



European Union Network for
the Implementation and Enforcement
of Environmental Law

IMPEL REVIEW INITIATIVE (IRI)

**“A voluntary scheme for reporting and offering advice
to environmental authorities”**

**Report on the IRI that took place in Iceland
between 28 to 31 August 2012
at the Environment Agency of Iceland (EAI)**

Introduction to IMPEL

The European Union Network for the Implementation and Enforcement of Environmental Law (IMPEL) is an international non-profit association of the environmental authorities of the EU Member States, acceding and candidate countries of the European Union and EEA countries. The association is registered in Belgium and its legal seat is in Bruxelles, Belgium.

IMPEL was set up in 1992 as an informal Network of European regulators and authorities concerned with the implementation and enforcement of environmental law. The Network's objective is to create the necessary impetus in the European Community to make progress on ensuring a more effective application of environmental legislation. The core of the IMPEL activities concerns awareness raising, capacity building and exchange of information and experiences on implementation, enforcement and international enforcement collaboration as well as promoting and supporting the practicability and enforceability of European environmental legislation.

During the previous years, IMPEL has developed into a considerable, widely known organisation, being mentioned in a number of EU legislative and policy documents, e.g. the 6th Environment Action Programme and the Recommendation on Minimum Criteria for Environmental Inspections.

The expertise and experience of the participants within IMPEL make the network uniquely qualified to work on both technical and regulatory aspects of EU environmental legislation. Information on the IMPEL Network is also available through its website at:

www.impel.eu.

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1. Executive Summary

In line with the Recommendation for Minimum Criteria for Environmental Inspections (RMCEI), this informal review of Umhverfisstofnun (the Environment Agency of Iceland) by a broad cross section of the IMPEL network, focuses upon the inspection, permitting and enforcement of the IPPC Directive and where relevant any other industrial processes that fall under the RMCEI.

Throughout, the IRI team have identified several examples of 'good practice' and 'opportunities for development', when considering the implementation of the above Directive(s) during the review. Specifically, the review team have highlighted the following as particularly strong examples of this:

Good practices:

- An independent appellate committee has been created in Iceland to act as an independent voice in the appeal process. This was seen as a good innovation that provided an independent forum for re-considering decisions. This involved people with different specialisms and consisted of rotating members. There is free access for the public to appeal decisions.
- The EAI publishes formal warning letters on their website and pushes these to news outlets/media.
- The EAI use a powerful, flexible and custom made database for inspection reporting, storing of reports, licences and invoicing. It has an in built tracking system to identify where an inspector is within the inspection process and is currently being linked to mobile devices like 'iPads' to enable greater use of the database 'in the field'.

Opportunities for development:

- Explore opportunities to fully recover costs for permitting and inspection. Where full recovery is unpalatable consider developing a mechanism to routinely update fixed costs in legislation for higher levels of cost recovery than present.
- Although it is difficult due to the size of the agency, consider how to rotate inspectors to avoid issues of regulatory blindness.
- Consider the development of a site specific risk assessment.

The review team considers that the objectives of the area of EU environmental law within the scope of the review of EAI are being delivered in Iceland. Furthermore the arrangements for environmental inspection and enforcement are broadly in line with the RMCEI.

2. Introduction

2.1 The IRI Scheme

The IRI scheme is a voluntary scheme providing for informal reviews of environmental authorities in IMPEL Member countries. It was set up to implement the European Parliament and Council Recommendation (2001/331/EC) providing for minimum criteria for environmental inspections (RMCEI), where it states:

“Member States should assist each other administratively in operating this Recommendation. The establishment by Member States in cooperation with IMPEL of reporting and advice schemes relating to inspectorates and inspection procedures would help to promote best practice across the Community.”

2.2 Purpose of the IRI

The aims of the IRI are to:

- provide advice to environmental authorities seeking an external review of their structure, operation or performance by experts from other IMPEL member countries for the purpose of benchmarking and continuous improvement of their organisation
- encourage capacity building in environmental authorities in IMPEL member countries
- encourage the exchange of experience and collaboration between these authorities on common issues and problems
- spread good practice leading to improved quality of the work of environmental authorities and contributing to continuous improvement of quality and consistency of application of environmental law across IMPEL member countries (“the level playing field”).

The IRI is an informal review, not an audit process. The IRI is intended to enable the environmental authority and review team to explore how the authority carries out its tasks. It aims at identifying areas of good practice for dissemination together with opportunities to develop existing practice within the authority and authorities in other IMPEL member countries.

2.3 Scope of the IRI in Iceland

The IRI uses a questionnaire to review the environmental authority against the requirements of the RMCEI. The IMPEL “Doing the Right Things” Guidance Book for planning of environmental inspections has been used to help structure the questionnaire and the review. The Guidance Book was developed to support Inspectorates in implementing the RMCEI and describes the different steps of the Environmental Inspection Cycle pursuant to the RMCEI.

The scope of the IRI in Iceland focussed on the work of the Environment Agency of Iceland (EAI), specifically the work of the Department of Environmental Quality, and primarily in relation to permitting and inspection. This covered a range of directives including the IPPC Directive and where relevant any other industrial processes that fall under the RMCEI. The EAI chose not to

carry out a site visit as part of the review. The review did not cover the SEVESO Directive as this is not a competency of the EAI.

2.4 Structure

A pre-review meeting was held in Reykjavik on 19 and 20 June 2012 in which details for the Review were discussed. The meeting comprised the team leader, rapporteur, and the hosts.

The review itself took place at the offices of the EAI in Reykjavik 28-31 August 2012. The findings were presented to the higher management team of the EAI and a representative of the Ministry of Environment and Natural Resources. The Review was structured according to the revised IRI questionnaire developed by the IRI review project during 2009. The IRI Review team consisted of 6 different IMPEL member countries and the IMPEL Secretariat.

UK	Scottish Environment Protection Agency	Simon Bingham	Team Leader
IMPEL Secretariat	IMPEL	Michael Nicholson	Rapporteur
Italy	ARPA Lombardia	Fabio Colonna	Reviewer
Netherlands	Province of Overijssel	Patricia Weenink-Driessen	Reviewer
Norway	Klif – Climate and Pollution Agency	Erik Forberg	Reviewer
Poland	Chief Inspectorate of Environment Protection	Joanna Huczko - Gruszczyńska	Reviewer
Finland	Centre for Economic Development, Transport and the Environment for North Ostrobothnia	Juhani Kaakinen	Reviewer
Project leader	Environment Agency of Iceland	Gunnlaug Einarsdottir	Host
Assistant project leader	Environment Agency of Iceland	Gottskálk Friðgeirsson	Host

Table 1: IRI Iceland review team



Picture 1: Review team and hosts at the Environment Agency Iceland main office in Reykjavik

3. Main Findings

Part A – Defining the regulatory framework of environmental protection in the IMPEL member country.

Objective

To find out about the organisation of the environmental authority, the relevant legislation it complies with and relationships with the public, operators government and other countries.

Overview

Lying between Greenland and Europe astride the Mid Atlantic Ridge, Iceland is relatively isolated, as the shortest distances to the European continent are 798 km to Scotland, UK and 970 km to Norway.

Iceland covers an area of approximately 103,000 km² (roughly the size of Bulgaria) though much of Iceland is unpopulated in its central highlands. The population of Iceland is 319.575 (1 January, 2012 – approximately 4.1% that of Bulgaria's population), meaning that there is a low population density of approximately 3 inhabitants per km². Approximately 90 % of the population lives on the coast, the most living in the southwest corner (around 70 % of the total) living in the Reykjavík region in Faxaflói Bay. A large part of Iceland's industry is also located in this area. Iceland has three national parks, among them Vatnajökulsthjodgardur, Europe's largest National Park at 12,000 km².

Iceland is a Republic with a Parliamentary Government. Headed by a President who is elected every four years, executive authority is held by the Government of the Republic of Iceland, headed by a Prime Minister. In addition to the Prime Minister, the Government is also composed of ministers in seven other ministries of which the Ministry of the Environment and Natural Resources oversees the work of the reviewed authority: the Environment Agency of Iceland. The Icelandic Parliament, the *Althingi* is composed of 63 seats. Iceland joined the European Economic Area (EEA) in 1994 and integrated Iceland into the internal market of the EU and in 2009 applied for full membership to the EU. There are 75 municipalities in Iceland. The competence and tasks of municipalities are determined by Act No. 138/2011. Iceland became an EU candidate in 2010.

Ministry of the Environment and Natural Resources

The environment protection system in Iceland is organized centrally and is within the competence of the Ministry of the Environment and Natural Resources. There are 32 employees at the Ministry and they formulate and enforce Icelandic government policy for environmental affairs.

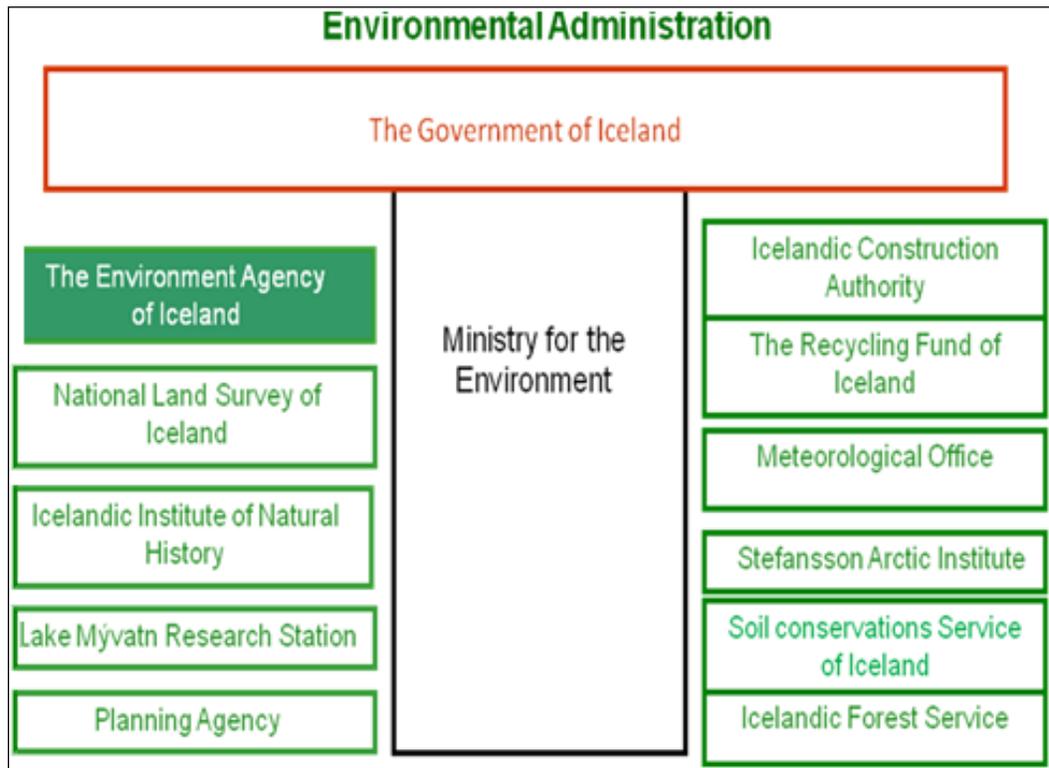


Figure 1: Governance structure

The responsibilities of the Ministry are:

- Nature protection (including conservation and outdoor recreation, the protection of animals, wild-life management)
- Pollution prevention
- Planning and building matters
- Fire prevention
- Weather forecasting and avalanche-protection
- Surveying and cartography
- Forestry and soil conservation
- Environmental monitoring and surveillance.

