

## **Water Framework Directive assessment guidance for estuarine and coastal waters**

**Environment Agency**

**RPC rating: validated**

### **Description of proposal**

The transposition of the Water Framework Directive (WFD) requires businesses applying for activity consents to assess their impact on bringing water quality to environmental 'good' status.

In 2012 the Environment Agency (EA) produced guidance on how to conduct these assessments for dredging activities located in ports. In response to stakeholder requests, the EA is now producing similar guidance for activities located in estuarine and coastal waters.

### **Impacts of proposal**

The regulator states that the proposal will affect all businesses which undertake regulated activities in estuarine and coastal waters, including harbour authorities and marinas, dredging operators, water companies, energy companies and aquaculture companies.

In total, these businesses conduct approximately 381 individual regulated activities in estuarine and coastal waters each year - 89 of these activities are 'low-risk', 144 are 'medium risk' and 148 are 'high-risk'.

The regulator states that its new guidance clarifies how businesses can screen out low and medium risk activities earlier in the environmental assessment process, thus saving businesses time when assessing their impacts. It estimates that businesses will save one day when assessing a low risk activity and 6.5 days when assessing a medium-risk activity. The regulator uses an opportunity cost of £25 per hour (taken from a recent Department for Environment, Food and Rural Affairs IA that concerned businesses in the water sector) and 8 working hours per day to calculate business benefits of approximately £0.2 million per year.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of -£0.2 million. This will be a qualifying regulatory provision that will score under the business impact target.

## Quality of submission

There are several potential issues with the calculation of the EANDCB presented in the assessment. However, as so few businesses are affected these are unlikely to materially affect the EANDCB. These are:

- The estimates of time taken to produce assessments in the baseline scenario are based on the regulator's internal activities in carrying out similar assessments rather than the experience of affected businesses. The regulator states that "these activities are similar in nature to activities undertaken by business". The estimates of the time taken to complete assessments by affected businesses using the new guidance is based on internal estimates of how long it would take the EA to complete assessments following the new guidance. The regulator acknowledges that this assumption may cause inaccuracies in the assessment, but considers that it would be disproportionate to gather information from businesses to more accurately monetise the impacts of this proposal. Given the scale of the estimated benefits, this appears reasonable. However, the regulator should remove the statements that imply these assumptions could only lead them to *underestimate* the proposal's benefits, as this is not the case.
- The regulator does not assess the time businesses spend familiarising themselves with the consenting process before conducting an environmental assessment in either the baseline or the proposals. Any change in the time businesses spend familiarising themselves with the assessment requirements for the WFD should be robustly monetised and included in the EANDCB of the proposal.

The Department could also have used any available evidence from businesses' experience of savings resulting from the previous guidance produced for activities in ports.

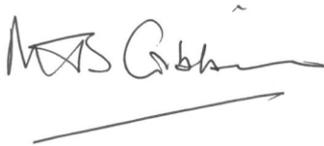
## Departmental assessment

| Classification                                  | Qualifying regulatory provision (OUT) |
|---|---------------------------------------|
| Equivalent annual net cost to business (EANDCB) | -£0.2 million                         |
| Business net present value                      | £1.76 million                         |

## RPC assessment

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| Classification                                  | Qualifying regulatory provision (OUT) |
|---|---------------------------------------|
| EANDCB – RPC validated <sup>1</sup>             | -£0.2 million                         |
| Business Impact Target (BIT) Score <sup>1</sup> | -£1.0 million                         |



**Michael Gibbons CBE**, Chairman

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<sup>1</sup> For reporting purposes, the RPC validates EANDCB and BIT score figures to the nearest £100,000.