

Summary: Intervention & Options

Department /Agency: Flood Management, Defra	Title: Impact Assessment for coastal erosion assistance package	
Stage: Consultation	Version: 1	Date: 15 June 2009
Related Publications: Impact Assessment for Coastal Change Fund (link) Coastal Change Policy consultation (link)		

Available to view or download at:

<http://www.defra.gov.uk/corporate/consult/coastal-change/index.htm>

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What is the problem under consideration? Why is government intervention necessary? The UK coastline has evolved and changed over generations shaped by coastal processes. We are committed to managing the impact of coastal change in a sustainable manner, providing information on coastal change, and in supporting coastal communities. We estimate over the next 20 years 200 homes are likely to be made unsafe to live in due to erosion and an additional 2000 could become at risk during this period. Homeowners are responsible for the risk to their property and the loss of these assets can result in hardship. Intervention is required to enable a fairer approach to demolition liabilities and to reduce the negative socio-economic externalities of vacated and neglected property at risk of erosion. This is one element of a wider policy package aimed at supporting coastal communities to adapt to coastal change.

What are the policy objectives and the intended effects? Part of wider policy package to:

- A. provide practical assistance to people who lose their home to erosion
- B. enable communities to adapt to coastal change risks sustainably in their own ways
- C. help inform home purchasing in coastal areas to reflect risks of coastal change (through information, map data and engagement)

What policy options have been considered? Please justify any preferred option.

1. Continue as present – home owners remain responsible for costs associated with loss to erosion
2. Financial hardship assistance approach – this is not favoured as it does not meet the policy objective and could set long-term and costly precedents for Government
3. Provide a baseline level of support to assist with demolition and moving costs – preferred option as it meets the first policy objective and enables those at imminent risk to plan for a home move

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

Feedback from the wider policy package is built into the process. Achievement against the policy objectives will be reviewed in 2015

Ministerial Sign-off For consultation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

..... Date:

Summary: Analysis & Evidence

Policy Option: 2	Description: Financial hardship assistance approach
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups' Government funded assistance in respect of hardship faced at point of home loss. No particular model proposed. But have assumed 10 properties lost a year and assistance might reflect a % of value approach based on an average house price of £200,000. (i.e. £20k to £200k per property)
	One-off (Transition) Yrs	
	£ 0	
	Average Annual Cost (excluding one-off)	
	£ 200k - 2m	20
Total Cost (PV)		£ 2.8 - 28m
Other key non-monetised costs by 'main affected groups' Administration costs – both to Defra and local authority per year appear negligible.		

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups' Homeowners benefit from hardship assistance. This is a transfer payment
	One-off Yrs	
	£ 0	
	Average Annual Benefit (excluding one-off)	
	£ 200k - 2m	20
Total Benefit (PV)		£ 2.8 - 28m
Other key non-monetised benefits by 'main affected groups' Reduced anxiety and stress in relation to home loss to erosion. Likely reduce demand for local authority Housing.		

Key Assumptions/Sensitivities/Risks Based on local authority estimates of 200 properties lost over next 20 years (10 annually). Excluding non-fixed dwellings and second homes. That Defra overall financial position allows continued funding through this period. That housing market adjusts to reflect risk within period of assistance. Risk that assistance disincentivises this adjustment and that expectation for assistance to extend beyond this period.