Policy

The Ministry's aim is to: "promote environmental protection as well as sustainable use of Iceland's natural resources, as well as public welfare by helping to ensure a healthy environment, and safe consumer goods".

The EAI works towards achieving the Icelandic Government's priorities set out in: "[Welfare for the future, Priorities for 2010 – 2013](#)". This is the second update of the Icelandic Government's 2002 strategy for sustainable development and provides general aims on a range of topics.

Relationship with Environment Agency of Iceland

The Ministry is directly responsible for the EAI. There are two management meetings each year (usually April and October) between senior staff at the Ministry and senior staff at the EAI though there are also monthly meetings where implementation of EU legislation is discussed, usually between more junior staff members and the legal teams. The Ministry has the

responsibility to approve the EAI's yearly work plan and financial plan. The EAI acts as an advisor to the Ministry on environmental protection matters and nature conservation. As Iceland is a member of EFTA, the Surveillance Authority monitors compliance with European Economic Area rules in the country.

Environment Agency of Iceland

Overview and organisation

The Environment Agency was founded in 2003, with the merger of three other Agencies and two councils relating to environmental protection, nature conservation, wildlife protection and animal welfare. The EAI is responsible for permitting, inspection, analysis of monitoring results and reporting. The main office of the EAI is located in Reykjavik however there are eight other offices in Iceland:

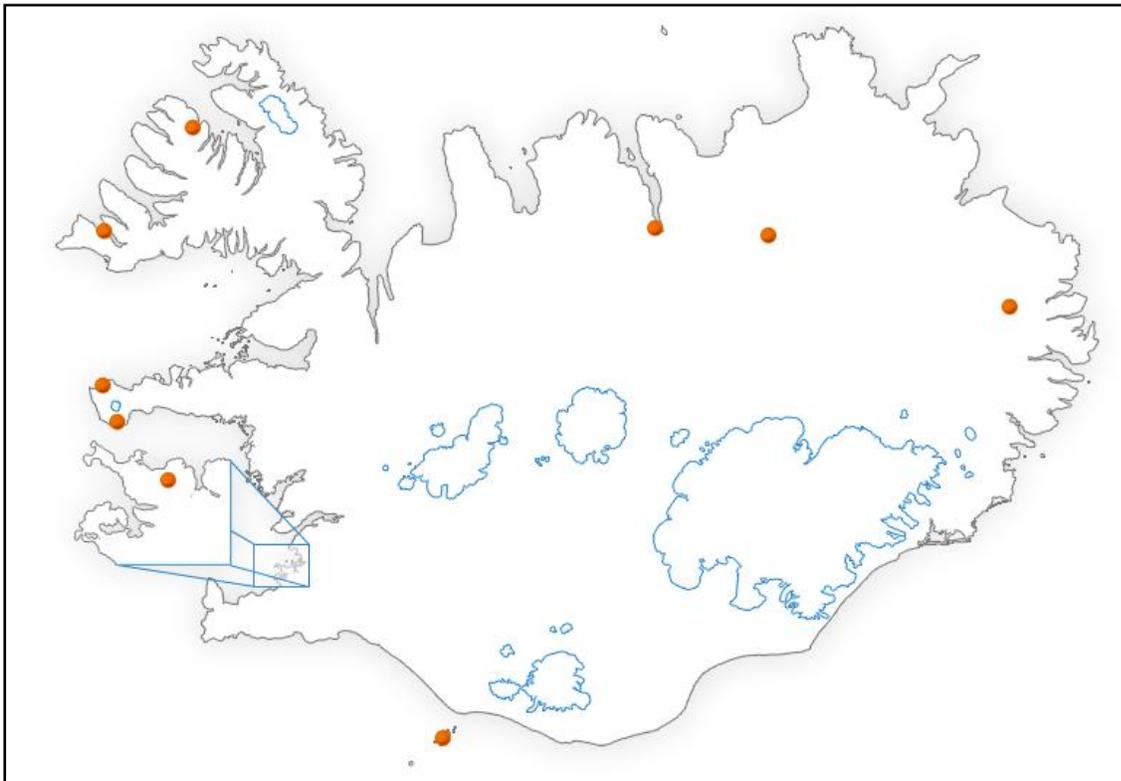


Figure 2: EAI office locations

There are 73 staff members (May 2012). The Agency is split into five departments, plus the office of the General Director.

Department	Staff number
Department of Environmental Quality (8 in Division of Public Health and Safety including 1 permit writer, 1 inspector and 1 part time, and 14 in Division of Environment Protection including 3 inspectors and 1 permit writer, plus the Director of the Department)	23
Department of Natural Resources	20
Department for Finance and Operation	9
Department of Legal matters and International Agreements	5
Department of Information and Communication	9
Office of the General Director	5

Table 2: EAI staff numbers

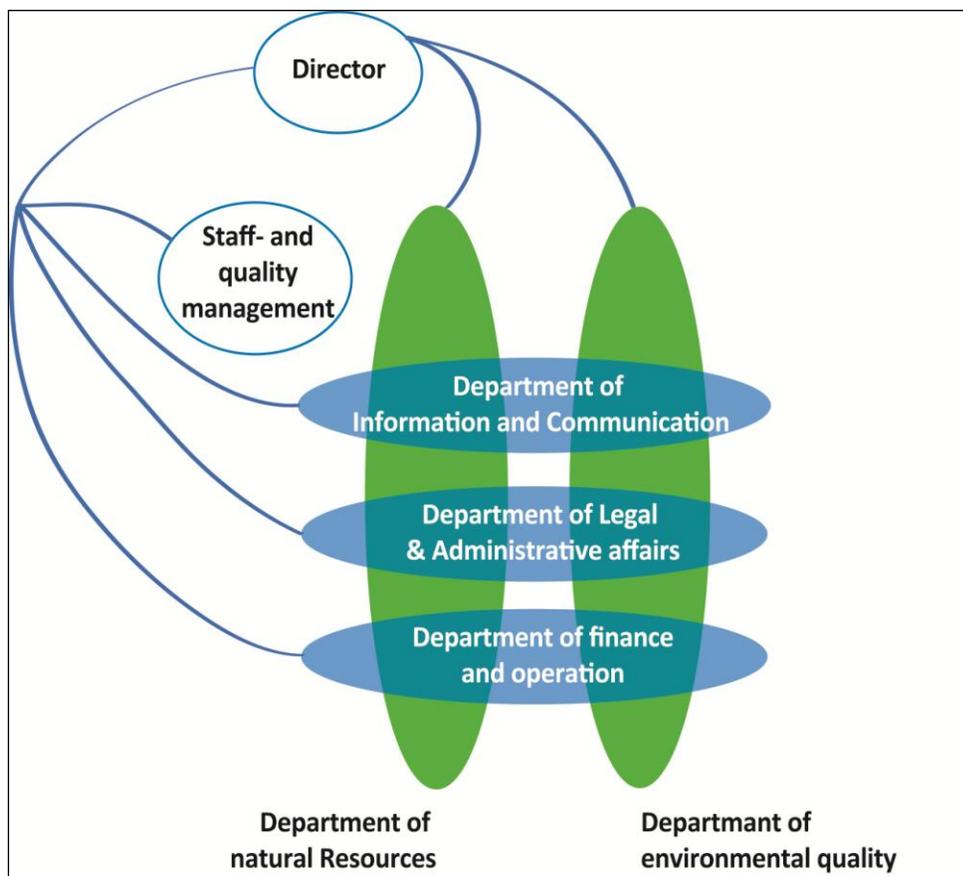


Figure 3: EAI structure

Legislation

The main pieces of legislation that the EAI is responsible for enforcing in Iceland are listed in [annex 2](#).

The EAI does not have the responsibility for the SEVESO Directive or the Environmental Impact Assessment Directive. The Icelandic Occupational Health and Safety Administration is

responsible for implementing and enforcing the SEVESO Directive though the EAI does regularly take part in a coordination group that has been setup between various agencies with an interest in this area. [Annex 3](#) gives an overview of some of the Icelandic legislation that enacts the EU Directives and Regulations in Annex 2. The review team noted that on the Ministry's website the public can freely download information about legislation as well as the legislation itself.

The EAI currently has a 10 point plan that outlines the aims for how and what they want to do to achieve their mission statement: *to promote environmental protection as well as sustainable use of Iceland's natural resources, as well as public welfare by helping to ensure a healthy environment, and safe consumer goods*. The review team noted that the EAI are currently developing the policy to make this more measurable over a set time period and the new policy will be ready at the end of 2012 for the period 2013-17.

Financial resources for the work of the EAI are allocated in the State Budget of Iceland in conjunction with income from fees (e.g. inspection fees). The total budget for the Agency is 1.078 million IKR or € 7,130.000 (2011). Of this, fees account for 317.205.000 IKR (€ 2,158.000) or about 29.4% of the total budget (2011). Of these fees, 21.250.000 IKR (€ 144.558) is generated by fees for inspection and permitting or 8.222.000 IKR / € 55.932 (2011).

