Response ID ANON-86C2-G76C-T

Submitted to Consultation on a revision to marine licensing application fees
Submitted on 2018-01-25 18:18:41

Introduction

1 What is your name?

Name: Mark Russell

2 What is your email address?

Email: mark.russell@mineralproducts.org

3 What is your organisation?

Organisation: British Marine Aggregate Producers Association

4 Would you like your response to be confidential?

No

If you answered Yes to this question please give your reason.: No - the response can be placed in the public domain.

Proposed new marine licensing fees

5 Do you have any comments on the Government’s reasons for reviewing the fees structure and fee levels for marine licence applications?

Please enter your response in box provided below.: We welcome the opportunity to comment on the proposals to revise the fees structure for marine licensing as operated by the Marine Management Organisation (MMO) on behalf of the Secretary of State. The marine aggregate sector recognises the need for Government to recover the costs associated with delivering the marine licensing function – particularly for more complex projects. In turn, by ensuring that appropriate costs are recovered from the applicant, the regulator can ensure that the necessary resources and expertise are in place to deliver a timely, high quality service to the applicant.

Given this point, we are somewhat surprised to note that the consultation makes no reference to the efficiency or the performance of the marine licensing service that is currently being delivered. Similarly, what applicants can expect, in terms of service delivery, for the additional licensing fees that are proposed to be charged once they are introduced. We consider this to represent a significant oversight in justifying the changes that are being proposed, and providing much needed confidence around the services being provided to those incurring the costs.

We are further concerned by the lack of detail and transparency around the justification for the scale of the fee increases that are being proposed – particularly in terms of the hourly rate. In any other commercial environment, the need for a proposed cost increase of 30% would need to be substantiated by detailed evidence in order for it to be justified to those who will ultimately be responsible for bearing the additional costs. Given users of the marine licensing regime represent ‘captive customers’, unable to go elsewhere to receive the services they desire, it is important that the process being followed is suitably transparent and detailed to demonstrate that they are not being disadvantaged. Currently, we do not believe this to be the case – particularly when compared against the evidence being presented by other Government agencies within the Defra family to support changes to their charging regimes.

What is Changing?

6 Do you have any views of the proposed changes to the fees structure for marine licence applications and the level of the fees for Band 1 applications?

Please insert text below.: Simplification of the administration and costs associated with low risk activities is welcomed. Opportunities should be taken to widen the potential scope of this approach to other activities.

What is Changing?

7 Do you have any views on the proposed changes to fees structure for marine licence applications and the proposed level of fees for Band 2 and Band 3 applications?

Please insert text in box below.: Charging for services fundamentally changes the nature and relationship of the transaction between the applicant and the licensing authority – not only in terms of
the customer service ‘experience’ delivered by the licensing authority, but also the expectations of the applicant who is now directly paying for the services they are receiving. The hourly charge for advice and services provided by MMO being proposed is comparable to the rates being charged by commercial consultancy organisations for very senior staff. Therefore the nature of these charges – whereby applicants are now paying for every element of the licensing service they receive – means that there is quite rightly a focus on the quality and value for money of the individual services that are being provided to them.

Consequently, we are concerned that there is no substantive justification or evidence provided to support the need for the proposed increase of the hourly rate from £94 to £122 (an increase of 30%, having already increased by 18% in 2014) beyond the need ‘…to ensure that the charging regime reflects the full cost of a marine licence’. Further reference is then made to the need ‘for increased costs being incurred by the Marine Management Organisation to be passed on to business…’. Additional high level statements are provided in paragraphs 7.12-7.14 – but the consultee is entirely reliant on the accuracy of the calculations and relevance of the assessments that have ultimately informed the revised fee – particularly in the absence of a supporting Impact Assessment. Evidence must be provided to justify exactly how the additional costs being proposed have actually been determined in a transparent and open manner, drawing on historic balance sheets for the marine licensing function and a schedule of the cost variables that are having to be accounted for. We would note that previous marine licensing fee consultations referenced the need to ensure transparency of service to minimise the potential for cross-sector or cross-application subsidisation. Consequently, without further details around how the proposed increase in licensing fee costs break down it is impossible to determine whether what is being proposed is reasonable or not.

