

<b>Title:</b> Review of Marine Licensing Fees Consultation	<b>Regulatory Impact Assessment (RIA)</b>		
	Date: XX June 2024		
	Type of measure: Other		
<b>Lead department or agency:</b> Department for Agriculture, Environment and Rural Affairs (DAERA)	Stage: Consultation		
	Source of intervention: Domestic NI		
<b>Other departments or agencies:</b> N/A	Contact details: Marine Policy Team		
	MainePolicyTeam@daera-ni.gov.uk		

### Summary Intervention and Options

<b>What is the problem under consideration? Why is government intervention necessary? (7 lines maximum)</b> Marine licensing fees are set out in the Marine Licensing (Application Fees) Regulations (Northern Ireland) 2011 and contain fee for various types of activities, including marine construction licences, maintenance and capital dredging and disposal licences, offshore energy renewable energy licences, for the deposit of tracers and to extract marine minerals. Regulation 5 sets out a formula which provides for an annual uplift of fees in line with the Gross Domestic Product Deflator Index (GDP deflator). The Department is unable to charge for other related aspects of the licensing process which require Departmental resources. This has resulted in the Department not recouping the cost of administering licence applications contrary to public financial policy.	
<b>What are the policy objectives and the intended effects? (7 lines maximum)</b> DAERA's policy objective is therefore to introduce short term changes by amending the fees set out in the Marine Licensing (Application Fees) Regulations (Northern Ireland) 2011 to help achieve full cost recovery. In the longer term the Department wishes to recoup the cost of the resource that it expends in discharging all its marine licensing functions under the Marine and Coastal Access Act 2009. However, please note that this RIA applies to the proposed short-term changes only as details of the long-term changes are yet to be defined and so their impacts cannot be assessed.	
<b>What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base) (10 lines maximum)</b> <u>Option 1 (Do nothing)</u> – This option involves no change and to continue to utilise powers under the Marine Licensing Application Fees Regulation to amend fees annually. It also means not utilising powers within the Marine Works (Environmental Impact Assessment) Regulations 2007, as amended, that allow the Department to charge reasonable fees in respect of expenses incurred in providing a screening opinion, a scoping opinion and also in respect of monitoring. This has resulted in the Department not recouping the cost of administering licence applications contrary to public financial policy. <u>Option 2 (Preferred option)</u> - This involves achieving full cost recovery by increasing fees for all marine licence types and using powers under the Marine Works (Environmental Impact Assessment) Regulations 2007 to begin to charge for EIA expenses. Please see below for options considered for each licence type.	
<b>Will the policy be reviewed?</b> Yes	<b>If applicable, set review date:</b> We are seeking new powers to charge for all the services we provide, then the policy will be reviewed.

Cost of Preferred (or more likely) Option		
Total outlay cost for business £m	Total net cost to business per year £m	Annual cost for implementation by Regulator £m
£0.1439m	N/A	N/A

<b>Does Implementation go beyond minimum EU requirements?</b>		YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
<b>Is this measure likely to impact on trade and investment?</b>		YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
Are any of these organisations in scope?	<b>Micro</b>	<b>Small</b>	<b>Medium</b>
	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
			<b>Large</b>
			Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

The final RIA supporting legislation must be attached to the Explanatory Memorandum and published with it.

Approve by:                      Date:

# Summary: Analysis and Evidence

# Policy Option 1

Description: Review of Marine Licensing Fees for Northern Ireland – Do nothing.

## ECONOMIC ASSESSMENT (Option 1)

Costs (£m)	Total Transitional (Policy) (constant price)	Years	Average Annual (recurring) (excl. transitional) (constant price)	Total Cost (Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
<b>Best Estimate</b>	<b>0</b>		<b>N/A</b>	<b>0</b>

**Description and scale of key monetised costs by 'main affected groups'** Maximum 5 lines  
N/A

### Other key non-monetised costs by 'main affected groups' Maximum 5 lines

Doing nothing will continue to produce low-cost recovery rates, resulting in low staff resource and an ineffective marine licensing system. This will have a negative impact on the main affected groups as marine applications will take longer to be processed, and the time it takes will likely increase further due to the forecasted increase in marine licence applications in the upcoming years. This could comprise NI's obligations under Climate Change Act.