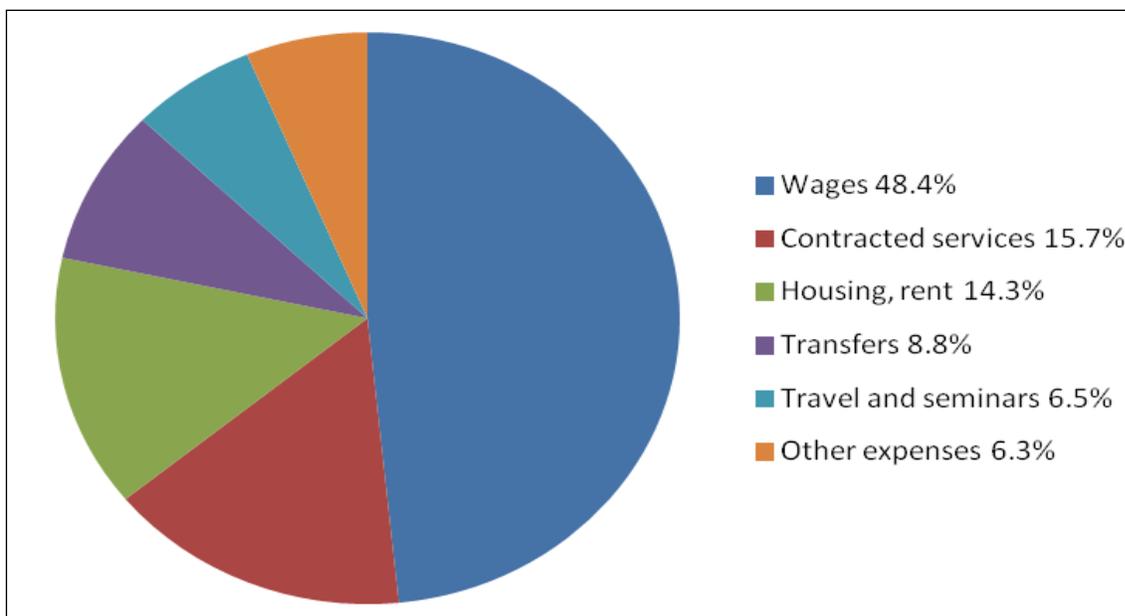


Figure 4: Distribution of EAI budget (2011)

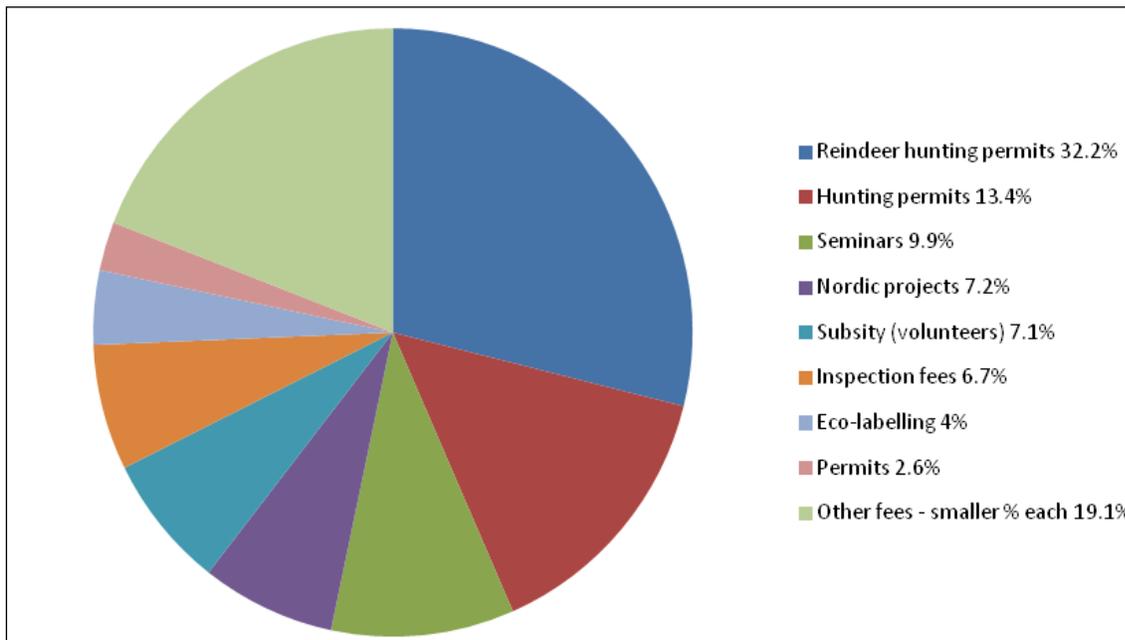


Figure 5: Fees received by EAI (2011)

The EAI has issued permits to 129 installations. Not all IPPC installations have a permit from the EAI Agency, as installations listed in Annex I in the IPPC Directive, section 6.4 to 6.6, have permits issued by the Local Health Inspectorate (LHI). The EAI also regulates 15 sites in the east part of Iceland (waste management, fish farming and fish food factories) but because of staff restraints in the EAI and good environmental surveillance record in general by the Local Health Inspectorate, they carry out the inspections. Three of these are IPPC installations (landfill sites). The review team noted that though the law allows the EAI to 'contract out' both inspection and enforcement functions in the waste management field, the EAI retained its enforcement competency and only 'contracts out' the inspection part of its role. This was observed to be good practice as the ultimate responsibility rests with the EAI.

Type of installation	IPPC sites controlled by EAI	Non IPPC sites controlled by EAI	IPPC sites controlled by LHI	Sites controlled by EAI but 'Contracted out' ¹
Oil depots		39		
Fish farming		24		4
Fish meal factories		11		6
Aluminium smelters	4			
Aluminium recycling	2			
Non-ferrous metals	2			
Waste Management	9	26		5
Chemical industry	1	3		
Slaughterhouses and disposal/recycling of animal carcasses, Intensive Agriculture, Other industries	2	6	11	
Total	20	109	11	15

Table 3: IPPC installations in Iceland by industrial sector

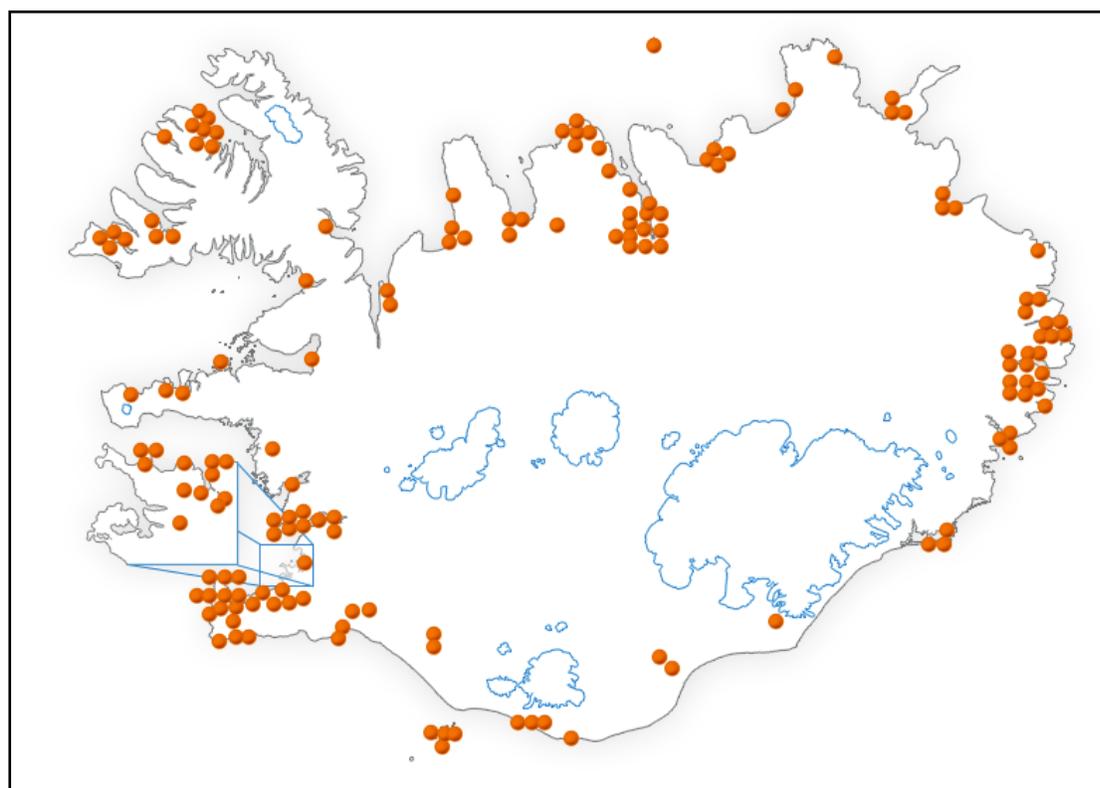


Figure 6: Geographical spread of installations

¹ These sites are permitted by the EAI and inspected by the Local Health Inspectorates. For more information please see the section on *Local Health inspectorates*.

The EAI is ISO certified complying to 9001 and 14001 standards. The review team noted that this was good practice as many operators were also certified to such standards.

External Interaction

The EAI uses their website to inform the public of where all installations with an IPPC permit in Iceland are located. The interactive map shows their geographical location as well as provides a link to a copy of its permit, its most recent inspection report and recent enforcement activity. See figure 6.

There is no legal obligation to consult the public and stakeholders in the regulatory process however it has become increasingly common for policies to be put out for public consultation. For certain plans such as the, *National Plan on Managing Waste and Climate Change Action Plan*, it is a legal obligation to consult the public. Draft legislation is also often put on the Ministry of Environment's website for public comment, sometimes at more than one stage of the draft bill. The EAI is the lead in drafting and revising secondary legislation (regulations). The EAI submits this to the Ministry who then adopt this after any relevant public consultation process.

Iceland has an act on Public Administration, Act No 37/1993, that sets out the rules on procedure when administrative decisions are made. The act focuses on the administration's duties to process cases and make decisions in the correct manner, to guide the public, to process cases as quickly as possible and to investigate and ensure informed decisions amongst others. It also sets out main rules such as the rule on subsidiarity and on non-discrimination. It does not give any particular right to the public to participate in decisions but it does have a general rule on the right to appeal administrative decisions to a higher authority provided that they have the right to stand and appeal an administrative decision.

For environmental information, the EAI and Ministry of Environment and Resources follows the principles of the Aarhus Convention. This entered into force in 2001 and was ratified by Iceland in 2011. The Aarhus Convention has three pillars which have all been implemented in Iceland:

- Access to information. Icelandic law (Act No. 23/2006 transposing Directive 2003/4/EC) ensures public access to environmental information. The act sets minimum requirements and ensures the public's right to access environmental information upon its request. Some environmental acts provide more right to information, for example the Act on genetically modified organisms No 18/1996 which requires the EAI to take the initiative to publish information and to inform public on issues e.g. if there has been an accidental release of GMO or about when and where a permit for cultivation of GMOs has been granted.
- Participation in decision making. Several Icelandic laws now transpose EU legislation that require public participation.
- Access to justice. Recently transposed, Act No 130/2011, set up the Appellate Committee for environmental and natural resource matters to look at for example all decisions on permits for operations that fall within the scope of the EIA legislation. The committee is made up of several members that rotate after 4 years (5 years for the Chair). In cases where the EAI and the committee cannot find a satisfactory solution then the courts are the next stage in the review process. The EAI website is used to inform the public of challenges to the EAI granting of permits. The EAI has a duty to inform the public of their rights as to when and

how they can appeal. This Committee is potentially much quicker than appealing via the courts. It is also free for complainants to lodge appeals through the Appellate Committee.