Price Base Year 2009	Time Period Years 20	Net Benefit Range (NPV) £ 0	NET BENEFIT (NPV Best estimate) £
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What is the geographic coverage of the policy/option?	N/A				
On what date will the policy be implemented?	N/A				
Which organisation(s) will enforce the policy?	N/A				
What is the total annual cost of enforcement for these organisations?	£				
Does enforcement comply with Hampton principles?	N/A				
Will implementation go beyond minimum EU requirements?	N/A				
What is the value of the proposed offsetting measure per year?	£ N/A				
What is the value of changes in greenhouse gas emissions?	£ N/A				
Will the proposal have a significant impact on competition?	N/A				
Annual cost (£-£) per organisation (excluding one-off)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">Micro</td> <td style="width: 25%; text-align: center;">Small</td> <td style="width: 25%; text-align: center;">Medium</td> <td style="width: 25%; text-align: center;">Large</td> </tr> </table>	Micro	Small	Medium	Large
Micro	Small	Medium	Large		
Are any of these organisations exempt?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">N/A</td> <td style="width: 25%; text-align: center;">N/A</td> <td style="width: 25%; text-align: center;">N/A</td> <td style="width: 25%; text-align: center;">N/A</td> </tr> </table>	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A		

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)
Increase of	Decrease of £ 0	Net Impact

Key:

Annual costs and benefits: Constant Prices

(Net) Present

Summary: Analysis & Evidence

Policy Option: 3 – preferred option	Description: Provide a baseline level of support to assist demolition and a home move.
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COSTS	ANNUAL COSTS		Description and scale of key monetised costs by ‘main affected groups’ Government grant: <ul style="list-style-type: none"> Moving assistance payment of up to £1k per residential property lost to enable them to move home Demolition costs of £3k average (£500 to £5000 depending on size and hazard of property) per residential property.
	One-off (Transition)	Yrs	
	£ 0		
	Average Annual Cost (excluding one-off)		
£ 40k	20	Total Cost (PV)	£ 568k
Other key non-monetised costs by ‘main affected groups’ Administration costs – both to Defra and local authority per year appear negligible.			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by ‘main affected groups’ Homeowners benefit from not having to pay demolition costs and moving costs. This is in effect a Transfer payment.
	One-off	Yrs	
	£ 0		
	Average Annual Benefit (excluding one-off)		
£ 40k	20	Total Benefit (PV)	£ 568k
Other key non-monetised benefits by ‘main affected groups’ Some reduced anxiety and stress in relation to demolition and moving costs. Unsafe properties tackled promptly reducing blight and wider socio-economic impacts in communities.			

Key Assumptions/Sensitivities/Risks Based on local authority estimates of 200 properties lost over next 20 years (10 annually). Excluding non-fixed dwellings and second homes. That Defra overall financial position allows continued funding through this period. That housing market adjusts to reflect risk within period of assistance.

Price Base Year 2009	Time Period Years 20	Net Benefit Range (NPV) £ 0	NET BENEFIT (NPV Best estimate) £
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What is the geographic coverage of the policy/option?		England		
On what date will the policy be implemented?		Expected Autumn 09		
Which organisation(s) will enforce the policy?		Local authorities		
What is the total annual cost of enforcement for these organisations?		£		
Does enforcement comply with Hampton principles?		N/A		
Will implementation go beyond minimum EU requirements?		N/A		
What is the value of the proposed offsetting measure per year?		£ N/A		
What is the value of changes in greenhouse gas emissions?		£ N/A		
Will the proposal have a significant impact on competition?		N/A		
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	N/A	N/A	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)
Increase of	Decrease of £ 0	Net Impact

Key:

Annual costs and benefits: Constant Prices

(Net) Present

Evidence Base (for summary sheets)

1. Introduction

There are some parts of England where large scale engineered defences cannot be economically justified, are not viable or are considered unsustainable or too environmentally damaging. Assets in these areas may be threatened by coastal erosion which renders the asset unsafe.

The continued maintenance of some defences may even lead to an increase in the risk of erosion elsewhere. The findings from a recent workshop organised by the Tyndall Centre highlighted that protecting one area of the coast could lead to other areas being worse off¹. For example, in North Norfolk the Shoreline Management Plan makes clear that the shoreline is an integrated natural environment and that abandoning some defences is important to generate sediment transfer that will both protect other communities and ensure a continuous beachfront. The local economy may be reliant on the beach front and access to it. The Government strategy for flood risk management (*Making Space for Water*²) stresses the importance of an Adaptation approach to help communities to adapt to our changing coast.