Benefits (£m)	Total Transitional (Policy) (constant price)	Years	Average Annual (recurring) (excl. transitional) (constant price)	Total Benefit (Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
<b>Best Estimate</b>	<b>N/A</b>		<b>N/A</b>	<b>N/A</b>

**Description and scale of key monetised benefits by 'main affected groups'** Maximum 5 lines  
N/A

### Other key non-monetised benefits by 'main affected groups' Maximum 5 lines

N/A

### Key Assumptions, Sensitivities, Risks Maximum 5 lines

N/A

## BUSINESS ASSESSMENT (Option 1)

Direct Impact on business (Equivalent Annual) £m		
Costs: 0	Benefits: 0	Net: 0

## Cross Border Issues (Option 1)

### How does this option compare to other UK regions and to other EU Member States (particularly Republic of Ireland) Maximum 3 lines

England, Wales, and Scotland all have a band structure for marine licensing fees available on their websites. The Maritime Area Regulatory Authority (MARA) is the body responsible for licensing projects in the Irish maritime area. Fees for certain maritime usages are set out in The Maritime Area Usage (Licence Fees) Regulations No. 402/2023.

**ECONOMIC ASSESSMENT (Option 2)**

Costs (£m)	Total Transitional (Policy) (constant price)	Years	Average Annual (recurring) (excl. transitional) (constant price)	Total Cost (Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
<b>Best Estimate</b>	<b>£0.1439m</b>		<b>N/A</b>	<b>£0.1439m</b>

**Description and scale of key monetised costs by ‘main affected groups’** Maximum 5 lines  
 There will be an increase in costs across all marine licence types/bands. The majority of bands will see a 141.95% increase on the 2023/24 financial year calculated using 2023/24 receipts and staff costs. However, certain projects with an estimated small value or high value and bands R3 and R4 for renewable energy licences were calculated with reference to staff costs and not the given percentage. For further detail on costs please see evidence base section below.

**Other key non-monetised costs by ‘main affected groups’** Maximum 5 lines  
 Provision of better resourced and more efficient service should enable projects to come online quicker, with associated benefits to industry.

Benefits (£m)	Total Transitional (Policy) (constant price)	Years	Average Annual (recurring) (excl. transitional) (constant price)	Total Benefit (Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
<b>Best Estimate</b>	<b>N/A</b>		<b>N/A</b>	<b>N/A</b>

**Description and scale of key monetised benefits by ‘main affected groups’** Maximum 5 lines  
 N/A.

**Other key non-monetised benefits by ‘main affected groups’** Maximum 5 lines  
 By achieving full cost recovery, the Department will be in a better position to increase staff resource. This will be a benefit to businesses applying for marine licences as applications can be dealt more efficiently. This is especially important as we predict an increased scale of marine renewables developments and associated marine licence applications.

**Key Assumptions, Sensitivities, Risks** Maximum 5 lines  
 The 141.95% increase is based off uplifting 2023/24 fees to cover 40% of staff resources, and this is what the additional cost estimate is based on. It’s not possible to produce a robust estimate on the scale of future marine licence demand because it fluctuates so much.

**BUSINESS ASSESSMENT (Option 2)**

Direct Impact on business (Equivalent Annual) £m		
Costs: £0.1439m	Benefits: 0	Net: £0.1439m

**Cross Border Issues (Option 2)**

**How does this option compare to other UK regions and to other EU Member States (particularly Republic of Ireland)** Maximum 3 lines  
 England, Wales, and Scotland all have a band structure for marine licensing fees available on their websites. The Maritime Area Regulatory Authority (MARA) is the body responsible for licensing projects in the Irish maritime area. Fees for certain maritime usages are set out in The Maritime Area Usage (Licence Fees) Regulations No.402/2023.

## Evidence Base

There is discretion for departments and organisations as to how to set out the evidence base. It is however desirable that the following points are covered:

- Problem under consideration;
- Rationale for intervention;
- Policy objective;
- Description of options considered (including do nothing), with reference to the evidence base to support the option selection;
- Monetised and non-monetised costs and benefits of each option (including administrative burden);
- Rationale and evidence that justify the level of analysis used in the RIA (proportionality approach);
- Risks and assumptions;
- Direct costs and benefits to business;
- Wider impacts (in the context of other Impact Assessments in Policy Toolkit Workbook 4, economic assessment and NIGEAE)