The review team noted that the establishment of a multi-tiered appeal system, bringing in the Appellate Committee that was free for complainants to seek redress and that was made up of independent, rotating experts was a good innovation and served as a good example to follow for other EU member countries.

Local Health Inspectorates

There are ten local health committees operating in Iceland that vary in size, the number of installations they control and the number of staff and population they employ and serve. The committees are a mandatory form of cooperation between all the municipalities within each health and safety district. All the committees operate local health inspection directorates, which are responsible for issuing permits of small, low risk sites and supervising health and pollution control within each district.

The local health committees are also responsible for inspecting foodstuff production and distribution, insofar as this is not entrusted to other parties, according to the Foodstuffs Act and other legislation. The local health committees are financed with service charges and contributions from the municipalities.

The LHI's generally control smaller, non-IPPC permit activities. e.g. gas stations and dry cleaners and the ultimate numbers of some of these smaller sites are largely unknown by the EAI. The exception to this is in relation to Annex I in the IPPC directive, section 6.4 to 6.6 (please see [annex 4](#) for a detailed excerpt of this section of the IPPC Directive), whereby the LHI issue and carry out an inspection on the permit. The LHI also carry out enforcement activities related to these permits and the EAI are not involved.

Interaction with EAI

- 7-8 times per year there are teleconferences between the Directors of the EAI and LHI to improve the information flow between their organisations.
- The EAI hosts a 3 day training seminar every other year, a prerequisite for new LHI inspectors to attend.
- The EAI's website is used as a portal for specific inspection results for inspectors.
- There are 3 thematic based co-operation teams working, one related to permitting and inspection (the others on chemicals and local health issues). The LHI and EAI organise annual inspection initiatives whereby 2-3 representatives from the EAI and 1 from each of the LHI's carry out joint inspections, for example, in 2011 it was on dry cleaners and in 2012 it is on gas stations.
- An annual meeting is held in Reykjavík where all employees of the LHI's and most of the staff from the Department of Environmental Quality at the EAI attend.
- There is an annual meeting of managers hosted by the LHI.
- There is coordination in the development of provisions for permits for certain non-IPPC installations. The LHI and EAI do this by developing checklists via the joint inspections (mentioned above).
- The EAI informs the LHI's of inspections prior to taking place to invite them to join the inspection as a courtesy. The EAI send copies of all reports and corrective measures,

letters etc, to the LHI's, as required by the inspection regulation. The review team noted that this process could be improved if the LHI reciprocated and sent the EAI reports of their inspections as well.

Part B– Permitting activities

Objective

Explore the permitting activities of the environmental authority.

The EAI has issued permits to 129 installations. Between 2009 and 2011 there were approximately 10 permits issued annually. Permits are usually issued for 16 years (LHI permits are usually issued for 12 years). There are two full time permit writers and one working temporarily at present in the EAI. Permit writers within the EAI require a degree in science, engineering or equivalent and experience is desirable. There is open advertisement when recruiting. There is no formal training though the processes and procedures are set out in an EAI Quality Manual. Currently, there are limited opportunities to exchange with other domestic authorities like the LHI. Monthly meetings with divisional managers are held for coordination and quality control purposes.

Process for issuing permits

Once an application is received, the EAI constructs a draft proposal for the permit with active involvement of the applicant. The draft proposal is sent for review to the Local Health Inspectorate (mandatory), the respective municipality and the National Planning Agency. The draft proposal is advertised and is subject to an 8 week public comment period. The EAI then has 4 weeks to process all comments and issue the permit. The permit can be subject to a formal Complaint Board.

Despite the fact that there is no mandatory time frame to issue a permit, the EAI advises to prospective applicants via its website that the permit application process will take approximately 6 months. The review team felt that this was a good way to manage the expectations of prospective applicants and was considered as good practice.

The applicant can request cooperation with the EAI before submitting an application. The EAI informs the applicant of the respective legislation and the best available technique (BAT). In general, the EAI does not offer technical solutions or advice to the applicant.

The EAI sets the permit conditions which are tailor-made for each permit and adapted with respect to the receiving environment. The conditions are based on:

- the application,
- respective legislation,
- reports on best available technique,
- descriptions in permit applications and conditions in similar permits,
- conclusions from the Environment Impact Assessment (EIA) process

The review team noted that links to whole pieces of legislation within an individual permit condition could possibly hinder an operator's ability to adhere to the condition. The review team recommended that by explicitly referring to a part/section/paragraph within a piece of legislation, the operator will be able to quickly and efficiently recognise and understand what element within that legislation the permit condition refers to.

The EAI sets the emission limit values in permits. The limit values are based on respective legislation, reports on best available technique or limit values in similar permits. In addition, the review team suggested that maybe the EAI consider looking at 'environmental capacity' a bit more.

Review

Permits are usually granted for a 16 years. In every 4th year there is a review of the permit (laid down in Regulation) but this does not necessarily imply a change (variation) to the permit. The review team noted that the EAI are currently discussing whether they should review permits on a thematic, industry sector basis to ensure consistency or on a time basis like the present system i.e. every 4th year. A review also takes place when tolerances are exceeded, when there are new rules on pollution control or major BAT changes.

Reopening, revoking of permits

A permit case can be reopened, based on the permit holder request, when it is identified that incomplete / incorrect information was given/used at the time of permitting or when the situation is significantly changed. A permit can be revoked in certain circumstances if, for example, it is not against the interest of parties or the decision is avoidable or if there has been a significant failure in the permit process.

Charging

The EAI uses a system of classes from 1 to 5 to categorise the time and complexity taken to draw up each permit. All IPPC installations that the EAI control are in 'Class 1', except installations in sections 2.3, 2.4, 2.6 and 3.2 listed in Annex I in the IPPC Directive which are in 'Class 2'. The table below shows the permit writers' estimate of amount of hours they spend on each class of permit. These are based on 2002 figures.

	Hours	Fee in IKR	Fee in Euros (147kr/€1)
Class 1	40	569.000	3870
Class 2	30	466.000	3170
Class 3	16	195.000	1327
Class 4	8	112.000	762
Class 5	8	112.000	762

Table 4: Permit charges and average hours taken to create permit by class of installation

The EIA can then charge for additional hours at IKR 10.600 per hour. For a change in operator at an installation the EAI can charge 23,500 IKR (160 Euros) for a permit issued to the new operator. Since 2011 the EAI has brought extra charges against nine operators for extra hours for issuing a permit (on average this has been between 10-20 hours though in one instance it was for 40 extra hours).

The review team noted however that the EAI under-estimates, sometimes quite significantly, the actual time taken to write permits and go through all of the stages of the permit writing process. The team felt that the EAI's calculations based on 2002 figures did not reflect up to date challenges, processes and time considerations that permit writers and staff go through and would recommend that the EAI aim to move towards full cost recovery. To part compensate for this, the EAI can charge for extra hours but this still does not appear to cover full costs.

Involvement of the public

- In some cases there is additional contact with the public during mandatory reviews.
- In all cases, once a final permit is drafted, the public is invited to comment during an eight week consultation period.
- In about half of all cases the public is involved in open meetings organized by the EAI.

1. Planning of inspections

Objective

To find out the criteria and procedures for planning of inspections and how this is put into practice.

1a. Describing the context

Identifying the scope

Much of the information on tasks, responsibilities, legislation and installations can be found in part A.

There are four inspectors working full time on inspections and one working part time. The EAI has two contracts with one of the LHI's to perform inspections in the east of Iceland for waste management, fish farming and fish meal factories. The LHI carry out the inspections though the EAI issues the inspection reports to the operator except in the case of waste management and carries out any necessary enforcement activity in all instances. Through transposing the RMCEI, the EAI have:

- developed an inspections schedule,
- coordinated IPPC inspections through one agency (except 6.4-6.6),
- gained the legal right to enter sites and perform inspections,
- made Inspection findings and monitoring reports that are made available to public,
- developed a process for complaints and accidents to be investigated,
- participated in IMPEL to learn from peers and share their good practice with others.

Information gathering

The EAI uses a Quality Manual that sets out written processes and procedures to help inspectors gather information prior to routine inspections. For non-routine inspections, the EAI are currently developing processes and procedures to be included in their quality manual. In advance of announced inspections, inspectors request from operators all necessary information and data to be sent in to the EAI. Except for the inspection handbook, there is limited formal written guidance or access to external, independent sources of advice or consultation.

The review team noted that as a member of IMPEL, the EAI could consider using its contacts within the network more to bring in free advice and guidance. For example, the review team noted that as Iceland is relatively small with a small number of permit writers some industrial processes may not be covered within the competency of the EAI's staff. The review team said that by contacting other IMPEL members who may have experience of writing permit conditions for these industrial processes, they can avoid 're-inventing the wheel' and gain some low cost advice and guidance as well as copies of permits or guidance documents as IMPEL members are often willing to share these for free. Similarly, the review team said that by using IMPEL project reports that are free to download from the IMPEL website, the EAI can gain knowledge and skills that may otherwise be costly.

Information about an installation can be found on the EAI website including its permit and all inspection reports (since 2011). In addition to this, the EAI holds records of an installation’s environmental monitoring.

1b. Setting priorities

Overview

The EAI sets priorities and puts strategies in place with the aim, “to ensure that installations are operated in accordance with permit and legislations”. The EAI has no authority to deviate from provisions in permits and legislation but in some specific instances the Ministry can grant exemptions.

Risk assessment

The EAI do not currently carry out site specific risk assessment to identify inspection frequencies for industrial sites. The frequency of inspection is based on provisions in an Icelandic inspection regulation. When setting the regulation, the EAI based planning of risk in inspection on the type and size of installations. This meant, for example, that all IPPC installations in Class 1 have a frequency of two inspections per year. The EAI uses a plan that incorporates 5 classes of installation though the EAI does not have the responsibility for any Class 5 installations. Class 5 installations are low risk sites such as garages and responsibility for this lies solely with the LHI. The frequency of inspection varies between installations as it can be biannually, annually or every other year as can be seen in the chart below.

The review team felt that by carrying out site specific risk assessment it would help the EAI to better focus their limited resources (time and personnel) on activities that have a higher risk to the environment.

	Frequency of inspection	Number of installations (2011)	Number of inspections (2011)
Class 1	Twice a year	17	34
Class 2	Annually	30	30
Class 3	Annually	64	64
Class 4	Biannually	12	12
Class 5	As deemed necessary	0	0
Total		123	140

Table 5: Frequency of inspection by class & numbers of installation carried out (2011)

In the regulation on inspection, the EAI can reduce inspection frequency if the operator has an EMAS or ISO 14001 certification though no companies in Iceland have EMAS and only a few have ISO 14001. If operators have internal control management plans or there has been no

deviations from the permit or legislation requirements in the previous 4 years then the EAI have the authority to reduce inspection frequency upon request by the operator. At the time of the IRI there was only one site with a reduced inspection frequency. The EAI has also sent one of its staff to take part in the IMPEL project: [Development of an easy and flexible risk assessment tool as a part of the planning of environmental inspections linked to European environmental law and the RMCEI \(easyTools\)](#) that develops a web based tool for risk assessment.

