor guidance required by the Directive (30 hours);
5) work on tailoring existing awards and assessor guidance to fit the needs of different sectors, such as agriculture and amenity (20 hours);
6) continued involvement with industry and designated bodies to discuss new technologies and techniques, to ensure awards meet evolving policies and best practice for initial awards and continuous development schemes (20 hours).

Input from specialists calculated at approximately 10% of the total time spent (20 hours out of the total 190).

Total = 170 hours x £50 per hour = £8,500 per annum
+ 20 hours x £55 per hour = £1,100 per annum

£ 9,600 per annum say **£10,000**

Updating guidance on storage

This item covers the one-off staff costs associated with the development of a specific guidance leaflet for the amenity sector, based on previous examples of comparable work to produce guidance leaflets.

Total = 40 hours @ £50 per hour = £2,000 one-off cost say **£2,000**

Updating Codes of Practice

This item assumes that the existing statutory code of practice for using plant protection products is replaced by an equivalent revised statutory code reflecting the requirements of Directive 2009/128/EC**.** The following is a broad outline of the steps involved in a programme of activity to produce a revised code of practice. Estimates are based on staff resources used in previous comparable exercises and cover:

1. a project to review the content of the existing code of practice for using plant protection products and draft revisions to take account of changes imposed by the Directive (750 hours);
2. a public consultation on the proposed redraft, to include stakeholder engagement and written consultation (750 hours);
3. redrafting and laying the code before Parliament (750 hours);
4. publishing and publicising the new code (500 hours).

Total = 2,750 hours over three years @ £50 per hour = £137,500 say **£150,000**

Appendix A. Estimate of full economic costs per specialist hour

A Grade	B Standard salary	C Daily cost	D Hourly cost	E OHD factor	F Non pay factor	G Hourly cost	H Hours worked	I Total cost
				1.75	**1.48**			
B2	£69,032	£264.49	£35.74	£62.55	£92.57	**£92.57**	0.1	£9.26
B3	£51,780	£198.39	£26.81	£46.92	£69.44	**£69.44**	0.2	£13.89
B4	£39,512	£151.39	£20.46	£35.80	£52.98	**£52.98**	0.4	£21.19
B5	£30,431	£116.59	£15.76	£27.57	£40.81	**£40.81**	0.2	£8.16
B6	£23,016	£88.18	£11.92	£20.85	£30.86	**£30.86**	0.1	£3.09
							1	**£55.59**

Notes

A. Grade
B. Standard salary = gross average salary including national insurance and pension costs
C. Daily cost = standard salary divided by 261 days (full year less weekends)
D. Hourly cost = daily cost divided by 7.4 (standard day)
E. Uplift factor = ratio of direct hours to total hours to include indirect time (e.g. overheads including leave, training and management etc)
F. Uplift factor = ratio of pay costs to total non-pay admin costs to include non-pay running costs (e.g. T&S, IT equipment and maintenance, accommodation and central services etc.)
G. Total hourly cost
H. Estimate ratio by grade
I. Total full economic cost per hour

Appendix B. Estimate of full economic costs per administrator hour

A Grade	B Standard salary	C Daily cost	D Hourly cost	E OHD factor **1.75**	F Non pay factor **1.48**	G Hourly cost	H Hours worked	I Total cost
B2	£69,032	£264.49	£35.74	£62.55	£92.57	**£92.57**	0.1	£9.26
B3	£51,780	£198.39	£26.81	£46.92	£69.44	**£69.44**	0.1	£6.94
B4	£39,512	£151.39	£20.46	£35.80	£52.98	**£52.98**	0.5	£26.49
B5	£30,431	£116.59	£15.76	£27.57	£40.81	**£40.81**	0.1	£4.08
B6	£23,016	£88.18	£11.92	£20.85	£30.86	**£30.86**	0.1	£3.09
							0.1	**£49.86**

Notes

A. Grade
B. Standard salary = gross average salary including national insurance and pension costs
C. Daily cost = standard salary divided by 261 days (full year less weekends)
D. Hourly cost = daily cost divided by 7.4 (standard day)
E. Uplift factor = ratio of direct hours to total hours to include indirect time (eg overheads including leave, training and management etc)
F. Uplift factor = ratio of pay costs to total non-pay admin costs to include non-pay running costs (eg T&S, IT equipment and maintenance, accommodation and central services etc)
G. Total hourly cost
H. Estimate ratio by grade
I. Total full economic cost per hour