Coastal communities are desired places to live where property values are influenced by a number of factors (often conflicting) and may not reflect the true level of the risk to the property.

Our work suggests that there are three key strands that Policy formulation should consider, and several areas of this have been taken forward through other *Making Space for Water (MSW)* projects:

Preventing the problem in the future:

1) - **the provision and dissemination of accurate information about flood and erosion risks:** several Making Space for Water projects are working on improving our mapping of flooding or coastal erosion risk, so as to be able to provide clearer information on risk. For example, we hope to conclude work on coastal erosion national data set³ by 2010. It is crucial that work on mapping and planning is supported by improved stakeholder relations and engagements. Our Stakeholder and Community Engagement project⁴ is looking to improve the Environment Agency's work with communities but there should be applicable lessons for all authorities.

These data sets and engagement strategies should inform the housing market helping it to respond appropriately to reflect the risks associated with coastal properties.

2) - **ensuring that the planning system facilitates developments in locations which are appropriate to the level of risk:** Strong spatial planning policy to manage coastal flooding is already in place. The policy, contained in Planning Policy Statement 25, ensures that flood risk is taken into account at all stages in the planning process to avoid inappropriate development in areas at risk from all sources of flooding, and to direct development away from areas at highest risk. Where new development is necessary in such areas, the policy aims to make it safe without increasing flood risk elsewhere and where possible, reducing flood risk overall.

¹ Tim O'Riordan (2008) 'How do we create a sustainable coastline?' Summary of Tyndall Assembly Workshop – 10th September, 2008 University of East Anglia, Norwich

² <http://www.defra.gov.uk/environ/fcd/policy/strategy.htm>

³ <http://www.defra.gov.uk/environ/fcd/policy/strategy/ha4.htm>

⁴ <http://www.defra.gov.uk/environ/fcd/policy/strategy/sd6.htm>

Currently, planning decisions in relation to coastal erosion risks are made with reference to Planning Policy Guidance 20 (PPG20). PPG 20 adopts a starkly precautionary approach, restricting any development in areas at risk of coastal erosion. Government will soon be seeking views on new national planning policy on development and coastal change. This will propose a strategic risk-based approach to managing future physical changes to the coast, so that the long-term adaptation of communities can be planned to avoid blight, whilst allowing necessary development that is appropriate and safe

Helping existing settlements:

3) - working with communities who are facing high risks of coastal erosion or flooding.

The Strategy also committed to working with communities to help them to manage these higher risks through a programme of measures described at the time as an “Adaptation Toolkit”. Progress has already been made on a number of measures such as a £5million grant scheme designed to help individual households introduce resistance and resilience measures to offer protection from flood risk.

This Impact Assessment considers the Government policy response to strand 3) above and specifically the policy objective to provide practical assistance to those who lose a home to erosion. The Impact Assessment on the coastal change fund considers other aspects of strand 3.

It is not clear precisely how many properties are at risk from coastal erosion. The *Making Space for Water* project defining a national coastal data set is currently developing a much more detailed understanding of the impacts of erosion. This will use improved modelling methodologies, to produce a more accurate data set for coastal erosion. Current estimates, on the basis of feedback from local authorities, suggest that approximately 200 households will be made unsafe to live in due to current erosion rates over the next 20 years and an additional 2000 could become at risk of damage during this period. The numbers of properties affected by coastal erosion are expected to increase beyond this period as a result of an increased number of properties getting closer to the edge as erosion continues. In addition to this climate change, resulting in higher sea levels and potential for stronger storm waves, may increase erosion rates.