The EAI have calculated that each inspector and permit writer works for 2000 hours per person per year. This is used in the EAI’s workload planning. In addition, each Class 1 installation is inspected by 2 inspectors at a time.

The EAI charges each installation a fixed sum for each inspection. This sum includes a fixed (average) preparation and travelling time no matter where in Iceland the installation is located or the type of installation. The table below shows the number of hours the EAI considers each class of installation takes to inspect as well as the corresponding level of fee.

	Hours	Fee in IKR	Fee in Euros (147kr/€1)
Class 1	42	508.500	3,459
Class 2	25	313.600	2,133
Class 3	17	212.800	1,448
Class 4	12	142.200	967
Class 5	12	142.200	967

Table 6: Fixed fee rate for inspections by class of installation

The review team felt that the EAI could consider reviewing their pricing structure to reflect changing circumstances and complexity as well as the amount of *actual* hours taken to complete an inspection. The team noted that the EAI had begun in 2010 to use their database to gather information on the time taken to carry out inspections and this should serve as a good basis to do this analysis. The review team also noted that the EAI does not carry out sampling or hire external consultants to carry out verification sampling. The review team felt that even a limited audit sampling process would keep installations and operators ‘on their toes’ in terms of sampling and ensure that data collected and submitted to the EAI by operators’ own sampling was accurate and up to the required standards. The review team therefore recommends the EAI to set aside a budget for its own sampling in the coming years.

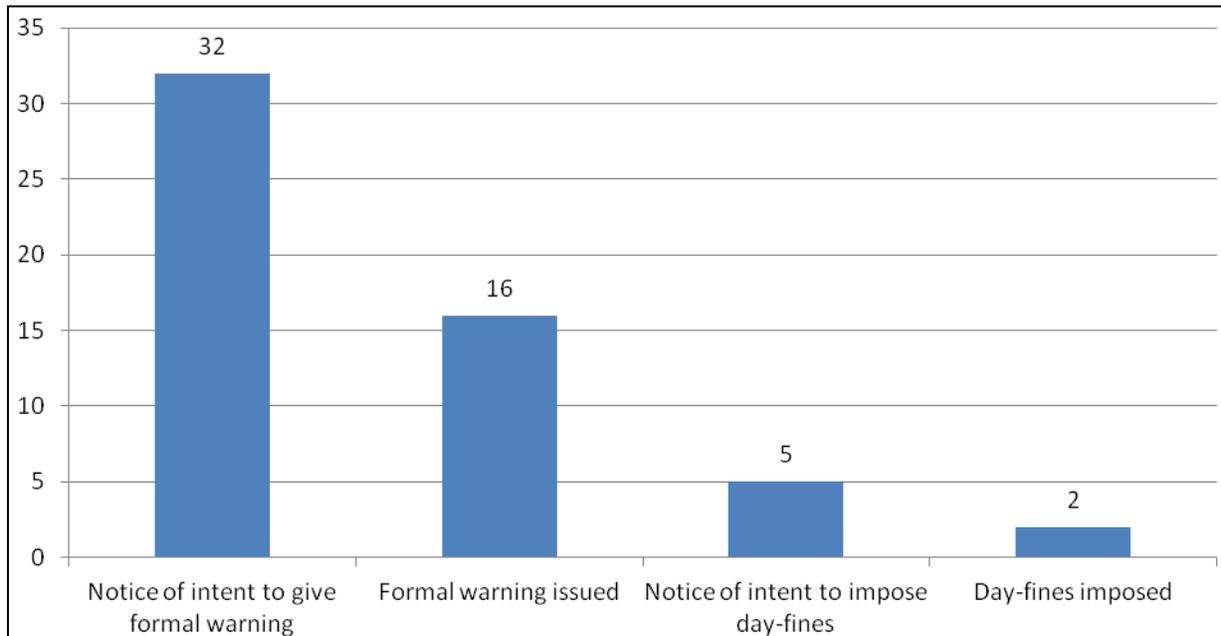
Routine and non-routine inspections

In 2011 there were 140 inspections on 123 installations. In 2012 there are 129 routine inspections and 8 non routine inspections planned for by the EAI. Non routine inspections are planned for by the EAI following accidents, complaints and for verifying if enforcement actions have been carried out.

Enforcement

Of the 123 installations the EAI inspected in 2011, the EAI identified 193 incidences of non-compliance (129 in waste management alone). 50% of the 193 incidents of non-compliance have been corrected without further action. A further 25% have agreed a timed plan for improvement that has been approved by the EAI and a further 25% are still within the enforcement process. The table below shows the staged enforcement process and highlights where the final 25% are within that process.

The EAI employ 1 full time officer to work on enforcement related issues. Legal and administrative support is estimated at a total of 1-2 months per year and time spent per installation with enforcement measures is from 2 hours up to 80 hours but on average it is between 4 and 8 hours in total.



Graph 1: Staged enforcement process

The review team felt that by employing a separate enforcement officer to the inspector was a good practice to be highlighted to the EAI. This enabled the inspector to maintain a positive and open working relationship with the operator.

1c. Defining objectives and strategies

Overview

The EAI develops an inspections schedule that is essentially a list of all the installations that are to be inspected in the year (it functions as a “to-do list”). The EAI use this to plan their workload by ‘spacing out’ inspections for those businesses that are inspected twice per year and try to spread workload over the year. Due to limited daylight and severe weather the majority of the inspections take place from spring to autumn.

Each inspector is responsible for a set of number of installations and makes a personal inspections schedule. The inspections team meets every autumn to discuss and coordinate their individual plans and to collate these into one single team plan. The inspections team meets again to edit and revise the schedule further before it is approved by senior managers at the EAI. It is sent to the Ministry for information. The EAI schedule plans the inspections on a weekly basis though often there is some flexibility when inspections will actually be carried out. It is set down in Icelandic regulations that all inspections are completed within the year.

The review team noted that this offers certainty but could also be quite restrictive in case of changing circumstances that puts strain on human resources, particularly in a small organisation the size of the EAI. The EAI continue to ensure that all inspections are carried out by drafting in staff from the LHI or using other staff within the EAI that do not routinely inspect. No inspections are scheduled in December. The inspection plan (schedule) is not publically available.

The EAI carries out thematic inspections as part of their normal routine inspection plan. There is no fixed procedure for establishing the priorities though it is discussed and agreed internally within the EAI. Thematic inspections are usually based on recent/future developments and include a specialist in the relative field. Current thematic inspections are being carried out on REACH (specifically on information collection and communication) and the Water Framework Directive (specifically on assessments of discharge).

1d. Planning and review

The EAI created a database in early 2012 that gathers data about when inspections actually happen and how long it takes to finalise reports and communicate them to the operator. The EAI use this information to help in making the following year’s schedule. The EAI also uses a staff time planning tool (an Oracle database) whereby each EAI staff member has to account for all of their daily activities in a database. The data that generates is then used by managers in workload planning to effectively allocate time and if necessary adjust inspection planning.

The review team felt that both the inspections database and the staff time planning / workload tool were excellent examples of harnessing IT systems to good effect that was generating useful data including valuable baseline data.

2. Execution framework

Objective

To find out what provisions, instructions, arrangements, procedures, equipment etc, are in place to enable inspectors and other staff to carry out inspection activities on the ground.

Protocols

For routine inspections the EAI has written processes and procedures for inspections in their Quality Manual. For non-routine inspections, or follow up on non-compliances, the processes and procedures are currently being developed. Except for the Inspection handbook, there is limited guidance or access to external, independent source of advice or consultation.

Equipment

- Inspectors are equipped with mobile phones, laptops (iPAD being tested this year to carry out inspections with), cameras and protective clothing. The review team noted that no further equipment like safety helmets or ear defenders were provided.
- Transportation is by car and/or air transportation depending on distance to the installation / agency office. The agency has a small fleet of company cars but hires additional vehicles when necessary.
- Minimum or no sampling is done by inspectors/EAI. The operator is responsible for making the required measurements to be done either in-house or by qualified, accredited laboratories or contractors.

Qualifications

The EAI require a degree in science, engineering or equivalent when hiring new staff and experience is desirable. Open advertisement is made in national papers and on the state employment website.

Ethics

There are no written procedures regarding ethics (though there is a code for civil servants generally) and no rotation of inspectors. Due to the size of the EAI it is difficult to rotate but as stated earlier IPPC sites (regulated by the EAI) are always inspected by pairs of inspectors.

Training

The EAI does not use a formal, written training system though training of staff does take place. New inspectors learn from experienced inspectors through a 'buddying' system that the EAI has put in place. New pieces of legislation and regulations are introduced to EAI staff by employees from Ministry of Environment through seminar. There was one instance in 2012 where an EAI staff member spent time in Sweden shadowing their staff to learn and exchange knowledge

about their practices and procedures. Since 2009 the team of inspectors meet at least monthly to discuss matters related to inspections and assist each other with challenges. There are also monthly meetings during the winter months between inspectors, legal deputies and division managers to share knowledge and experience. There have been no opportunities thus far to exchange with other domestic authorities like the LHI.

The review team noted that the EAI have recently joined IMPEL and taken part in several 2011-12 project teams such as on “easyTools” to develop a risk based planning system for inspections and “Choosing appropriate interventions”. They felt that this could be built upon and used more as a source of low cost support for the EAI.

The review team also recommended that the EAI consider developing a training ‘roadmap’ to identify skills and competencies that the EAI already has, where it is lacking (based upon targets/aims of the organisation) and develop a strategy on how to fill the gaps. They felt that this would also help to combat the challenge of issue blindness and rotation of staff because many competencies appear to be concentrated in a few individuals leading to risk that if that individual left the organisation a great deal of knowledge would leave with them. The training roadmap may also help to diffuse new skills around the organisation and enable the organisation to be more resistant to changes/shortages in personnel.

Communication with public and operators

- All reports related to the permit and inspections are published on the EAI web page.
- The EAI convenes a yearly consultation meeting with IPPC operators and also through email and phone.
- In some instances the permit requires the operator to have an open meeting with the public (though in many instances operators undertake this on their own initiative).

3. Execution and reporting

Objective

Find out how routine and non-routine inspection activities are carried out and reported and how data on inspections carried out, their outcomes and follow-up is stored, used and communicated.

