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HEALTH AND SAFETY COMMISSION

Proposals for the Biocidal Products (Amendment) Regulations 2003

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Cleared by Sandra Caldwell on 16.12.02

Issue

- 1) Proposed amendment of the Biocidal Products Regulations 2001 and the Biocidal Products Regulations (Northern Ireland) Regulations 2001, to complete the fees and charges regime established under that legislation by the addition of a general industry levy.

Timing

- 2) Urgent. We aim to bring the amending regulations into force on 1 April 2003.

Recommendation

- 3) That the attached draft regulations are forwarded to the Minister for signature.

Background

- 4) The background to the proposals is set out in the attached draft explanatory submission (Annex 2) and letter to the Minister (Annex 3). When the Biocidal Products Regulations were introduced (see HSC/00/50) the Commission and Ministers agreed that the recovery of competent authority costs, which is required by the Biocidal Products Directive, should be by means of product-specific fees supplemented by a general industry charge. Northern Ireland followed suit. Arrangements for fees were put in place from the outset, but it has not been possible to provide for a general charge until now because one group of those liable to pay it has only just become identifiable.

- 5) The need for this proposed amendment was foreshadowed in HSC/02/114 dealing with the Health and Safety (Fees) Regulations 2003. At its meeting on 12 November 2002 the Commission considered a paper dealing more generally with the approval regimes for plant protection and biocidal products, and HSC/E's part in them (HSC/02/141). The proposals accompanying the present paper are without prejudice to any longer term or larger scale moves to be made as a result of that earlier one, but are merely a necessary adjustment to the system as it is now.
- 6) Accompanying this paper are:
- i) the draft regulations (Annex 1);
 - ii) a draft explanatory submission to the Minister (Annex 2)
 - iii) a draft letter to the Minister from the Chair (Annex 3)
 - iv) the regulatory impact assessment (RIA) (Annex 4)

Argument

- 7) The draft submission, letter to the Minister and RIA explain the architecture of the draft regulations (in particular the proposed flat-rate, UK-wide charging basis), the proposal to modify the principal regulations for Great Britain and Northern Ireland simultaneously, and the planned arrangement under which HSE will collect and disburse the General Industry Charge under agency agreements.

Consultation

- 8) Paragraphs 12 and 13 of the draft submission refers to the several rounds of consultation that have taken place so far and the standing Charging Review Group that will be used in the future. The dedicated exercise carried out in 2000 was the subject of HSC/00/128.

Presentation

- 9) No significant issues.

Costs and Benefits

- 10) The costs to industry are analysed in the RIA. They have been minimised by the simple, UK-wide, flat rate scheme that has been chosen. The benefit is competent authority cost recovery.

Financial/Resource Implications for HSE

- 11) See para 11 above.

Environmental and other Implications

12) None.

Action

13) If agreed, the Chair to send the attached draft letter with enclosures to the Minister.

ANNEX 2

DRAFT SUBMISSION TO NICK BROWN

[Author and recipient details.
Date of submission]

DRAFT BIOCIDAL PRODUCTS (AMENDMENT) REGULATIONS 2003

SUMMARY

The Biocidal Products Directive 98/8/EC establishes a European Community system for the approval of non-agricultural pesticides, disinfectants and preservatives. It requires that member states recover the costs they incur in operating the system. The UK is to do so by means of individual fees for the evaluation of specific products and a general industry levy to cover non-product-specific costs. Provision for fees has already been included in the UK implementing regulations. The draft amending regulations accompanying this submission complete the arrangements by providing for the general levy.

Issue

1. Proposed amendment of the Biocidal Products Regulations 2001 and the Biocidal Products Regulations (Northern Ireland) 2001, to complete the fees and charges regime set up under that legislation by the addition of a general industry levy.

