

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Fifth Delegated Legislation Committee

DRAFT POLLUTION PREVENTION AND
CONTROL (FEES) (MISCELLANEOUS
AMENDMENTS) REGULATIONS 2021

Wednesday 26 May 2021

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The Committee consisted of the following Members:

Chair: †SIR DAVID AMESS

Caulfield, Maria (<i>Lewes</i>) (Con)	Throup, Maggie (<i>Lord Commissioner of Her Majesty's Treasury</i>)
Efford, Clive (<i>Eltham</i>) (Lab)	† Tomlinson, Michael (<i>Lord Commissioner of Her Majesty's Treasury</i>)
† Fletcher, Mark (<i>Bolsover</i>) (Con)	† Trevelyan, Anne-Marie (<i>Minister for Business, Energy and Clean Growth</i>)
† Hobhouse, Wera (<i>Bath</i>) (LD)	Twigg, Derek (<i>Halton</i>) (Lab)
Mak, Alan (<i>Lord Commissioner of Her Majesty's Treasury</i>)	† Twist, Liz (<i>Blaydon</i>) (Lab)
Mann, Scott (<i>Lord Commissioner of Her Majesty's Treasury</i>)	† Whitehead, Dr Alan (<i>Southampton, Test</i>) (Lab)
† Morris, James (<i>Lord Commissioner of Her Majesty's Treasury</i>)	Winter, Beth (<i>Cynon Valley</i>) (Lab)
Pursglove, Tom (<i>Corby</i>) (Con)	Chloe Freeman, <i>Committee Clerk</i>
Rutley, David (<i>Lord Commissioner of Her Majesty's Treasury</i>)	† attended the Committee
Thomson, Richard (<i>Gordon</i>) (SNP)	

Fifth Delegated Legislation Committee

Wednesday 26 May 2021

[SIR DAVID AMESS *in the Chair*]

Draft Pollution Prevention and Control (Fees) (Miscellaneous Amendments) Regulations 2021

2.30 pm

The Minister for Business, Energy and Clean Growth (Anne-Marie Trevelyan): I beg to move,

That the Committee has considered the draft Pollution Prevention and Control (Fees) (Miscellaneous Amendments) Regulations 2021.

The regulations, which I will respectfully refer to as the fees regulations, were laid in draft before the House on 21 April.

As the environmental regulator of the offshore oil and gas industry, which I shall refer to as the offshore industry, the Department for Business, Energy and Industrial Strategy's Offshore Petroleum Regulator for Environment and Decommissioning—OPRED—recoups the cost of its regulatory functions from the industry rather than the taxpayer footing the bill. OPRED's role is to minimise the impact of the offshore industry on the environment by, for example, controlling air emissions plus discharges to sea and minimising disturbance over the lifecycle of operations from seismic surveys through to post-decommissioning monitoring.

The regulatory activities for which OPRED can recover costs are covered in two ways—within a suite of regulations, which are covered by the fees regulations and by four fees schemes, which are not covered by the regulations because they do not require legislative change and will be amended administratively.

OPRED's annual fees income is, on average, £6.2 million, which is recovered from around 130 companies that are billed quarterly. It recovers its costs via fees based on hourly rates. The fees regulations will increase the hourly rates used to calculate fees payable by the offshore industry. The fees relate to the provision of regulatory functions in relation to the environmental management of offshore operations. Currently, the fees that OPRED charges for providing its regulatory services are based on hourly rates of £190 for environmental specialists and £101 for non-specialists.

Environmental specialists are qualified technical staff who carry out the legislative functions of the Secretary of State and the non-specialists are administrative staff who support them. The current hourly rates have been in place since April 2020. OPRED has reviewed the cost base and concluded that the existing hourly rates need to be increased to recover fully OPRED's costs for providing specific regulatory services.

The fees regulations will therefore amend the charging provisions by increasing the hourly rates for environmental specialists and non-specialists to £197 and £108 respectively. As the increases relate to cost recovery, they do not represent monetary changes linked to inflation. OPRED's fees are determined by adding together the recorded number of hours worked by environmental specialists

and non-specialists on cost-recoverable activities multiplied by the hourly rates. The new hourly rates were approved by Her Majesty's Treasury in November last year.

Guidance on OPRED's fee-charging regime is published and clearly explains the scope of the cost-recoverable functions undertaken by OPRED and how the costs are to be calculated and recovered. The revised fees to be paid will increase by a small amount, sufficient only to allow OPRED to recover its eligible costs. In that regard, the additional total cost resulting from the increase in hourly rates will be around £300,000 per year. OPRED's guidance on its fees-charging regime will be revised to reflect the new hourly rates.

The fees increase will enable OPRED to recover the costs of providing regulatory services from those who benefit from them instead of those costs being passed on to the taxpayer. I hope that hon. Members will support the measure, which I commend to the Committee.

2.33 pm

Dr Alan Whitehead (Southampton, Test) (Lab): I thank the Minister for a lengthy and lucid exposition of the statutory instrument, which in essence can be summarised as "OPRED would like to put its prices up. Should we agree or not?" I have no objection to the principle of a regulator recovering its costs from the industry it is regulating. It is perfectly reasonable therefore that the costs are set forward for OPRED and are then translated into the charges that it puts across to the industry.

I note, however, that this is an annual process, and that it was last carried out in April last year, although I am not aware from the notes what the increase was. I think that it might be wise for future reference to develop between OPRED and industry some sort of agreed indexing for price rises, to give greater certainty to industry about what is coming its way in terms of charges in future years. The notion of validating those increases entirely from looking at the cost base of OPRED itself is not necessarily a smooth process, and perhaps something that indexes cost increases against other price indexes would be a more appropriate way of developing future price rises. Perhaps there should be a longer term periodic adjustment against cost base to make sure that OPRED is not out of pocket in the long term.

Those are very minor, hopefully helpful, suggestions, and the Opposition have no objection to the principle or the practice of what is being done in the SI, other than to note that the increases are slightly above the rate of inflation and perhaps that should be looked at. And that is the most I can think of to say about the regulations. I have nothing to offer the Minister in terms of detailed analysis of the work of OPRED, or things that might require her to write to me. On that basis, I think we can all agree that it is a good measure; it keeps OPRED in business; keeps the industry properly regulated, and should be proceeded with on that basis.

The Chair: Does the Minister wish to reply, or does she want to stand by her opening statement?

Anne-Marie Trevelyan: I will stand by my opening statement.

Question put and agreed to.

2.36 pm

Committee rose.