The EAI carries out both routine and non routine inspections. During its routine inspections the following information is checked:

- Document inspection
 - That it has been received on time, completed in full and that there are no limits exceeded.
- Meeting, checking
 - Outstanding issues from last inspection.
 - Questions or comments from document inspection.
 - Viewing records, calibrations, quittances, etc.
 - Reception and checking of additional information.
- Site visits / inspections
 - Hardware inspection.
 - Environment inspection.

Non-routine inspections are carried out because of either complaints, irregularities with information provided by the operator, for checking enforcement fulfilment and other planned, random checks. The EAI also carries out desk based inspections in some instances such as the assessment of monitoring information 4 times per year but does not currently record this as an inspection carried out and consequently does not charge the operator the normal inspection fee. The review team noted that the EAI could consider reviewing its stance regarding desk based inspections and whether or not it is classed as an inspection, just like a physical site inspection and therefore whether charges could be levied. Also, the review team felt that the ratio of non routine to routine inspection was quite low and suggested using more unannounced or follow up inspections perhaps utilising resource freed up by a move to a site specific risk assessment led inspection frequency.

Enforcement process

Enforcement actions are not carried out by inspectors within the EAI but by other staff, principally the enforcement officer, for example, no enforcement letters are signed by the inspector, these are all signed by the director of the Department of Law and Administration and the manager of the Division concerned.

Incidents of non-compliance are listed in the inspection report and registered in the EAI's database. An installation is given 3 weeks to hand in a plan for how and when they intend to correct the identified incidents of non-compliance. If no plan is handed in, or is inadequate, then enforcement action is taken.

The enforcement process follows several stages:

- A first letter called a *Notice of intent to give formal warning* is issued.
- Two weeks later: a formal warning is issued.
- After three more weeks: a Notice of intent to impose day fines is issued.
- After two more weeks: day fines are imposed. These are usually in the range of between 50.000 to 100.000 IKR (325-650 Euros) but could be up to 500.000 IKR per day (approximately 3,250 Euros). Fines are paid to the State and not to the EAI.
- If there is an imminent threat to the environment the EAI can order either the ceasing of operations or can close down operations on a site.

The review team noted that the EAI have not been successful with criminal prosecutions so far. No pollution incidents have been sent in recently by the EAI to the police or prosecutors and the relevant procedures are not in place. The EAI have sent staff to shadow staff in Klif, Norway and have considered joint training with prosecutors but to date this has not happened. The team said that the EAI could consider publishing an enforcement policy on its website to give operators a clear understanding of when an enforcement policy will be used and how. The EAI could also investigate the possibility of expanding its enforcement 'toolkit' to include administrative fines.

Inspection database

The EAI have developed a custom made database to enable inspectors to generate inspection reports and store key data about installations they control. The database uses 'filemaker pro' and is an 'off the shelf package' that seems to enable a great degree of flexibility over large, more established databases and systems. It enables the EAI to change / modify the database criteria/settings to generate whatever information they require.

The database can:

- Register company / installation information like address, name, GPS location(s), contact information etc.
- Register data relating to inspections carried out and generate draft reports that can be later printed out or edited.
- Record and save photographs as files in the database as well videos and sound recordings that can be used as evidence.
- Register deviations / infringements.
- Register the legal status on issues regarding deviations and progress of rectifying deviations.
- Use the database to invoice and register costing requirements for enforcement.

- Generate graphical representations of data over time.

Inspectors can connect to the database out of the office e.g. using Apple iPads and laptops. It also stores drafts as pdf and time stamps all documents that have been edited enabling managers to effectively monitor progress on inspection reporting.

Communication with the public

Following an assessment in 2009, the EAI decided to publish as much information, as openly as possible on their website.

What is available via the EAI website:

- There are individual web pages for each operator and each installation. This is accessible via a map tool.
- An installation's permit is available for download as is some more general information about the site, its processes and aims and objectives. The latter part has been written by the operator themselves.
- All inspection reports since 2011.
- Measurements/data on pollution/monitoring reports.
- Enforcement documents such as reprimands and fines.

Whenever an operator receives a reprimand as part of the EAI's enforcement procedure, the media is alerted and a statement is issued on the EAI website. All data/research/measurements that show a potential threat to people or the environment are made public and information is sent to the media. The EAI also host live air quality data on their website.

The review team felt that the publishing of enforcement notices on their website and in the media more generally was a good practice to be shared with other IMEPL members.

The EAI also have an intranet system that is open to all employees. The review team noted one particularly good innovation relating to the editing of new news stories as they happen. Employees can upload news stories to their internal site as quickly and freely without going through a burdensome publishing process.

The review team noted that the EAI are also looking at ways to improve their database systems to better inform the public by making all pollution measurements available directly from a database that is easily accessible through interactive information tools (using visual aids like graphs for example). The EAI are also aiming to connect the website more fluidly with the inspections database so that information published there will appear automatically on the website e.g. inspection reports and enforcement notices.

Complaints

Complaints can be received by phone, email or letter. The EAI asks for a phone number and/or contact address so that they can be contacted again to let them know what is happening. The EAI have a database that logs all complaints received though there is no prioritisation criteria assigned to these complaints. Some are managed by carrying out non routine inspections of installations. The review team also noted that some companies have setup a joint portal for

complaints that when complaints are submitted, a report is sent automatically to the company, the EAI, the LHI and the local community. Open community meetings have also been setup, often by companies themselves, to engage with the local community. Some companies also inform the public via their website about processes they are about to undertake on their installation that may affect the local community e.g. odour, and provide details to the community about when it will happen e.g. date and time.

4. Performance monitoring

Objective

Find out how the environmental authority assesses its performance and the environmental and other outcomes of its activities.

The EAI uses its inspections database to collect a wide range and of data and information such as: the number of inspections carried out, when, by who and when the reports were sent to the operator and the number of infringements.

The number of complaints is recorded as is the continuous monitoring of air (reports sent to EAI from various monitoring stations 4 times per year), monitoring of emissions from installations (operators submit data 4 times per year), some monitoring programs to water and soil (reports submitted to EAI 1-2 times per year) and all operators with a permit carry out green accounting with a report being sent once per year (covering things like the use of raw materials and natural resources, waste management and emissions to the environment).

The EAI's inspectors monitor this information for the installations they are responsible for continuously throughout the year and request and assess this information before formal site visits. Inspectors sometimes carry out non routine inspections and/or enforcement as a consequence of the lack of data or if there are permit deviations.

Part D – Site visit

Objective

To gain an understanding of the relationship between the environmental authority and industry and how this works in practice.

During the IRI no site visits were performed.

Good practice

Part A

- The EAI is ISO 9001 and 14001 accredited.
- A quality manual covering permitting and inspection processes has been created by the EAI.
- It was noted that there is good cooperation and exchange of information with the LHI on many issues including on joint inspections, taking part in annual meetings, having contact before and after inspections with LHI staff and the hosting of 3 day seminars for new LHI inspectors at the EAI.
- There is no contracting out of enforcement to the LHI despite there being provision in legislation in the waste section, enabling them to do so.
- The EAI have a highly interactive website which gives the public the opportunity to see the locations of installations in Iceland, the permits they operate under and the latest inspection reports. It is also useful for operators to find all information relevant to them in one place. By making this information public it is thought that it may also promote compliance behaviours by the operators.
- It was observed that public participation plays an important role in the granting of every kind of permit not just on EIA or IPPC.
- The Ministry make drafts of primary legislation available on their website that enables comment by both the public and operators.
- Many of the smaller non-IPPC activities have template licences containing standard sets of conditions. This not only allows consistency of application across sectors but because these are also available for download from the website it allows operators to know prior to investment what they will have to do to meet legal requirements.
- Guidance documents for use by inspectors, the public and industry are created. Thematic groups are used (consisting of LHI and EAI) to work on creation of these guidance documents.
- Iceland has a free to use website containing all legislation and legislative amendments.
- It was noted that the agency are beginning to map out roles and responsibilities of their interaction with different agencies across different laws and regulations that could possibly be simplified.
- An independent appellate committee has been created in Iceland to act as an independent voice in the appeal process. This was seen as a good innovation that provided an independent forum for re-considering decisions. This involved people with different specialisms and consisted of rotating members. Free access for public to appeal decisions.

Part B

- A clear fixed rate for permitting process with the flexibility to then charge additional hours (hourly rate) was seen as good practice.

- Some of the permits contained direct links to some parts of legislation e.g. oil storage regulations. It was identified that as the legislation is modified that these conditions change such that all permits can be changed all at once. This was seen as a very good way to maintain consistency across a sector or regulatory regime. However the team thought that the legislative requirements should be in simple terms to avoid ambiguity and complexity.
- Permits are statutorily time limited to 16 years, this allows wholesale review of an installation and its impact whilst still allowing suitable time for the operator to invest in new technology with some degree of confidence. This is combined with review every 4th year against set criteria.
- In many countries different agencies or in the case of Iceland different staff perform the duties of permitting and inspection. The EAI had a formal handover of the permit between permitter and inspector of a newly developed permit. This was seen as a useful way for the inspector (or inspectorate) to understand how the conditions should be viewed.

Part C

Planning of inspection

- The EAI make very good use of IT systems. The EAI have developed a database for complaints that can be used to identify trends and historical incidents of pollution. The EAI make good use of the complaints database to respond to complainants.
- A system of open dialogue with the operator about complaints was observed.
- Due to large distances or the remote nature of Iceland systems have been developed to facilitate speedy response to incidents. A mechanism has been established using the LHI to respond to complaints that may not be easy to reach quickly e.g. on east of country.
- The ability to log environmental events either via phone or website has been created. This has allowed response to complaints via either email / telephone which is especially useful for multiple notifications to a single environmental complaint.
- Inspections are used not only to identify compliance with existing legislation but also to gain information with respect to incoming legislation.
- The powers to enter premises are set down in statute.

Inspection schedule

- The EAI have an activity time recording. It was identified as helping to generate a lot of useful data including baseline data which will be extremely important in the future.
- December is the time when inspectors have the flexibility to catch up on report writing, recording/follow up etc.

Thematic inspections

- Joint inspections with specialists e.g. REACH specialist in EAI going along with ,normal' inspector to sites helps with issues of regulatory blindness whilst minimising burden on operators of multiple inspections at separate times.
- The identification of priorities for thematic inspections are discussed in various groups/team to help focus on the priority actions.

Execution framework

- Operator monitoring plans and results are placed on the EAI website allowing public scrutiny and awareness of what a site is emitting or how they are performing.
- There are monthly meetings between legal deputies, inspectors and directors to check the progress of inspections and discuss enforcement related activity.
- Consultation meetings with the operator are carried out either annually, biannually or every fourth year, depending on class of the installation. At these meetings pollution prevention, monitoring and results are discussed.
- All letters concerning sites within the territory of an LHI are copied to the LHI for information.
- Inspection Handbook for inspectors helps facilitate consistency across the inspectorate.
- Seminars hosted and led by Ministry to inform EAI on new legislative developments and implications.