### **Inserting text for this section:**

**Text can be pasted from other documents as appropriate.**

Marine licensing fees are set out in the Marine Licensing (Application Fees) Regulations (Northern Ireland) 2011. The Regulations contain fee tables for various types of activities, including marine construction licences, maintenance and capital dredging and disposal licences, offshore energy renewable energy licences, a fee for the deposit of tracers and a fee for a licence to extract marine minerals (aggregates). Regulation 5 of the Marine Licensing (Application Fees) Regulations (Northern Ireland) 2011 set out a formula which provides for an annual uplift of fees in line with the Gross Domestic Product Deflator Index (GDP deflator). Additionally, under the charging powers in the Marine and Coastal Access Act 2009, the Department is unable to charge a fee for other related aspects of the licensing process which require Departmental resources. These functions include the provision of pre-application advice or other assistance, monitoring compliance with the licensing condition, and variation, suspension, revocation, or transfer of a licence. Historically, this has resulted in poor cost recovery rates which has implications for the Department's responsibilities under "Managing Public Money NI" to achieve full cost recovery.

Marine licensing is an important statutory function and one that directly supports the Programme for Government draft Outcomes Framework, specifically the strategic outcome 'To live and work sustainably, protecting the environment'.

Offshore renewable energy has been identified as key factor in reaching our targets under the Climate Change Act (2022), and with a goal of 1GW of offshore wind from 2030, it can be expected that an increase in marine licences will occur. However, the current budget limits mean the marine licensing branch is not in a position to increase staff resource despite the increased scale of marine developments and associated marine licence applications. This presents significant risk to achievement of the Energy Strategy target to deliver 1GW of offshore wind by 2030.

The policy objective is to review the marine licensing system and to make it more efficient and equitable. It is based on the principle that users should pay for the service they receive and by achieving full cost recovery it can put the branch in a position to increase staff resource and help meet the increased scale of marine developments.

## **Options**

### *Overall Policy*

Option 1 (Do nothing) – This option involves no change and to continue to utilise powers under the Marine Licensing (Application Fees) Regulations (Northern Ireland) 2011 to amend fees annually. It also means not utilising powers within the Marine Works (Environmental Impact Assessment) Regulations 2007, as amended, that allow the Department to charge reasonable fees in respect of expenses incurred in providing a screening opinion, a scoping opinion and also in respect of monitoring. This has resulted in the Department not recouping the cost of administering licence applications contrary to public financial policy.

Option 2 (Preferred option) - This involves achieving full cost recovery by increasing fees for all marine licence types and using powers under the Marine Works (Environmental Impact Assessment) Regulations 2007, as amended, to begin to charge for EIA expenses.

*Construction for Renewable Energy Projects*

Option 1 (Do nothing) – change nothing and continue failing to recoup the cost of administering licence applications contrary to public financial policy.

Option 2 (Preferred option) – increase fees to achieve full cost recovery. DAERA calculated that fees needed to increase by 141.95% to recover the full cost of determining applications. For bands R3 and R4 renewable licences the Department used the cost of the staff resource necessary to determine complex applications for these licences.

<b>Band</b>	<b>Proposed Fee</b>
R1(Up to 0.99 MW)	£12,325
R2(1.0 to 9.99 MW)	£38,537
R3(10MW to 999.9 MW)	£162,465
New Band R4 (1.0 Gigawatt and above)	£162,465 plus 30,000 for each additional 500MW above 1.0 GW (gigawatt)

*Construction Fees*

Option 1 (Do nothing) - change nothing and continue failing to recoup the cost of administering licence applications contrary to public financial policy.

Option 2 - (Preferred option) – This policy option aims to change fees in a regulated and proportionate manner. To achieve this the Department proposes to add two introductory bands for licensable activities with a smaller estimated value and lower impact. Based on 2023/24 fees this would represent savings to applicants, of £635 and £495 respectively, and encourage compliance. These will be Band A and Band B. Fees from Bands C through to K will have an increase of 141.95% compared to 2023/24 financial year. The Department then proposes a new Band L for projects with an estimated value of £50 million plus where a marine licensing fee of £54,450 is inserted.

