

Submission from the CHEM Trust on the REACH Fees and Charges (Amendment of Commission Regulation (EC) No 340/2008) Regulations 2025

The REACH Fees and Charges Regulations 2025 reduce the overall fees and charges industry pay to the Health & Safety Executive (HSE) for registering substances they place on the UK market and applying to use substances that require special authorisation by the regulator. Fees will be reduced by an estimated £40 million in total over the next six years and the cost of registering hazardous chemicals is expected to be reduced for over 90% of firms.

This note sets out the following concerns:

1. **On the specifics of the proposals:**
 - a. **Further information is needed on the income and expenditure of UK REACH** to assess the impact (no impact assessment was conducted).
 - b. **They do not align with the polluter pays principle.**
 - c. **Uncertainties continue** about information companies must provide on registered substances, meaning the system is less evidence-based and robust than the EU's.

2. **An impact assessment should have been conducted to assess the impact of a reduction in income.** UK REACH already has insufficient resources and capacity to effectively assess, manage, monitor and enforce regulation, and is falling sharply behind EU protections.

Background

The protection of our health and environment from serious harm requires an effective system of regulating chemicals to prevent this pollution at source. At the start of 2021, the UK started operating UK REACH, its own independent system for regulating hazardous chemicals covering Great Britain (following departure from EU REACH). While additional funding was provided for taking on these new regulatory functions, they were insufficient for the UK to match the scale and pace of the EU's regulation of chemicals. Since then, the UK has been moving at a much [slower pace](#) than the EU on regulating chemicals, [resulting](#) in 'passive divergence' and lower protection.

Lack of transparency

It is difficult to properly assess the impact of the proposals in this SI without information on the income received by UK REACH (from fees and Grant-in-Aid) and its expenditure (including staffing costs). When EU REACH was transposed into UK law, the requirement to produce and publish [a comprehensive annual budget](#) (in Article 96 of EU REACH) was removed. And whilst the UK retained Article 83, which requires it to produce annual accounts and forecast, these do not have to be published and therefore have not been. Limited information can be sourced from the [HSE Annual Report](#) (p.95 on income derived from fees/charges) and an [answer](#) to a parliamentary question in June 2023. **To improve transparency, will the Department for Environment, Food and Rural Affairs commit to publish the annual accounts and forecast that has been produced under Article 83?**

The Explanatory Memorandum [said that](#) "NGOs are keen to ensure that the UK REACH regime is properly resourced, and confirmation has been provided that there are no negative implications as a result of the changes we are making to the current fee levels". **Can the department set out how it intends for negative impacts to be mitigated?**

The polluter pays principle

We welcome the increase in fees for authorisation by approximately 20%. However, we are concerned that the UK has so far added no new substances to its authorisation list, compared to five added to the [EU's list](#), including Tetraethyllead in aviation fuel, and by [analysis](#) that suggests applications to use substances on the list are more likely to succeed in the UK, such as for [chromium trioxide](#), a carcinogenic chemical linked to increased risk of lung and throat cancer. These fees should be set at a level that deters the use of harmful substances and encourages companies to switch to safer alternatives. There was potentially a missed opportunity to source funds for the costs of assessing and adopting regulatory controls on harmful substances that damage the environment or public health from fines instead of only the fees calculated on the basis of HMT rules on [Managing Public Money](#) (MPM); particularly given proposals for a flat registration fee regardless of tonnage band. For example, it could cost an SME [as little as £57](#) to manufacture or import over 1,000 tonnes of a substance on the GB market. By comparison, the EU charges higher fees for higher tonnage bands. **Can the department explain how its duty to have due regard to the environmental principles policy statement, particularly the polluter pays principle, has been discharged in relation to the drafting of these regulations?**

Uncertainty of information companies must provide on registered substances

This instrument reduces fees for registering substances, but minimal data is currently provided by companies about the safety of substances they are registering, i.e. placing on the market. The government should adhere to a core principle in good chemicals regulation known as ‘**no data no market**’ by which companies must provide safety data on substances they place on the GB market, so the regulator can check that industry understands the risks of the chemicals they use and to provide a basis for regulatory decisions and controls. The deadlines by which companies must provide this data have been pushed back by legislation twice already – most recently [in 2023](#). The ‘Alternative Transitional Registration model’ brought in by the previous government is awaiting implementation but this model reduces EU requirements on companies to provide data on hazards to health and the environment. **Given this lack of data, can the department set out how it plans to regulate for harmful substances in the meantime? Will it consider applying EU risk-management decisions during the period of reduced data availability?**