On the basis of the current at risk estimates and factoring in average UK property prices⁵, we estimate that the potential value of property (un-adjusted for risk) affected by coastal change over the next 20 year is:

- £40m - value of 200 residential assets made unsafe
- £400m - value of 2000 residential assets at risk

We have considered whether there are any issues with regards to caravans and other mobile dwellings permanently occupied, or otherwise, that could be affected by coastal erosion. The assumption is that these would be excluded from the provision set out within this Impact Assessment since they can be moved out of danger. The Coastal Change Policy document linked to this IA is consulting on additional mechanisms to support community adaptation which could include roll back, should that be determined to be the most suitable option for the community.

We now have an increasing understanding of coastal change and the risks to property. Erosion has affected our coastline for thousands of years and evidence suggests that coastal change is accelerating faster due to climate change. It is unlikely that people who purchased homes on the coast many years ago would have been able to factor climate change projections into their purchase decisions and as a result the coastal housing market has not yet adjusted to reflect coastal risk.

⁵ <http://www.communities.gov.uk/publications/corporate/statistics/hpi122008>

Government is working to provide coastal communities with planning and risk information (SMP's and national erosion data). Over time this information will help potential purchasers to make investment decisions which reflect these coastal risks. This investment decision will enable them to enjoy the remaining life of the property while remaining in a financial position to move from it when it becomes unsafe.

The Government will shortly be consulting on new planning policy on coastal change. It will facilitate a more strategic risk-based approach to managing future physical changes to the coast, so that the long-term adaptation of communities can be planned to avoid blight, whilst allowing necessary development that is appropriate and safe.

The introduction of this information may lead to more rapid and sharper adjustment in market values than may have been planned for by homeowners. Though in the longer-term a market adjustment such as this is needed so that investments in coastal properties reflect the value of the remaining years within the property to the purchaser.

2. Rationale for government intervention

Home loss to coastal erosion has some unique problems when compared to other natural impacts on homes. For instance erosion leads to the total loss of the property and the land upon which it stands as opposed to flooding which may leave the property temporarily uninhabitable but the structure and land remain. Insurance against coastal erosion is not available in the UK (or elsewhere).

Currently, areas that do not receive a community defence scheme, due to cost benefit ratios, get little tangible support from Government to adapt to coastal change (see also the Impact Assessment linked to this one on Coastal Change Fund for proposals to support coastal communities). Homeowners in isolated pockets of high risk do not receive equal treatment to those in areas where more property is at risk and the benefits of defence would be higher. This is similar for areas where due to local factors (e.g. geology, coastal process) defences cannot be built or where it is no longer feasible or sustainable to maintain a defence.

Homeowners are responsible for the risk in their property purchases. When the home becomes unsafe and dangerous, as a result of erosion, the home owner is required by law to demolish the property and to pay for this themselves. This is quite a unique situation given that this is total loss of the property and that insurance is not available to cover this loss. This may be their only home and these costs are incurred at a time when they are likely to have just lost any equity built up within the home.

Some local authorities have taken on the burden of this demolition cost themselves. This offers practical assistance at a time of financial hardship to the homeowner. Mainstreaming this good practice by giving authorities access to grants would provide a fairer approach to tackling homes loss to erosion, remove the burden from local authorities and acknowledge that one of the immediate practical difficulties for homeowners in relation to erosion is that they have to pay for the costs of demolishing properties about to be lost and moving from the home.

Those properties at risk from imminent loss can be structurally unsafe and could present a risk to the public and environment (building rubble on beaches causing an eyesore or releasing contaminants). In addition to this empty and neglected homes, possibly vacated for a period prior to their loss, can have a negative effect on the surrounding homes and community. Vacated and neglected properties can affect the desire to visit the area. Government intervention at the point of a home being vacated due to imminent erosion can reduce the socio-economic externalities neglected properties can cause.