Timing

2. Urgent. We aim to bring the amending regulations into force at the start of the next financial year on 1 April 2003.

Recommendation

3. That you sign the amending regulations.

Background

4. Under the product approval regime created by the Biocidal Products Directive 98/8/EC, active substances for use in biocidal products (broadly speaking, non-agricultural pesticides, disinfectants and preservatives) will be included in a list maintained at Community level and annexed to the Directive. Products containing those active substances will then be authorised by Member States. A ten-year review programme provides for active substances and products already on the EU market to be brought within the new framework. The 2001 Regulations implement most of the Directive in Great Britain and Northern Ireland.

5. Article 25 of the Directive obliges Member States to recover their costs by charging them to product suppliers and to people supporting the inclusion of active substances on the Community list. Ministers and the Northern Ireland administration have agreed that

recovery in the UK should be by a scheme similar to the one used under present domestic pesticide approval legislation. Individual fees are charged for the evaluation and processing of dossiers on specific products. Costs not attributable to particular dossiers but associated with the operation of the system overall are covered by a general industry levy (here called the 'General Industry Charge'). The 2001 regulations already include provision for product-specific fees, but it has not been possible to introduce the General Industry Charge until now because the supporters of active substances have not had to identify themselves until the review programme reached its present stage. The draft amending regulations make good this omission.

Content and function of the amending regulations

6. The proposed General Industry Charge will be exacted in a simple a way as possible. In particular:

(i) it will be charged at a flat rate per company. Even for small firms the administrative and accountancy costs of the principal alternative – a charge based on a percentage of turnover – are such that the flat rate option is preferable. This may change in future years if the General Industry Charge itself increases, and will be kept under review;

(ii) one scheme will operate UK-wide, with all competent authority costs aggregated and shared among all people liable to pay. This arrangement is preferred by industry and the authorities themselves, as the fragmented alternatives are relatively complex and burdensome. It accords with the terms of Article 25 of the Directive which places the onus of cost recovery on the 'Member State' and not the competent authority as such.

7. To bring this about the amendment simultaneously alters the principal regulations for both Great Britain and Northern Ireland, making use of the authority conferred on the Secretary of State as designated Minister for the purpose of section 2(2) of the European Communities Act. The designated Northern Ireland Department (DETINI), and both the Northern Ireland and Scotland competent authorities (Scotland being separate within Great Britain for this purpose), wish the scheme to be introduced in this way.

8. As a transitional measure the proposed regulations contain an opt-out provision under which anyone who ceases to be liable to pay the charge within the first three months of the scheme's operation will not have to pay anything.

9. Some liable people will be directly identifiable to the competent authorities because they have product authorisations or are recorded supporters of active substances. The proposed regulations contain a notification requirement to pick up the others.

10. As under the present domestic legislation HSE will collect the charge along with its discharge of other UK competent authority functions, acting under authority delegated by agency agreements. Subject to (expected) Treasury approval an accounting shortcut similar to the present one will operate, under which the money will be retained and disbursed by HSE, eliminating the need for transfers of funds between departments.

11. The proposals contain one further slight amendment to the principal regulations, made necessary by EC Commission legislation putting the review programme into effect. An active substance for which an application is being made for inclusion on the

Community list but which has not been formally included in the review programme will have to be regarded as though it were new to the market. The draft amending regulations make this so in the UK legislation.

Consultation

12. Consultation has been extensive and has taken place at three main stages:

- (i) when the principal regulations were introduced;
- (ii) by means of a separate, dedicated consultative exercise in mid-2000;
- (iii) in November 2002 at a meeting of a standing Charging Review Group set up for biocidal products.

13. There have also been continual exchanges with industry representatives, OGDs, Northern Ireland and the devolved administrations. The proposals reflect closely the wishes of all consultees. The Charging Review Group will provide a mechanism for ongoing consultation of industry representatives on the operation of the scheme, the charges made and the annual rate, though in practice the room for manoeuvre will be limited by the need for precise full-cost recovery and by the agreed charging basis.

Costs and benefits

14. Costs are explored fully in the attached Regulatory Impact Assessment. Costs to industry (over and above the General Industry Charge itself) have been kept to a very low level by the adoption of the flat-rate scheme. The benefit is simply the recovery of competent authority costs.