Resourcing UK REACH

Reviews by the [National Audit Office](#) and [Public Accounts Committee](#) found a lack of operational capacity and data is having a negative impact on the Health and Safety Executive’s ability to assess risks and carry out its work.

A lack of capacity in the UK system to match the scale and pace of EU REACH is resulting in the UK considering [fewer](#) and [weaker](#) protections from harmful chemicals, and at a slower pace. For example, it has not yet introduced a [single new restriction](#) or more [protective workplace exposure limit](#) in the 4+ years it’s been operating. By comparison, ten new restrictions on harmful substances have been adopted in the EU, including on intentionally added microplastics and lead in PVC. This regulatory gap is set to become wider, with EU proposals in the pipeline to restrict groups of widely used chemicals of key concern, such as PFAS. In addition, the last government [chose not to match](#) new EU classifications for better identifying known and suspected endocrine disrupting chemicals (EDCs) unless they are adopted globally, which could take many years. Since this change, the EU is close to updating [the Toy Safety Directive](#) that will automatically phase out all substances identified as [EDCs from toys](#), paving the way for better protection of children, who are particularly vulnerable to adverse impacts from EDCs. As these examples demonstrate, protection for British citizens and the environment from harmful chemicals has fallen behind the rest of Europe. While companies that want to continue exporting

to the EU and Northern Ireland will comply with the higher EU standard, this regulatory gap will continue to grow without intervention. This could lead to the UK becoming a 'dumping ground' for inferior imported products that are less safe, as well as the production of harmful chemicals and items containing substances banned by the EU due to their toxicity. This risks comparatively higher levels of chemical pollution in the UK and higher costs of [clean-up](#). Divergence from EU chemical safety laws is also resulting in additional costs and complexity on UK companies. **Can the department set out how UK REACH will provide GB with the same level of protection from chemicals that it had as a member of the EU given the lower resource and capacity available to the regulator?**

19 March 2025

Response from the Department for Environment, Food and Rural Affairs

Our response is set out below and our answers to the specific questions can be seen in the attached Annex.

We recognise the points which they and other interested stakeholders have raised previously. This includes in a briefing session we held with CHEM Trust on 4 September 2024 and in subsequent exchanges later that month as part of the informal consultation we carried out on our proposed approach to amending the current UK REACH fee levels. This consultation ran from 14 August to 16 September 2024.

Many of the concerns expressed relate to broader issues relating to the policy and operation of UK REACH e.g. registration data, and divergence from EU REACH. In that regard Defra Ministers are still considering the future direction of chemicals policy, including UK REACH. We continue to address those as part of our wider ongoing engagement with CHEM Trust, other NGOs and industry.

Those concerns go beyond the narrow scope and purpose of this SI which is to give legal effect to the changes we are making to the current UK REACH fees and charges (carried across from the EU) to bring those in line with Treasury rules on Managing Public Money (MPM).

The Explanatory Memorandum (EM) sets out the approach we have taken in calculating the new fees and charges that businesses will be paying from 1 April 2025. We have also explained in that document how and why those fees are changing. For example, that we will now be recovering costs not previously recovered relating to the UK REACH IT Service, through the registration fee; and that the authorisation fee is increasing to reflect the costs (not previously recovered) incurred by the Environment Agency (EA) for the work it does to support the Health and Safety Executive (HSE) in processing applications for authorisations. Much of this information was included in the Explanatory Note we sent to the key NGOs when we launched our informal consultation in August 2024.

As set out in the EM there is no requirement for us to have carried out a formal impact assessment. We do recognise that the changes we are making to the current fees will mean a reduction on fee income for HSE from what they have been getting. However, this is because the fees in legislation were inherited from the EU and were not in line with MPM rules requiring that we should only recover the full costs for the specific regulatory activities for which the fee is charged.