Any intervention that is provided to assist homeowners who lose their homes to erosion needs to set clear eligibility criteria. Additionally the intervention should be time limited while other policy measures inform the housing market on the coast so that it fully accounts for risk during property transactions. Intervention should apply regardless of whether the property had been previously defended or not and where:

- A property at imminent risk is vacated in agreement with the authority, declared unsafe or lost as a result of coastal erosion (and coastal slip) during the running life of a scheme
- This is the sole property of the homeowner (i.e. not a second home, buy to let or other type of investment property)
- The property was purchased before this consultation document was launched
- The property was demolished or lost to erosion after this consultation document was launched
- Is a fixed dwelling (i.e. is not a movable home such as a caravan or a temporary structure)
- The assistance scheme is still operating – this is a temporary support package proposed to run for 20 years, but will be subject to regular review.
- Funding is available. Future availability is subject to overall affordability and the fiscal position with Defra's Flood Management Budget.

Government intervention should not undermine the policy messages in relation to coastal erosion, that:

- coastal erosion is a natural process and cannot be stopped, and
- individuals investment decisions should be made reflecting the risks of coastal change and should not rely upon the provision of defences or financial assistance

3. Evidence employed in this document

Taking these arguments as sufficient justification for some kind of intervention, this *impact assessment* addresses the question of what kind of intervention is likely to be most efficient and effective. In so doing it draws on a number of sources:

- Neighbourhood Renewal / New deal for communities (<http://www.communities.gov.uk/communities/about/neighbourhoodrenewal>)
- North Norfolk Coastal Management Plan Evidence Gathering Study 01 (via <http://www.northnorfolk.org/coastal/191.asp>)
- Compulsory Purchase Order (CPO) model (<http://www.communities.gov.uk/publications/planningandbuilding/compulsorypurchase4>)
- National Indicator 188 – Planning to adapt to climate change (<http://www.defra.gov.uk/environment/localgovindicators/ni188.htm>)
- National Indicator 189 – Flood and Coastal erosion Risk management (<http://www.defra.gov.uk/environment/localgovindicators/ni189.htm>)
- Research into options to deliver flooding and coastal solutions (Cardiff University report: <http://defraweb/environ/fcd/policy/strategy/sd2.htm>)
- Local authority and Environment Agency discussion on estimate of numbers properties at risk and costs associated with coastal erosion
- Changes in asset values on eroding coasts (to be published soon)

4. Specific impact tests that may be needed

Furthermore, alongside the main body of evidence for the costs and benefits of each of the options presented, some discussion is included of their impact on a number of specific priority areas that are specified in Defra's impact assessment guidance. Four of these areas are relevant to the options being considered here:

4.1 Sustainable Development

The intention of the policy set out in this IA is to reduce stress associated with the loss of a home to coastal change through assistance with demolition and moving costs. The proposed approach is part of a wider package of measures aimed supporting coastal communities to remain viable and sustainable (avoiding blight and wider economic impact associated with coastal erosion). The proposed Pathfinder approach enables communities to determine what sustainable adaptation will mean for them.

4.2 Health impact

Assisting homeowners with demolition and moving costs at a point of financial hardship may have negligible health benefits in terms of partly reducing the health impacts of stress and anxiety associated with losing a home to coastal erosion. A Cardiff University study reported effects on health as a result of coastal erosion ⁶.

4.3 Rural proofing

Appraisal of flood and coastal erosion defence projects includes an economic assessment, whereby the benefits are compared to the costs i.e. benefits are assessed on a unit cost basis and not on the absolute benefit of proposals. This ensures that smaller (perhaps rural) projects are considered on an equal footing to larger (perhaps urban) ones. There is no explicit bias against rural projects on the availability of funding, nonetheless projects are more likely to go ahead in higher populated areas where these protect larger numbers of people or higher asset values for a given cost.

This policy responds to home loss regardless of whether a defence was present or not. Rural areas will benefit from the provision within this scheme.