Commencement

15. The planned commencement date is 1 April 2003, to coincide with the start of the financial year and avoid the regulatory and administrative complexities of starting the scheme part way through the year. The first charges would be made mid-2004 for the year 2003-4.

Clearance

- (i) Sandra Caldwell Director Health Directorate HSE
- (ii) Health and Safety Commission

ANNEX 3

DRAFT LETTER FROM CHAIR TO THE MINISTER

PROPOSALS FOR THE BIOCIDAL PRODUCTS (AMENDMENT) REGULATIONS 2003

At its meeting on 13 January 2003 the Health and Safety Commission agreed that these draft regulations should be recommended to you. They complete the fees and charges arrangements under which the UK competent authorities will recover the costs they incur in operating the approval system for biocidal products under the Biocidal Products Directive 98/8/EC. They do so by providing for a general industry charge to accompany the arrangements for product-specific fees already introduced. The structure and background of the draft regulations, and their timing, are explained in the attached submission.

A key feature of the proposals is that they establish a single UK-wide charging scheme, the simplicity of which is much desired by both the industry and the charging authorities. The proposals have been subjected to extensive consultation, and industry representatives have expressed appreciation of the efforts that have been made to produce a simple and workable scheme. The flat rate basis for charging was introduced in response to consultees' comments. The industry and DTI is satisfied that at the charge levels likely to apply for the foreseeable future this arrangement is advantageous to both small and large firms.

The charging regime will be supported by guidance now in the final stages of preparation by HSE.

May I invite you to consider the proposals and if content to sign the amending regulations.

Copy to: [Northern Ireland
Scotland
Wales
DTI
DH
DEFRA]

ANNEX 4

BIOCIDAL PRODUCTS REGULATIONS: GENERAL INDUSTRY CHARGE DRAFT REGULATORY IMPACT ASSESSMENT

Title of the regulatory proposal

1. This regulatory impact assessment (RIA) covers the introduction of a General Industry Charge (GIC) associated with the implementation of the Biocidal Products Directive(1) (BPD).

Purpose and intended effect of the proposal

2. The Biocidal Products Regulations 2001(2) (BPR) as respects Great Britain and the Biocidal Products Regulations (Northern Ireland) 2001(3) (BPRNI) as respects Northern Ireland implement BPD in the United Kingdom. This is an Article 95 Directive and establishes a European Union (EU) wide authorisation scheme for placing biocidal products on the market. Ministers in England and Wales, Scotland and Northern Ireland have delegated most of their functions under the Regulations to the Health and Safety Commission (HSC) and thence to the Health and Safety Executive (HSE).
3. Article 25 of BPD requires Member States to “establish systems obliging those having placed or seeking to place biocidal products on the market and those supporting entries for active substances onto Annex I to pay charges, corresponding as far as possible to their costs in carrying out all the different procedures associated with the provisions of this Directive”.
4. The UK has partly implemented Article 25 by establishing a system of fees under schedule 13 of BPR and schedule 11 of BPRNI. However, there are some costs that cannot be recovered fairly through a system of fees. These are costs associated with running the authorisation system as a whole. We therefore intend to introduce a ‘General Industry Charge’ (GIC) to recover these costs. The GIC is intended to recover the costs of:
 - a) monitoring the effects of biocides;
 - b) research directly related to the authorisation of biocides;
 - c) UK input into the EU level work of other Member States;
 - d) establishing and maintaining the technical competence of the people who will carry out the assessments as required by BPD;
 - e) providing information to dutyholders; and
 - f) maintaining an authorisation system and procedures that are efficient and operate well.

1 Directive 98/8/EC of the European Parliament and of the Council of 16 February 1998 concerning the placing of biocidal products on the market.

2 SI 2001 No 880.

3 SR 2001 No 422

We intend to introduce a single set of Regulations to enable HSE to collect a single charge throughout the UK, whether the product is first placed on the market in England, Wales, Scotland or Northern Ireland. This approach is not dissimilar to that already in place under the Food and Environment Protection Act 1985 and the Control of Pesticides Regulations 1986. This approach uses a levy based on UK sales turnover to recover pesticide authorisation costs that cannot be recovered through fees.

