

ANNEX 1 Supporting evidence for the Consultation on Local Authority Environmental Permitting Fees and Charges rates

Introduction

This annex provides evidence to support the consultation by the Welsh Government on proposed revisions to local authority fees and charges for environmental permitting under the Environmental Permitting (England and Wales) Regulations 2016 (EPR). It should be read to support the proposals in the Consultation on Local Authority Environmental Permitting Fees and charges rates

Inflationary uplift calculations

The formula used to calculate the inflationary percentage uplift for each financial year is:

$$\text{Total Uplift (\%)} = (0.25 \times \text{GDP Deflator \%}) + (0.75 \times \text{OBR rate\%})$$

Table 1 Interest Rate Calculations

Financial Year	GDP Deflator %	OBR%	Total uplift %
16/17	2.26	4.40	3.87
17/18	1.57	3.77	3.22
18/19	2.11	1.20	1.43
19/20	2.37	1.54	1.75
20/21	5.37	7.64	7.08
21/22	-0.58	4.73	3.41
22/23	7.05	4.20	4.91
23/24	5.87	8.27	7.67
24/25	4.07	4.29	4.24

To work out the inflationary uplift, calculations start from financial year 2016/17 because that is when rates were last uplifted. Rates have been calculated up to the 2024/25 financial year as that is the final full year before the proposed uplift will be implemented.

The formula to calculate the final percentage uplift uses the compounded total GDP Deflator and OBR%.

The overall GDP Deflator has been calculated as 34.15% and the overall OBR rate has been calculated as 47.67%. These values have been determined by compounding the percentage change for each financial year (FY) using a standard formula. The formula applies the annual percentage increases from 2016/17 to 2024/25 to calculate the total uplift:

$$100 * (1 + (16/17FY\%)) * (1 + (17/18FY\%)) * (1 + (18/19FY\%)) * (1 + (19/20FY\%)) * (1 + (20/21FY\%)) * (1 + (21/22FY\%)) * (1 + (22/23FY\%)) * (1 + (23/24FY\%)) * (1 + (24/25FY\%)) - 100 = \text{Total Uplift \%}$$

The final uplift is then calculated by splitting 25% of the GDP Deflator and 75% of the OBR rate explained above to arrive at 44.29%.

This means the final calculation for an inflationary uplift to the rates is:

$$(0.25 * 34.15\% \text{GDP}) + (0.75 * 47.67\% \text{OBR}) = 44.29\%$$