Execution and reporting

- Inspection reports are made available to the public on the website.
- Publishing of formal warning letters on website and pushing these to news outlets/media.
- The threat of day fines accompanied with publicity appears to be an efficient enforcement mechanism considering the downward trend in the number of operators within the higher levels of the enforcement process.
- During inspections, observations and infringements are reported. These give operators the opportunity to make environmental improvements.
- EAI make a differentiation between infringement and observation. This allows issues either very minor in nature or directly outside of the scope of the permit to be addressed e.g. Minor waste storage issue at a sewage works.
- There is a 3 week notice period, after a formal warning letter has been issued but before day fines start. This gives operators time to respond and make corrective action or submit a plan that has to be agreed with EAI. This helps to maintain constructive contact with the operator and helps to save resources of the EAI.
- There is a clear understanding of real time enforcement progress in legal database.
- Powerful, flexible, custom made database for inspection reporting, storing of reports, licences, invoicing. It has an in built tracking system to identify where an inspector is within the inspection process.
- Though it is still in the test phase, 'IPads' have recently been linked to the above database to make it easier for inspectors to use in the field.
- EAI website:
 - Used to give detailed information on each of the sites regulated by the EAI.

- Layman's terms are used to describe the process they undertake and the requirements of the permit but with permit and auxiliary information also attached for further detail.
- The EAI have an aim to publish as much information as possible online which is seen as very transparent and helps encourage public participation in environmental matters.
- An intranet has been developed by the EAI with the facility for staff members to publish news stories freely and easily.
- There is a live air quality feed on the website that allows the public to see real time data.
- Enforcement is carried out by a separate person other than the inspector which allows a more open relationship with the inspector and operator to be established.
- Enforcement actions are charged by the hour.

Performance monitoring

- There are some useful performance data provided by the various databases in graphical format.

Opportunities for development

Part A

- It was thought that all IPPC inspections should be carried out by the EAI rather than the LHI carrying out inspection of 6.4 -6.6 activities. This will facilitate a levelling of the playing field across all sectors and lead to higher degrees of consistency.
- A difference between the eastern region and others in terms of responsibilities was observed. It was thought that this could lead to inconsistency issues and mechanisms to avoid this should be employed.
- The EAI has extremely good electronic information systems but that of the LHI's is fragmented. Explore how LHI's could harmonise inspection information with that of the EAI to give the public the 'full picture'.
- It is thought that more regular training for LHI inspectors and EAI be developed looking at gaps in competency to prioritise training topics.
- The EAI have an incredibly interactive website. It is thought that this could be enhanced to generate automatic updates / emails to signed up interested parties when there are changes to any kind of permits or new inspection reports online.
- Consider options for streamlining reporting.
- Consider possibilities for streamlining laws that overlap as the legislative landscape appears quite complicated.
- The EAI have attempted to codify all legislation on their website. To ensure people will use this and to maximise value it is recommended that the task is completed.
- The draft permit could mention the appropriate appeal process when it is publicised.

Part B

- Explore opportunities to fully recover costs for permitting. Where full recovery is unpalatable consider developing a mechanism to routinely update fixed costs in legislation for higher levels of cost recovery than present.
- Consider the development of decision documents for site specific permit conditions. Why and what was the reason for deciding on a specific permit condition compared to other possible permit conditions. If there are comments from the public on a draft permit and they have been answered by EAI (explaining why they have been taken on board or why rejected) then these could be put into this document. This helps maintain transparency but is thought of primary importance to help those reviewing permits in the future to understand why and what decisions have been taken.
- Maintaining competence through training of permitters was identified as a potential issue. If there is not enough budget for training then consider using IMPEL projects to help with twinning and low cost opportunities to improve. Consider inviting other permitters from other countries to visit Iceland to share experiences and knowledge. Utilisation of cascade training may also be a solution.
- It was identified that video conferencing/webcast facilities were employed to relay information to the other EAI offices. Consider enhancing this development with other agencies (including international links developed through IMPEL) to share knowledge and experience.
- It was identified that within the EAI there was a good relationship between permitter and inspector as expected from an agency of this size. Members of the review team had some suggestions of how this could be enhanced further for instance by making the first formal inspection a joint visit of both permit writer and inspector. A further suggestion was to consider asking the inspector to sign the permit before it is finalised to confirm that the conditions within the permit can be inspected.
- Consider using a different person/team to lead the review process of a permit rather than the original permit writer (to combat issue blindness)
- It was identified that some permit requirements link to external legislation. When referring to links to legislation in permits make explicit which part of the legislation that the operator is expected to comply with.

Part C

- Consider the development of a site specific risk assessment (perhaps using IRAM or a variation of it) to target inspection resources better.
- It was observed that currently inspection frequencies are enshrined in legislation. Although this is very transparent it makes flexibility difficult and could lead to too much resource being applied to a low risk activity or vice versa.
- Consider the classification of environmental events in terms of level of seriousness to help with trend analysis and potential cases to the prosecutor.
- It was identified that the ratio of non routine to routine inspection was quite low. Consider the use of more unannounced or follow up inspections perhaps utilising resource freed up by a move to a site specific risk assessment led inspection frequency.

- This is a general issue scattered through the opportunities for development and that is the recovery of cost. Consider how inspection costs including that of assessing data can be recovered.
- Consider the adoption of compliance promotion techniques to help ensure compliance when inspectors are not present.

Inspection programme

- Use the information already on the website to develop an inspection programme. Note this will be a requirement of IED but could easily be enhanced to cover all inspection activities of the EAI.

Thematic inspections

- The use of thematic inspections was identified as good practice. Consider how this may be enhanced through the identification of criteria for a process to funnel options into priorities.
- It was noted that due to the size of the agency that some expertise in specialism's such as noise, odour or hazards is missing. Consider how you could outsource these as required.

Execution framework

- Consider the development of a 'training roadmap' to identify where you are and where you are going with training to maintain competency.
- Consider putting in place a written procedure on ethics. This could possibly include a declaration by signature from inspectors to ensure they understand and commit to the policy.
- Consider assigning a budget for compliance sampling / checking accredited samplers.
- Although difficult due to the size of the agency consider how to rotate inspectors to avoid issues of regulatory blindness.
- Identify required competency for different sectors.
- Make more use of [IMPEL projects / training / reports already produced](#).
- EAI send letters to the LHI. Consider requesting letters/information from LHI inspections in return.
- Consider ways to increase opportunities to interact with Administration of Occupational Safety and Health in Iceland.

Execution and reporting

- When on inspection take some time to talk about compliance promotion with operator, upcoming developments on legislation for example, where are you going/aims and objectives.
- Consider publishing your enforcement tool kit on your website for operators/public to see and understand.
- Consider the development of an enforcement policy to identify when enforcement will be used.
- Explore gaining administrative fines as additional enforcement tools.
- Discuss with prosecutors how to make criminal sanctions a reality.

- Consider analysing the utility/effectiveness of coercive fines as a means to encourage better compliance and whether alternative approaches can better help the operator to conform/comply.
- Explore the use of joint training / seminars with prosecutors to make criminal prosecution more successful.
- Database could, in time, be developed further to incorporate inspection planning, permitting, performance indicator information. Consider development of online portal for LHI to feed in information into the database to save time and resources of EAI.
- Consider putting permit application process online.
- Categorisation of levels of non-compliance has been found to be a useful tool for many inspectorates. Consider the categorisation in terms of what type of non-compliance, and level / scale or seriousness, of non-compliance.
- Capture numbers of currently non recorded inspections such as LHI verifying that non compliances have been rectified or enforcement.
- Consider increasing the amount of unannounced inspections and also consider making out of hours inspections e.g. at weekends or during the night.

Performance monitoring

- Consider the development of a web based portal for industry to submit data online and then use the data to report to the public.
- Explore making more use of the management information you have such as setting targets for and reporting against how long it takes to write a permit or how quickly you get inspection draft reports to the operator.
- Reconsider why you use some indicators and not others? What was the reasoning behind collecting some information and not others? Consider analysing the data to provide the management information that will help you monitor your indicators.

Conclusions

The review team were particularly impressed with a number of systems and processes that the Environment Agency of Iceland presented during the IRI. They felt that the EAI should be rightly proud of IS/IT systems such as their inspections database and are impressed that it is being improved to integrate it more with the EAI website to make more data available to the public as soon as possible. The review team felt that this type of good practice deserves special mention and many of IMPEL's members would benefit from seeing it in action too.

The commitment to openness and sharing information with the public, demonstrated through the website for example, or through alerting the media and public to non-compliances and hosting live monitoring data; were particularly good examples of how this IRI can lead the way and spread best practice to other parts of the IMPEL network and beyond. This also deserves special commendation.

The Environment Agency of Iceland is a relatively small organisation compared to many of its peers within the IMPEL network and this brings with it its own challenges to overcome. First and foremost, is how to combat the challenge of issue blindness and ensure resilience when for example, a particularly skilled inspector leaves the job and takes all of that knowledge and experience with them. By ensuring strategies (like the rotation of staff) are in place, the EAI will be able to avoid being in a situation whereby a significant portion of skills are lost when only 1 staff members leaves.

The review team is aware of the fact that many considerations in this report might be difficult to implement either because of time or staff pressures but also because of political pressures. However one area that was of particular consequence was in the area of cost recovery. Without fuller, more accurate and more realistic reflections on the time it takes to carry out activities set out in legislation, there will always be a challenge fully implementing the 'polluter pays principle' and sustainably funding the agency.

The Review team's broad conclusions are that the objectives of the area of EU environmental law within the scope of the review of EAI are being delivered in Iceland, and that arrangements for environmental inspection and enforcement are broadly in line with the RMCEI.

Lessons learnt from IRI process

Lessons learnt from this IRI review are:

- The hosts gave a quick power point presentation at the start of each topic which gave a good introduction and still maintained a good opportunity for discussion.
- There was a discussion among review team members about examples of good practice and opportunities for development at the conclusion of each day.
- Not all documents and presentations were available for review team in advance of the review. Possessing copies of documents and presentations in advance helps the review team to prepare and consider questions before arriving in the host country. It also greatly assists the rapporteur to prepare and become familiar with material to be discussed that will likely appear in the end report.
- The host had specific challenges as well as strengths that were particularly related to its size as an organisation. In the future it may be useful to include a review team member with similar demographics or geographical challenges to the host organisation.
- All lunches were held on site which meant that breaks in the review were not excessive.
- It is important that review team members not only have a good understanding of English but are willing and able to fully participate in discussions.