We would further note that there are already precedents for greater levels of detail being provided in support of proposed changes to regulatory fees within the Defra family. The Environment Agency’s current consultation into charging reviews provides a significant amount of detail around how the total charge being proposed is constructed, and where the historic ‘gaps’ have been. Interestingly, the revised charge being proposed for marine licensing advice is £100/hour – significantly less than the comparable fee now being proposed for the marine licensing service. This further reinforces the need for greater transparency around the breakdown of the fees to justify the increases being proposed. Given the significant discrepancy between the revised fees being charged by two Government bodies, the private sector will quite reasonably want to be reassured that they are not paying for inefficiencies in organisational delivery.

The absence of any reference to performance, service delivery or efficiency in the consultation further highlights another gap that we originally identified in our response to the previous fees consultation in 2013. Namely, that without an effective mechanism or governance structure that allows applicants to formally challenge or question the value for money or quality of service they receive (distinct from the established challenge processes around the decision itself), there is limited incentive or motivation to change established organisational practices and therefore drive improvements in the quality of the services that are being delivered. This point is particularly relevant given that applicant companies essentially represent ‘captive customers’, unable to go elsewhere for the monopoly services being provided by the regulator for which they are ultimately being charged. With the proposed increase in the hourly rate to be charged from April 2018, the need for an effective and transparent governance structure that allows performance review and challenge which in turn feeds into process improvement for more complicated projects is something that should be addressed with some urgency.

We note the proposal that travel time to offsite meetings offsite will now be charged on a caseworker/hour basis, with no upper limit, to contribute towards travel costs. This approach has the potential to become a revenue generating exercise rather than covering the need for an effective and transparent governance structure that allows performance review and challenge which in turn feeds into process improvement for more complicated projects is something that should be addressed with some urgency.

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Transitional Arrangements

8 Do you have any comments on the proposed transitional arrangements for marine licence applications already received but not determined by the implementation date for the proposed changes?

Please insert text in box below:

It will be important for the MMO time/effort records to be accurately recorded up to and beyond the transition date, to ensure that applicants are charged appropriately. Actions or deliverables should not be delayed to benefit from the higher rate that is to be introduced.

What happens next?

9 We have asked you a number of specific questions throughout this document. If you have any other views on the subject of this consultation, which have not been addressed, you are welcome to provide us with these views in your response.

Please insert text below:

We would reiterate that that without an effective mechanism or governance structure in place that allows applicants to formally challenge or question the value for money or quality of service they receive (distinct from the established challenge processes around the decision itself), there is limited incentive or motivation to change established organisational practices and therefore drive improvements in the quality of the services that are being delivered. This point is particularly relevant given that applicant companies essentially represent ‘captive customers’, unable to go elsewhere for the monopoly services being provided by the regulator for which they are ultimately being charged. With the proposed increase in the hourly rate to be charged from April 2018, the need for an effective and transparent governance structure that allows performance review and challenge which in turn feeds into process improvement for more complicated projects is something that should be addressed with some urgency.

We note that the funding for a wider licence improvement project was withdrawn during 2017. Given the need to focus on efficiency, value for money and service delivery, we would suggest that this should be reinstated at the earliest opportunity - albeit this should be run alongside the governance structure described above.

Consultee Feedback on the Online Survey
10 Overall, how satisfied are you with our online consultation tool?
Neither satisfied nor dissatisfied

11 Please give us any comments you have on the tool, including suggestions on how we could improve it.

Please insert text below:
I am not convinced there are any efficiencies for the consultee. The on-line tool is quite 'clunky' and the only effective way to interact with it is to prepare the response in Word and then cut and paste sections into the relevant boxes which takes time.

Trying to interact with the system doesn't really work - particularly for more substantive responses.