Risk Assessment

Options

5. Article 25 requires that the UK recovers its chargeable costs in full. HSE considers that there are three possible ways of charging the GIC. These are based on:
 - a) turnover on biocidal products;
 - b) a fixed charge per company; or
 - c) a fixed charge per product.

HSE also considers that, as the chargeable work is largely related to permission to place a product on the market, the charge should be paid by those first placing biocidal products on the UK market and those supporting entries for active substances onto Annex I.

Information sources and background assumptions

6. HSC held a public consultation exercise on these 3 options in summer 2000⁽⁴⁾ (see Appendix 1). Further information was sought from industry in late 2000. The costs have been estimated from information received from these consultations. They measure the additional costs to Industry of preparing to comply with the GIC and the annual costs of compliance. The actual cost of the GIC is not included. It was included in the regulatory impact assessment (RIA) for the Biocidal Products Regulations, which recognised that there would be a decline in GB regulatory costs under existing legislation as products moved into the BPR regime. The conclusion was that there would be no increase in regulatory costs compared with costs that would have been incurred anyway under existing legislation if BPR had not been introduced.
7. At the time of the public consultation in summer 2000 the total costs likely to be attributed to the GIC increased from £400,000 in 2001/2 to plateau at £700,000 in 2003/4 and beyond. From these figures it was estimated that each company would contribute from £330 (2001/2) to £580 (2003/4) with a per company option and from 0.13%-0.20% (2001/2) to 0.23%-0.29% (2003/4) of turnover with a turnover option. Current estimates, given that the implementation of the regime in the EU is progressing more slowly than anticipated, are that the GIC will be around £400,000 per year for the first few years from 2003/4.
8. A total of forty-five replies were received to the Commission's Consultative Document. Twenty-five respondents stated that they would prefer a flat rate charge

⁴ Consultation on options for charging the general industry charge (GIC) to enable the Health and Safety Executive to recover costs of activities under the Biocidal products Regulations 2000, CD 162. HSE Books, 2000.

per company. One respondent stated a preference for a tiered charge per company depending on the size of the company. Thirteen respondents preferred the turnover option. Six respondents made no comment on which charging option they preferred. Of the eight companies identifiable as small or medium-sized, three (1 < 15, 1 < 30 and 1 < 60 employees) preferred a flat rate per company and three (2 < 2 and 1 < 50 employees) preferred the turnover option.

9. Unless otherwise stated, all cost data are in 2000/01 prices. Since the costs are essentially staff time, costs over 10 years are uprated by 1.8 per cent per year to allow for real increases in earnings. These projected costs are then discounted using the Treasury recommended discount rate of 6 per cent.

Benefits and costs

Benefits

10. There are benefits:

- a) In having a properly funded authorisation system for biocides in the UK so that it can discharge the functions listed in paragraph 4 efficiently; and
- b) In that costs are met by those first placing biocidal products on the market and supporting entries of active substances onto Annex I of BPD rather than by the taxpayer.

Costs

11. We assume that there are no or minimal additional costs to the industry currently regulated under the Control of Pesticides Regulations (CoPR) in complying with the new requirements. However, adopting a per company option will result in companies with a low turnover paying more under the GIC than they do under the CoPR levy. Companies with a high turnover will pay less. From information gathered in an HSE in-house research project we estimate that there are 1000 companies that will be subject to the new charging regime that were not subject to the current CoPR regime, and that 200 of these are 'large' (turnover greater than £1M) and 800 'small' or 'medium-sized'.

Option 1 - Per Company Option

12. For this option, a company, in the first year, is required to inform HSE of its name and address, the name of the person to whom payment requests should be sent and whether they are supplying products to the market or supporting active substances for entry onto Annex I. In subsequent years it will only be necessary to inform HSE if the existing entry is incorrect and to provide the correct information.

Costs to Industry

13. As an average we assume that both large and small and medium-sized companies need 1 hour manager time (£48/h) to establish the system in the first year and insignificant time to complete the annual return form.