4.4 Other Environmental issues:

- Will the proposal be vulnerable to the predicted effects of climate change?
Coastal erosion is a natural process which may increase be exacerbated by climate change. The intention is for this policy to cover 20 years but to be subject to review. It is intended that the release of coastal maps will help inform home purchasing in coastal areas to reflect risks of coastal change. This proposal is time limited while the housing market adjusts so that homes are purchased at a price that reflects the risks.
- Will it involve any material change to the appearance of the landscape or townscape?
Coastal erosion is a natural process which has shaped our coastline. This policy will not alter the process but support those that are affected by it.

5. Summary of policy options

A summary of the policy options is set out here.

5.1 OPTION 1: Continue as at present

The first option is to continue as at present, where communities and councils continue to manage as they do at the moment. There are a couple of reasons why the situation could improve over a period of time:

⁶ <http://defraweb/environ/fcd/policy/strategy/sd2.htm>

- We will be able to publish clearer information on risks in the future (Shoreline Management Plans (SMPs) and national coastal risk data sets) – this may facilitate the movement of people out of at risk areas, as they individually respond to the information (assumption that they would accept the financial implication upon themselves). This will be supported by better levels of community engagement, in particular through SMP2 reviews.
- The Government will shortly be consulting on new planning policy on coastal change. It will facilitate a more strategic risk-based approach to managing future physical changes to the coast, so that the long-term adaptation of communities can be planned to avoid blight, whilst allowing necessary development that is appropriate and safe.

Costs:

- Where climate change leads to increased erosion and flooding rates, this option is likely to mean that more personal investments are lost and communities will be increasingly affected by the socio-economic externalities of properties vacated to erosion.
- Asset owners will lose their investments and may have limited available resources to support demolition and moving costs.

Benefits:

- No increased costs to Government.
- Encourages households to accept responsibility for their decisions and reactions to risk levels.
- No government subsidy to asset owners who are threatened by coastal erosion. As such, it adheres to the principle of fairness according to which the beneficiary of a measure should also bear the costs of that measure.
- It leaves Defra and the Environment Agency to focus attention and resources on other aspects of coastal change risk management.

Risks

- Increasing risk of neglected properties in areas at risk resulting in socio-economic impacts
- Homeowners in areas at risk remain responsible for demolition costs with resulting health implications of finding funding for this
- A continued perception that defence policy decisions 'aren't fair' and continued lobbying from home owners at risk

5.2 OPTION 2 Financial hardship assistance approach

The second option considers an intervention to assist with financial hardship faced by those who lose their home to erosion. This option could consider outcomes based on a range of financial assistance from 10% (similar to parts of the compulsory purchase model) to full value based on average UK house prices⁷.

Costs

- Estimated at between £2.8million and £28million (Present Value (discounted)) based on loss of 200 properties over 20 years. This figure could increase significantly if either numbers of properties lost increases (within the period or beyond) and if a precedent is set legally to continue the package or for its relevance to private losses to other natural events
- There would be costs associated with valuation and legal challenge if a value based approach is taken.
- Scheme would have a cost to Government which would have no means of recovering.

⁷ <http://www.communities.gov.uk/publications/corporate/statistics/hpi122008>

- Long-term costs of discentivising a risk based approach to home purchase

Benefits

- Financial benefits of £2.8 million to £28m (present value (discounted)) would all accrue to the home owner
- Could significantly reduce the stress and anxiety involved in home loss to erosion
- May reduce socio-economic externalities caused by neglected properties

Risks

- Coastal defences are a permissive power; no-one has the right to flood or erosion protection. Therefore where protection cannot be provided, the home-owner cannot appeal for compensation. This option undermines this principle
- Financial assistance for individual at the expense of funding community adaptation would not address the need for long-term adaptation in coastal communities (and coastal housing markets).
- Assistance could set a long term precedent for this to be paid for erosion beyond the anticipated 20 year period
- It could be perceived as being 'unfair' that tax payers should subsidise other asset-owners decisions.
- It implies that flooding/erosion is the Government's responsibility this may set precedents for other natural processes.
- People lose homes for many different reasons it may seem unfair to compensate some but not others.
- Assistance may over provide for some home owners i.e. where a home was previously purchased at a level reflecting risk but assistance was paid at a level assuming no risk