Annex 1

TERMS OF REFERENCE FOR IMPEL PROJECT

No	Name of project
2012/02	IMPEL Review Initiative (IRI) on the Environment Agency of Iceland

1. Scope

1.1. Background	<p>The IRI scheme is a voluntary scheme providing for informal reviews of environmental authorities in IMPEL Member countries. It was set up to implement the European Parliament and Council Recommendation (2001/331/EC) providing for minimum criteria for environmental inspections (RMCEI), where it states:</p> <p><i>“Member States should assist each other administratively in operating this Recommendation. The establishment by Member States in cooperation with IMPEL of reporting and advice schemes relating to inspectorates and inspection procedures would help to promote best practice across the Community.”</i></p> <p>The potential benefits of the IRI include:</p> <ul style="list-style-type: none">• providing advice to environmental authorities seeking an external review of their structure, operation or performance by experts from other IMPEL Member Countries• encouraging capacity building in environmental authorities in IMPEL Member Countries• encouraging the exchange of experience and collaboration between these authorities on common issues and problems• spreading good practice leading to improved quality of the work of environmental authorities and contributing to continuous improvement of quality and consistency of application of environmental law across the EU (“the level playing-field”) <p>The IRI scheme has been revised to make it easier to follow and more appealing to member countries. The questionnaire was updated and the inspection part aligned to the Doing the right things project. The new scheme was first used in Portugal in October 2009.</p> <p>The IRI in Iceland will be carried out under new scheme and using the new questionnaire.</p>
1.2. Link to MAWP and IMPEL’s role and scope	<p>ART. 3.3.2. of MAWP 2007-2010, among the key priorities and legislative areas of IMPEL activities mentions that:</p> <p>»IMPEL's key priorities for the period 2007-2010 are to continue the work on the tasks given to IMPEL by the Recommendation on Minimum Criteria for Environmental Inspections (RMCEI) and to fulfil its mandate under the</p>

	6th Environment Action Programme (6th EAP).
1.3. Objective (s)	<p>To undertake an IRI review of Icelandic Environmental Protection Inspection as described under point 1.2.</p> <p>The benefits of the project are:</p> <ul style="list-style-type: none"> - The Environment Agency will benefit from an expert review of its systems and procedures with particular focus on conformity with the RMCEI, - The participants in the review team will broaden and deepen their knowledge and understanding of environmental inspection procedures - Other Member countries will benefit through the dissemination of the findings of the review through the IMPEL network. <p>The Agency will in particular benefit from an expert review of the risk based planning of the future permitted IPPC installations which is currently developed taking into account the criteria in the RMCEI and the IMPEL Guidance book on inspection planning »Doing the right things«.</p>
1.4. Definition	<p>The IRI would focus on RMCEI, IPPC and all other relevant processes.</p> <p>This particular IRI would include the following aspects:</p> <ul style="list-style-type: none"> - the legal and constitutional setting of the inspectorate, - structure and managerial organisation, including funding, staffing and lines of authority and responsibility for regulatory and policy functions, - workload, in terms of numbers of IPPC processes and Annex 1 category, - qualifications, skills and experience of inspection staff, - procedures for the execution and reporting of routine and non-routine inspections, - procedures for assessment of training needs and provisions for training and maintaining current awareness, - procedures, criteria and guidance for the development and revision of inspection plans and inspection schedules, - setting the priorities for IPPC installations: the evaluation aspects, the risk assessment and classifications of risk, - Performance monitoring: evaluation of the output and where feasible environmental outcome of inspection activities. The arrangements for internal assessment of the quality of inspection performance and for improvement if appropriate, - Arrangements for reporting on inspectorate activities. - Procedures for preparing permits (after qualifications, skills and experience of staff).

	A review team will be set up to consider the topics above. This will facilitate the identification of both good practice and opportunities for development. The assessment may involve examination of documentation related to the inspection of a number of future IPPC permitted facilities.
1.5. Product(s)	In addition to the benefits listed in Section 1.1, tangible products will include: <ul style="list-style-type: none"> - A written report of the review for the Environment Agency, - Relevant extracts from the review report, as agreed with the Environment Agency of Iceland, for dissemination to IMPEL members and the EC, - Training and Educational material on “lessons learnt” and on examples of good practice for incorporation into training schemes of Member State inspectorates.

2. Structure of the project

2.1. Participants	The review team will consist of a review team leader, rapporteur(s) and approximately five experts from different Member States. The nomination of the team members will be decided upon in agreement with the Environment Agency of Iceland and an IRI Ambassador, Terry Shears. The review team will work closely together with the project manager, Gunnlaug Einarsdóttir.
2.2. Project team	See 2.1.
2.3. Manager Executor	The Project manager will be Gunnlaug Einarsdóttir.
2.4. Reporting arrangements	The results of the Review will be reported by the Team leader and a report will be submitted to the General IMPEL Assembly for approval.
2.5 Dissemination of results/main target groups	<p>Target audience:</p> <ul style="list-style-type: none"> - IMPEL members, - Environment Agency of Iceland. <p>Dissemination of the result of the project:</p> <p>IMPEL: The report will contain review background, participants and expenditure and recommendations on its dissemination and follow up. For dissemination the communication strategy of IMPEL will be used as well.</p> <p>Iceland: The Report will be available at the website of the Environment Agency of Iceland.</p>

3. Resources required

<p>3.1 Project costs</p>	<p>The project will involve the steps:</p> <ul style="list-style-type: none"> • Pre-meeting of the Review Team Leader with the Candidate Inspectorate to finalise the Scope and Timing of the Review. • Preparation of information on the Environment Agency of Iceland and its activities by the Icelandic contact persons (after a previous contact with the Review Team Leader in order to establish the relevant and needed information) and circulation to Review Team members. • Review over a period of 3 days comprising. • 1.5 days for review and assessment. • 0.5 days for comparison and collation of team views. • 1 day for feedback, discussion and finalisation of report. <p>It is proposed that meetings and report are conducted in English no interpretation is required.</p> <p><u>Preparatory meeting:</u> covered by IMPEL: - travel for team leader and rapporteur - 2x700= €1400 - accommodation for team leader and rapporteur (2 evenings) – 175x2x2 =€700 - total = €2100 (-10% reduction*) = €1890</p> <p><u>Project:</u> covered by IMPEL: - travel for 7 participants -7x700 = €4900 (€4410)* - accommodation for participants x 4 evenings – 175x7x4 =€4900 (€4410)* - Meeting venue costs and travel to meeting =€1000 - total = €10800 (-10% reduction*) = €9820</p> <p>We estimate that the total costs for the IRI review would be €11710. Personnel costs from the candidate inspectorate are not included in this assessment.</p> <p>* A 10% reduction was added to flights and accommodation costs at the General Assembly in Warsaw 2011.</p>
<p>3.2. Fin. from IMPEL budget</p>	<p>€ 11710.</p>
<p>3.3. Fin. from MS (and any other)</p>	<p>Host country will cover..- meeting facilities for the project - costs for the hard copies - coffee breaks - 1 official welcome dinner</p> <p>Cost to be confirmed depending on approval but will not exceed</p>

	€2000.
3.4. Human from MS	Two people to participate in preparatory meeting and project plus other preparatory work = 15 days.

4. Quality review mechanisms

Progress monitoring and quality assessment will be carried out by IMPEL Cluster 1. Cluster 1 will appoint a contact person for this project.

5. Legal base

5.1. Directive/ Regulation/ Decision	The European Parliament and Council Recommendation on Providing Minimum Criteria for Environmental Inspections in Member States (300/331/EC)
5.2. Article and description	Recommendation 2001/331/EC is a substantial element of IMPEL's MAWP.
5.3 Link to the 6th EAP	ART. 3.3.2. of MAWP 2007-2010, among the key priorities and legislative areas of IMPEL activities mentions that: »IMPEL's key priorities for the period 2007-2010 are to continue the work on the tasks given to IMPEL by the Recommendation on Minimum Criteria for Environmental Inspections (RMCEI) and to fulfil its mandate under the 6th Environment Action Programme (6th EAP).«

6. Project planning

6.1. Approval	By IMPEL 8th General Assembly, 24-25 November 2011, Warsaw, Poland.
(6.2. Fin. Contributions)	
6.3. Start	Work on composing the Review team can commence after approval. The review itself is planned for October 2012 with a pre-review meeting to be held in August 2012.

Annex 2

- IPPC Directive
- LCPD Directive
- Water Framework Directive
- Urban Waste Water Directive
- Water Protection from Nitrate Pollution Directive
- Waste Framework Directive
- Air Quality Framework Directive
- Ozone Depleting Substance Regulation
- Fluorinated Gas Regulation
- Liability Directive
- VOC's Directive
- Paint and Refinishing Vehicle Directive
- NEC Directive
- GHG European Trading Scheme Directive
- PRTR Regulation
- REACH Regulation
- CLP Directive
- BPD and PPD directives
- Agriculture use of Sludge (from wastewater plant) Directive
- POP Regulation
- ELV Directive
- Packaging and packaging waste Directive.
- Cells and Accumulators Directive
- Landfill Directive
- GMO Directive
- TFS Regulation
- Incineration and Co-incineration Waste Directive
- PCB's Directive
- WEEE Directive and the RoHS directive
- Directive on port reception facilities for ship-generated waste and cargo residues

Annex 3

- Act on Hygiene and Pollution Prevention No. 7/1998
- Act on Climate issues, No. 70/2012
- Act on Pollution Prevention of the Ocean and Coasts, No. 33/2004
- Act on Environmental Liability, No. 55/2012
- Water Management Act, No. 36/ 2011
- Waste Management Act, No. 55/2003
- Chemical Legislation Act, No. 45/2008 and No. 52/1988
- GMO Act, No. 18/1996
- Nature Conservation Act, No. 44/1999
- Act on Protection and Hunting of Wild Birds and Mammals, No. 64/19

Annex 4

DIRECTIVE 2008/1/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 January 2008 concerning integrated pollution prevention and control

29.1.2008 Official Journal of the European Union L 24/21 EN:

[http://eur-](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:024:0008:0029:EN:PDF)

[lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:024:0008:0029:EN:PDF](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:024:0008:0029:EN:PDF)

6.4.

(a) Slaughterhouses with a carcase production capacity greater than 50 tonnes per day.

(b) Treatment and processing intended for the production of food products from:

- animal raw materials (other than milk) with a finished product production capacity greater than 75 tonnes per day,
- vegetable raw materials with a finished product production capacity greater than 300 tonnes per day (average value on a quarterly basis).

(c) Treatment and processing of milk, the quantity of milk received being greater than 200 tonnes per day (average value on an annual basis).

6.5.

Installations for the disposal or recycling of animal carcasses and animal waste with a treatment capacity exceeding 10 tonnes per day.

6.6.

Installations for the intensive rearing of poultry or pigs with more than:

- (a) 40 000 places for poultry;
- (b) 2 000 places for production pigs (over 30 kg); or
- (c) 750 places for sows.