First year

14. The cost in the first year is £48 per company. This gives a total cost in the first year of £48,000 (£9,600 for large and £38,400 for small and medium-sized companies).

Subsequent years

15. Recurrent costs are considered to be insignificant.

Costs to HSE

16. We estimate that 20 days administrative staff time⁽⁵⁾, at an average cost of £265 per day, is needed in the first year to establish the procedures and database and 110 days annually to collect the relevant information, prepare and issue invoices, record payment and handle queries. It should be noted that this is not a real cost to HSE since it will ultimately be paid by industry through the charge.

First year

17. The costs are £34,450.

Subsequent years

18. The costs are £29,150 per year.

19. The total costs over ten years for Option 1 are about £281,000 in present value terms. These are all implementation costs. Rounded undiscounted annual costs are shown in Table 1 below.

Table 1: per company option, year-on-year costs

Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Cost (£)	82,000	30,000	30,000	31,000	31,000	32,000	32,000	33,000	34,000	34,000

Option 2 - Turnover Option

20. For this option, in the first year, it is necessary for a company to ensure that they have, or they establish, systems to identify the active substances and/or products that are placed on the market for biocidal purposes and to record the turnover for each. At the end of each year it will be necessary to determine the total turnover on all biocidal products and active substances that are supplied for use in biocidal products and to provide this information to HSE. It is noted that, as active substances may have uses other than as active substances of biocidal products, such information may be very difficult to obtain for some companies.

Costs to Industry

⁵ Assumes the majority of time is spent by clerical and junior executive grades (job bands 5 and 6 with some time allowed by a more senior executive grade (job band 3)).

21. As an average we assume that a large company needs 2 days manager time (£350/day) to establish the system in the first year and 0.5 days accountant time (£500/day) each year to produce the annual turnover figures.

22. For a small or medium-sized company the assumptions are 0.5 days manager time in the first year and 1 hours accountant time (£66/h) annually.

First year

23. The cost in the first year is £950 for a large company and £241 for a small or medium-sized company. This gives a total cost in the first year of £382,800 (£190,000 for large and £192,800 for small and medium-sized companies).

Subsequent years

24. Annual costs are £250 for a large company and £66 for a small or medium-sized company. This is £102,800 in total (£50,000 for large and £52,800 for small and medium-sized companies).

Costs to HSE

25. We estimate that 20 days administrative staff time, at an average cost of £265 per day, is needed in the first year to establish the procedures and database and 160 days annually to collect the relevant information, prepare and issue invoices, record payment and handle queries. It should be noted that this is not a real cost to HSE since it will ultimately be paid by industry through the charge.

First year

26. The costs are £47,700.

Subsequent years

27. The recurrent costs are £42,400 per year.

28. The total costs over ten years for Option 2 are about £1.8 million in present value terms. These are all implementation costs. Rounded undiscounted annual costs are shown in Table 2 below.

Table 2: turnover option, year-on-year costs

Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Cost (£)	431,000	147,800	150,500	153,200	155,900	158,700	161,600	164,500	167,500	170,500

Other options

29. A tiered 'per company' option was considered. The intention of this option would be to reduce the annual GIC for small and medium-sized companies. This option was discounted because of the difficulty in defining (and policing) a 'small' and 'medium-sized' company with respect to the supply of biocidal products. Companies would have to produce the evidence necessary to demonstrate that they were 'small' or

'medium-sized'. HSE would have additional costs in using the information to determine the number of companies in each tier and in calculating the GIC for each. Consequently, the costs (estimated as up to £2650 in the first year and up to £1325 annually) of this option to both industry and HSE would be greater than for the fixed 'per company' option. Overall, it was considered that these extra costs would be such that any saving in the annual GIC (given its likely low level, see para 7) to small and medium-sized companies in both the first year and annually would be insignificant.

30. A 'per product/per active substance' option was also considered. In this option a company would pay a GIC based on the number of biocidal products/active substances they supplied. This option was also discounted. It was shown to be more costly to industry and HSE than the 'per company' option, both to establish and in recurrent costs. Initial and recurrent costs were shown to be intermediate between the per company and turnover options. Also, on consultation virtually no respondents favoured this as a way forward.