Regarding CHEM Trust's point about lack of transparency on the income and expenditure relating to UK REACH we have nothing to add to what we sent to CHEM Trust last September. As CHEM Trust have noted in their submission some information on UK REACH fee income and costs is included in HSE's most recent (2023-24) annual report and accounts package. This is considered sufficient for the public domain.

The changes we are making to the fees reflect the analysis we undertook in terms of the recoverable costs associated with those regulatory activities for which fees are charged. It would not be appropriate to charge higher fees now in anticipation of how those costs might increase in the future. For example, to take account of additional work that both the HSE and EA may be required to do in relation to those chargeable activities. In line with good MPM practice we will keep the fees under review and adjust them as necessary with the aim of ensuring we are neither over nor under-recovering from chemical businesses.

In doing this we will continue to engage with both industry and NGO stakeholders so we can continue to take account of their views not only on the impact of the fees but on wider issues relating to the future policy and operation of UK REACH.

Annex: Responses to Specific Questions in CHEM Trust's Submission to SLSC

To improve transparency, will the Department for Environment, Food and Rural Affairs commit to publish the annual accounts and forecast that has been produced under Article 83?

Under Article 83 of REACH HSE does provide information on the draft accounts and forecast relating to REACH activities for the coming year to the Defra Secretary of State and responsible Scottish and Welsh Government Ministers for sign-off. However, we are not required to publish the annual accounts and forecast produced under that Article and have no plans to do so.

Can the department set out how it intends for negative impacts to be mitigated?

There are no negative impacts on HSE resourcing as a result of these fee changes. Other regulatory activities relating to UK REACH carried out by the HSE and the EA for which costs cannot be recovered through the fees will continue to be funded through the Grant-in-Aid that Defra provides to both organisations for that purpose.

Can the department explain how its duty to have due regard to the environmental principles policy statement, particularly the polluter pays principle, has been discharged in relation to the drafting of these regulations?

We have considered the five Environmental Principles against our policy approach to make changes to the current UK REACH fee level as set out below.

Integration Principle: a core objective of UK REACH legislation is to reduce risks to human health and the environment. As such, consideration of the environment has been integrated into the development of our policy approach.

Prevention Principle: the fees charged to chemical businesses to register to put chemicals on the market or to apply for an authorisation can help reduce the risk of environmental damage at the outset. The addition of a substance to the Authorisation list means that it can not be used without an authorisation by the SOS who will consider whether the substance is adequately controlled, or that the risk of use is acceptable owing to socio-economic benefits outweighing risk to public health, and there are no suitable alternative substitutes available. The process of authorisation aids prevention of environmental harm.

Rectification at source Principle: Under UK REACH it is industry's responsibility to manage any potential risks associated with the substances they place on the market. The information provided by chemical businesses when submitting applications for registrations and authorisations can be used by regulatory bodies (HSE and EA) to carry out their duties to safeguard human health and protect the environment.

Polluter pays Principle: The fees charged to chemical businesses for applying to register chemical substances or for applications for authorisations cover the costs of the regulator in assessing those applications. These applications also provide the regulatory bodies (HSE and EA) with the information they need to carry out their duties to safeguard human health and protect the environment.

The purpose of the changes we are making to the fees is to align them with MPM to cover the recoverable costs for those regulatory activities necessary for the operation of UK REACH. Those changes do not relate to any sort of wider polluter pays levy addressed at the externalities associated with chemical harms applying to human health or to the environment.

Precautionary Principle: Although this principle underpins UK REACH it is not directly applicable to the changes we plan to make to the current UK REACH fees.

Given this lack of data, can the department set out how it plans to regulate for harmful substances in the meantime? Will it consider applying EU risk-management decisions during the period of reduced data availability?

This is a wider question about chemicals policy and is not directly pertinent to the scope and purpose of the UK REACH fees SI.

Can the department set out how UK REACH will provide GB with the same level of protection from chemicals that it had as a member of the EU given the lower resource and capacity available to the regulator?

This is a wider question about chemicals policy and is not directly pertinent to the scope and purpose of the UK REACH fees SI.

25 March 2025