<b><i>Band (based on estimated value of the marine aspects of a project)</i></b>	<b><i>Proposed Fee</i></b>
Band A Up to £2,499 (New Band)	New fee £65.00
Band B £2,500 - £4,999 (New Band)	New fee £200
Band C £5,000 - to - £19,999 (Old Band A)	£1,682
Band D £20,000 - £49,999 (Old Band B)	£2,323
Band E £50,000 - £199,999 (Old Band C)	£4,433
Band F £200,000 - £499,999 (Old Band D)	£6,378
G £500,000 - £999,999 (Old Band E)	£7,399
Band H £1,000,000 - £2,999,999 (Old Band F)	£13,852
Band I £3,000,000 - £4,999,999 (Old Band G)	£17,074
Band J £5,000,000 - £19,999,999 (Old Band H)	£20,300
Band K £20,000,000 - £49,999,999 (Old Band I)	£33,203
New Band L £50,000,000 and above	£54,450

## *Dredge Fees*

Option 1 (Do nothing) – change nothing and continue failing to recoup the cost of administering licence applications contrary to public financial policy.

Option 2 (Preferred Option) - to increase existing fees for dredge and dredge disposal by the figure necessary to ensure full cost recovery. Four additional bands have been added to the table for licences for maintenance dredging. This is to correct an anomaly in the Marine Licensing (Application Fees) Regulations 2011.

### Maintenance Dredging:

<b>Band (based on estimated dredge tonnage)</b>	<b>Proposed Fee</b>
Band 1 (Up to 9,999t)	£752
Band 2 (10,000t - 24,999t)	£910
Band 3 (25,000t - 49,999t)	£1,062
New Band 4 (50,000t - 99,999t)	£1,710
New Band 5 (100,000t - 499,999t)	£3,835
New Band 6 (500,000t - 999,999t)	£5,441
New Band 7 (1,000,000t and above)	£9,175

### Dredge Disposal:

<b>Band (based on estimated dredge tonnage)</b>	<b>Proposed Fee</b>
Band 1 (Up to 9,999t)	£6,189
Band 2 (10,000t - 24,999t)	£8,449
Band 3 (25,000t - 49,999t)	£11,829
Band 4 (50,000t - 99,999t)	£16,685
Band 5 (100,000t - 499,999t)	£23,525
Band 6 (500,000t - 999,999t)	£33,203
Band 7 (1,000,000t and above)	£55,774

## *EIA Expenses*

Option 1 (Do nothing) - change nothing and continue failing to recoup the cost of administering licence applications contrary to public financial policy.

Option 2 (Preferred option) – To utilise powers under the Marine Works (Environmental Impact Assessment) Regulations 2007, as amended, and begin to charge reasonable fees in respect of expenses incurred in providing a screening opinion, a scoping opinion and also in respect of monitoring. Option 2 proposes to recoup the cost of providing these services via charging an hourly rate for each grade. This would range from £38 per hour for a Higher Scientific Officer to £68 for a Senior Principal (G6).

### **Benefits to Business**

Achieving full cost recovery puts the Department in a better position to increase staff resources. More resources can directly benefit businesses as applications can be determined in a quicker timeframe, and more support can be provided at the pre-application stage, including screening and scoping services.

### **How were the proposed fee rates calculated?**

During the financial year 2023/24 DAERA's income from marine licensing was £101,377. However, during this period the full cost of the team was in the region of £613,210 excluding travel and subsistence. There is therefore a significant disparity between the cost of providing marine licensing services and the cost to the public purse.

An assessment of applications indicated that approximately 40% of staff time was spent on determining applications. On the basis of 2023/24 receipts and staff costs, DAERA calculated that fees needed to increase by 141.95% to recover the full cost of determining applications.

If the proposed fee changes were expected to be long term, the Department would have based cost recovery on the average of fees and staff costs over several previous years. However, the Department expects these changes in fees to be temporary while longer term policy is developed. Consequently, the Department based cost recovery on 2023/24 fees and staff costs as RIA guidance stresses the importance of proportionate effort when completing a RIA.

**How was the Best Estimate cost value calculated?**

The Best Estimate cost value was £143,907. This is the difference between the actual fees collected in 2023/24 and the fees that would have needed to be collected to achieve full cost recovery in 2023/24. The nature of the licences means it is not possible to produce a robust estimate on the number and total value of future licences. The additional cost could be higher or lower because a different combination of licences could be applied for in 2024/25 compared to 2023/24. However, there will be an additional cost to businesses compared to the option to do nothing, leaving the fee levels as they stand. This was deemed the best method available to estimate that potential additional cost.