Conclusion

31. Both in the first year and for recurrent costs, the 'per company' option presents the lowest additional administrative cost over that already incurred through the pesticides levy. It is also easier to understand and to implement. This is our preferred option. However, the total cost to industry will also include the actual cost of the annual GIC (see para 7).

Impact on Small Businesses

32. A substantial proportion of suppliers of biocidal products and supporters of entries onto Annex I are small businesses.
33. The total cost of the GIC to a company is made up of two components, these being:
- a) the company's costs in producing the information necessary to comply, which includes paying the annual invoice ("compliance costs"); and
 - b) the actual annual GIC.
34. With a turnover option, for each small company, the annual compliance costs are likely to be fixed, ie not dependent on turnover. The actual GIC will be low and, if it falls below a particular amount, it may become uneconomic to collect. For most small companies, their GIC may be below this economic minimum. However, they will still incur compliance costs (£241 in the first year and £66 thereafter, per small company). These represent a significant proportion of the total costs to small companies and will be their total costs if the GIC is below the economic minimum.
35. With the per company option the compliance costs are lower (£48 in the first year, insignificant thereafter, per small company) than for the turnover option. However, the GIC is still charged, irrespective of turnover and there will be no minimum that is economic to collect. Consequently, all small companies will pay the GIC. The compliance costs will represent a smaller proportion (13% in the first year, insignificant thereafter) of their total costs than with the turnover option.

36. Whilst the compliance costs are lower, the total costs (compliance and actual GIC - £380 in the first year, £580 thereafter) to a small company of the per company option will be greater than for the turnover option. Assuming a levy rate of approx 0.15% in the early years (see para 7) and it being uneconomic to collect less than £25, this is most likely to affect companies with a turnover of less than approximately £17,000 and be in the region of £140 in the first year and £270 in future years. It is estimated that 30-35% of companies supplying non-agricultural pesticides under the current national regime have a turnover below this figure.
37. It is expected that a number of small companies, having a very low turnover on biocidal products, will find it uneconomic to supply these products if a per company option was introduced. Withdrawing these products from the market could have a significant adverse effect on the viability of individual businesses if they trade in these products alone. However, it should be noted that the data and registration requirements for products are high. Costs, presented in the RIA for the BPR, indicated that, on average, it would cost £78,000 (1998/99 prices) to provide data on each product. The need to comply with these requirements at some stage in the future will likely mean that low turnover products will be withdrawn anyway, independantly from the GIC as the costs of compliance with BPR are high.

Balance of Costs and Benefits

38. The ten year present value costs for option 1 are estimated to be approximately £281,000. The ten year present value costs for option 2 are estimated to be approximately £1.8 million. It has not been possible to quantify in monetary terms any of the potential benefits, largely cost savings, which may be associated with the proposal.
39. However, as noted above, for most SMEs their GIC, based on a turnover option, may be below the economic minimum whereby it is unfeasible to collect. Yet, they will still incur compliance costs, which are considered to represent a significant proportion of the total costs to small and medium-sized companies and will be their total costs if the GIC is below the economic minimum.

Uncertainties

40. There are uncertainties in the cost estimates as it is not known exactly how many companies will be subject to the new charging regime that were not subject to the current CoPR regime. Also, there is uncertainty about the level of costs that will need to be recovered through the GIC and the number of firms with low turnover, affecting the feasibility of collecting the GIC under the turnover option.

Effects on Competition

41. The competition filter was used to assess whether the introduction of a GIC may affect competition.
42. This RIA considers the compliance costs of introducing the GIC. Whichever option is chosen, it is a small additional cost and should be considered against the costs of

providing data on products (see para 37). It is not considered to be likely to have an effect on competition.