5.3 OPTION 3: Coastal erosion assistance package

This option makes a baseline level of assistance available which would provide for:

- 3a) A demolition costs payment to the local authority for making the property safe.
- 3b) A home move assistance payment available via the local authority towards the costs of moving from the property to a new property

The purpose of this package would be to provide practical assistance to homeowners at a time of hardship from the loss of the only home available to them and to additionally reduce the socio-economic impact of neglected properties in communities. The practical costs considered under this option are the demolition of the property and a contribution towards the costs of moving.

5.4 Option 3a: Provide grants to pay for the demolition of assets at risk.

Home owners are currently liable for the demolition cost of an unsafe property (section 271 of the Housing Act 1985). In response to coastal erosion these costs are levied on the home owner at the point of home loss adding to the hardship faced by the home owner. Costs for demolition have been estimated by local authorities at between £500 and £5,000 with an average of £3,000. Where a home owner fails to comply with the notice the local authority has powers to do so in default. Authorities can then recover the costs from the owner. Some authorities have taken on the burden of covering these costs themselves.

We propose that demolition costs to make the property safe, currently liable under legislation to the home owner, are paid from the Coastal Change Fund. This would be paid to the local authority to assist with the costs of demolition.

Costs:

- Estimated at £430k (present value discounted) based on an average demolition cost of £3k per home (£500 to £5000 depending upon the size and hazard of the home) and some admin costs
- Scheme would have a cost to Government which would have no means of recovering.

Benefits:

- Would provide an element of fairness to home owners, in respect of the liabilities of demolition costs associated with total loss to erosion
- Will remove the burden some local authorities have taken on in paying demolition costs themselves
- Should help to reduce socio-economic externalities caused by vacated and neglected properties by providing a funded route for their removal
- Would provide benefits worth an average of £3k in assistance per home at a time when homeowners lose the assets tied up in the property.
- Will reduce home owner anxiety and stress around finding funds to cover the demolition liability

Risks

- Suggests that erosion is the Governments responsibility, when it is a natural process and all the impacts associated with it should be accounted for in purchasing decisions

5.5 Option 3b: Home move assistance payment (up to £1,000)

At the point of a property being declared unsafe a home owner will need to move their possessions to another location. Government considers move assistance to be the costs of the physical move from one property to another, but not the costs of acquiring a new property (i.e. mortgage / legal costs). These costs might include:

- hiring of a removal van / company
- redirecting post
- re-connection of services
- adjustments to furnishings and fittings (e.g. curtains, carpets)

We propose to provide assistance with moving to a new home of up to £1,000 via the local authority.

Costs:

- Estimated at £142k (present value discounted) based on an assistance payment of up to £1,000 per property lost to erosion
- Admin costs in allocating this money. There will be central and local government administrative costs in allocating these funds. For local authorities the assumption is that this cost would be negligible. The assumption is that 10 properties would be lost each year and are likely to have a geographical spread across coastal authorities. This work would be done in parallel with current authority statutory demolition duties.

Benefits:

- Provide assistances with move costs of up to £1,000 per property for those vulnerable to coastal erosion.
- Assistance allows home owners to plan their physical relocation
- Reduces part of the anxiety and stress of finding the funds to move possessions at the point of home loss

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	N/A	N/A
Small Firms Impact Test	N/A	N/A
Legal Aid	N/A	N/A
Sustainable Development	Yes	No
Carbon Assessment	N/A	N/A
Other Environment	Yes	No
Health Impact Assessment	Yes	No
Race Equality	N/A	N/A
Disability Equality	N/A	N/A
Gender Equality	N/A	N/A
Human Rights	N/A	N/A
Rural Proofing	Yes	No

Annexes

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