43. In the markets currently regulated under CoPR, there are companies with more than 20% of the market share and also, in some areas, where the three largest companies have more than 50% of the market. Given that these markets have been subject to an authorisation procedure for many years, it is not considered that the compliance costs of the GIC will have any further impact on competition. Any further effect on the market structure is likely to be due to the costs of providing data on products.
44. For the remaining markets, these are not currently subject to an authorisation procedure in the UK. In some areas there may be companies with a substantial share of the market, as there are in those markets regulated under CoPR. However, as with the CoPR markets, it is not considered that the compliance costs of the GIC will have any further impact on the competition in these markets. The major impact, as mentioned above, will be from the costs of providing data on products.

Proposals for securing compliance

45. In the proposed Regulations, a duty will be placed on both those first supplying biocidal products onto the UK market and supporters of entries onto Annex I to inform HSE of their name and address. Once products have been authorised under the new regime, the suppliers of both the product and its active substances can be easily identified.

Monitoring and evaluation

46. A Biocides Charging Review Group, of stakeholder representatives, will be established. It will keep under review the effectiveness, consistency and operation of the Biocidal Products Regulations charging regime's financial and administrative arrangements and their consequences.
47. It is proposed that the method of collecting the GIC be re-evaluated 3-5 years after the Regulations come into force, depending on the rate of transition from the national to the EU regime, with any changes being introduced for the following financial year.

Summary of the Results of the Consultation Exercise

48. A summary of the consultation exercise is presented in Appendix 1.

Recommendations

49. The recommendation is for the GIC to be charged on a per company basis. Some small and medium sized companies have indicated a preference for a turnover option. However, whilst charging on this basis may result in a lower annual GIC for them, sometimes below the level which is economic to collect, the total cost of this

option is higher than for the per company option. Additionally, it is considered that, when turnovers are very low, the costs of providing the data to support placing a product on the market (see para 37) is likely to result in these products being withdrawn, independently from of the GIC, as the costs of compliance with BPR are high.

Contact point and date

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APPENDIX 1

Summary of responses to the consultations of summer 2000 and late 2000 on the Biocides General Industry Charge (GIC).

Background

A full public consultation on the charging options took place in summer 2000. At a meeting of the Biocides Charging Review Group on the 8 December 2000 Industry representatives volunteered to provide HSE with factual information on the administrative costs of complying with both a turnover and a per company charging option by 12 January 2001. A letter was sent to interested parties in December 2000, requesting this information and information on how many employees the company had in their biocide businesses.

Information on administrative costs

Little factual information was received. Thirteen replies provided some information about administrative costs of complying with a turnover charge. These costs varied from virtually nil, as the company's accounting package could provide this information, up to £10,000 in the first year for setting up a system to collate the information plus an accountant's fee for verifying that the sales turnover was correct. The only respondent supplying information on the per company option estimated costs as in the region of £50 per cheque paid to HSE.

Small and medium-sized companies

Some companies identifiable as small or medium-sized (3 < 10 employees, 1 with approx 60 employees) voiced concern that their views would be overridden by those of the larger companies and in some cases the Trade Associations. They also pointed out that a turnover charge was fairer to all and there are plenty of proprietary computer packages that can be used to collate the required data.

Other information (on method of charge and who should be charged)

A total of forty-five replies were received. Twenty-five respondents stated that they would prefer a flat rate charge per company. One respondent stated a preference for a tiered charge per company depending on the size of the company. Thirteen respondents preferred the turnover option. Six respondents made no comment on which charging option they preferred. Of the eight companies identifiable as small or medium-sized, three (1 < 15, 1 < 30 and 1 < 60 employees) preferred a flat rate per company and three (2 < 2 and 1 < 50 employees) preferred the turnover option.

Five respondents stated that the draft proposals to implement the GIC did not address the requirement of the Directive to charge the GIC to suppliers of active substances. In the current proposal suppliers of active substances are included. Three respondents voiced concern over what was considered to be in scope of the Biocidal Products Regulations and how this would affect their products.

It should be noted that, of the replies received from individual companies, 13 mentioned that their trade association had requested they write in to HSE to voice their concerns over

the GIC. If it were possible to give weightings to the replies then a different picture might emerge.