

Summary: Intervention & Options

Department /Agency: Defra and Welsh Assembly Government	Title: Licensing of Water Abstraction - Impact Assessment of provisions following removal of exemptions	
Stage: Consultation	Version: 1.2	Date: 23/03/09
Related Publications: Taking Water Responsibly, Water Act 2003.		

Available to view or download at:

<http://www.defra.gov.uk/corporate/consult/water-act/index.htm>

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What is the problem under consideration? Why is government intervention necessary? Article 11.3(e) of the Water Framework Directive requires prior authorisation of water abstraction and impoundment. A key aim of the Water Act 2003 is to remove abstraction licensing exemptions to improve the management of water resources and to ensure controls over all significant abstractions from fresh surface water and groundwater. Exemptions from abstraction licensing controls can only be granted and removed by Government. To achieve this key aim, the provisions covered by this IA will remove exemptions from abstraction licensing for certain areas and types of abstraction in England and Wales

What are the policy objectives and the intended effects? The ending of area and types of abstraction exemptions from licensing control will help ensure proper regulatory controls exist to meet the requirement of Article 11.3(e). Newly regulated abstractors will require licences from the Environment Agency ('Agency'). This will provide equal treatment for all abstractors, many of which are small businesses, undertaking the same activities and improve the consistency of the Agency's regulatory approach. It will enable the licensing regime to remedy abstractions causing environmental damage.

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

Do nothing will see the status quo maintained. The future sustainability of water resources will not be assured in areas of the country and for types of abstraction where no controls over abstraction exist. This lack of control would constitute failure to comply with the requirements of the Water Framework Directive, risking infraction proceedings and fines for the UK Government. Failure to remove these exemptions may also cause significant problems in implementing Environment Permitting Regulations. **Licensing control** is the preferred option and will assure water sustainability by controlling abstractions and creating a level playing field for abstractors by imposing similar licensing and abstraction charges on currently exempt areas and types of licensing. This licensing control will impact on an estimated 140 abstractors, mainly small businesses, at a cost per licence of ~£200 p.a in line with abstractions in areas already within licence control. This is proportionate and cost-effective when set against the significant benefit to 20,000 abstractors, many of which are small businesses, by the earlier removal from licensing of abstractions below 20m³ per day in the package of measures in the Water Act 2003.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? The Catchment Abstraction Management Strategies will be used for this purpose. There are 97 such strategies, each covering a different area within England and Wales and each strategy has its own, separate, review date within the period covered by this IA. Each strategy provides a framework for resource availability assessment and produces a licensing strategy which aids the sustainable management of water resources on a catchment scale.

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: Licensing control	Description: Removal of various exemptions from abstraction licence control
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups' Recurring admin. costs arise for newly licensed abstractors, partially monetised at an average £16k p.a. over 31 years. In addition, they bear costs of (re)installing meters and obtaining or renewing licences every 12 years, averaging £14k p.a. over 31 years. (Ongoing costs arise for the Agency in handling approximately 140 new time limited licences, and are fully recovered from abstractors.)		
	One-off (Transition) Yrs			
	none			
	Average Annual Cost (excluding one-off)			
	£ 30k	Total Cost (PV)	£ 0.6m	
Other key non-monetised costs by 'main affected groups' Annual abstraction charges will apply to newly licensed abstractors depending on volumes, locations etc: these are currently unknown, with a minimal estimate included. Potential business cost to abstractors from volume restrictions or conditions applied to new time limited licences upon renewal in 2021/22, 2033/34, and beyond.				

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups' None quantifiable.		
	One-off Yrs			
	£ not quantifiable			
	Average Annual Benefit (excluding one-off)			
	£ not quantifiable	Total Benefit (PV)	£ not quantifiable	
Other key non-monetised benefits by 'main affected groups' Enables more comprehensive control of sustainable abstraction by the Agency via management of these new licences upon renewal in 2021/22, 2033/34, and beyond e.g. to help meet the obligations of the Habitats and Water Framework Directives.				

Key Assumptions/Sensitivities/Risks Key assumption in the figures – that 25% of exempt abstractors will be licensed in each of years 2011/12 to 2014/15, inclusive.
Key risk – that some applications are rejected, in which case compensation may be payable.

Price Base Year 2008	Time Period Years 31	Net Benefit Range (NPV) £ n/a	NET BENEFIT (NPV Best estimate) £ n/a
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What is the geographic coverage of the policy/option?	England and Wales			
On what date will the policy be implemented?	30 Sept 2010			
Which organisation(s) will enforce the policy?	Environment Agency			
What is the total annual cost of enforcement for these organisations?	£ 5,000 (recoverable)			
Does enforcement comply with Hampton principles?	Yes			
Will implementation go beyond minimum EU requirements?	N/A			
What is the value of the proposed offsetting measure per year?	£ 0			
What is the value of changes in greenhouse gas emissions?	£ Negligible			
Will the proposal have a significant impact on competition?	No			
Annual cost (£-£) per organisation (excluding one-off)	Micro £0.2k	Small £0.2k	Medium £0	Large £0
Are any of these organisations exempt?	No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)
Increase of £13k	Decrease of £ -	Net Impact £13k

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Evidence Base (for summary sheets)

1. Revocation of exemptions from abstraction licensing granted in respect of certain areas in England and Wales.

The Government undertook a review of the abstraction licensing system in 1998, consulted widely on its proposals and announced its decisions for change in Taking Water Responsibly, published in April 1999. Changes were necessary to ensure the future sustainable use of water resources given the implications of climate change and levels of modern demand for water. Following this, the Water Framework Directive, which was designed to improve and integrate the way water bodies are managed throughout Europe, came into force in December 2000. Amongst its requirements, Article 11.3(e) requires the prior authorisation of water abstraction and impoundment. As set out below, England and Wales are not fully compliant with this requirement, so action was needed to avoid infraction proceedings.

The Water Act 2003 provides the legal power to take the actions identified in the review and better to comply with the requirements of the Directive. New orders are now required to implement section 10 of the Water Act 2003 which enables the revocation of orders, made under the Water Resources Act 1991 and preceding powers, which removed restrictions on abstraction in specified areas. Section 10 also enables the repeal of any similar provisions made under local or private Acts.

The existence of and reasons for the current patchwork of exempt area designations across England and Wales, mostly established in the 1960s and early 1970s, is not widely known or understood. The policy now on sustainable water resource management grounds is that, with one exception, exempt area status should be removed. Orders are therefore required to revoke the exemption orders made under section 33 of the 1991 Act and preceding powers, now that section 33 has been repealed through the 2003 Act. Some area exemptions were effected through local Act powers and these too are to be removed. This will involve the removal of 12 separate exemption orders. Abstraction licensing control will, as a consequence, extend to the currently exempt areas in the same way as it applies elsewhere ie both those sectors licensable already, but for the fact that they are in these exempt areas, and those sectors exempt until we bring in sections 5 and 7 of the 2003 Act will become licensable.

The 2003 Water Bill's Impact Assessment estimated that around 3,000 new licences would be required through implementing the proposed regulatory regime. Set against this, more than 20,000 abstractions (as estimated in the Water Bill IA dated July 2003) have already been removed from licence control through the introduction of an abstraction threshold of 20m³ per day, below which, a licence is not required. This has been a significant benefit to many small to medium sized businesses. The IA produced for the 2003 Water Bill did not fully consider the effect of the removal of exempt areas, and this particular aspect is covered in more detail in this IA.

Delaying these regulatory changes will:

- increase the risk of infraction proceedings for failure to introduce a mechanism to control significant abstractions from fresh surface water and groundwater as required by the Water Framework Directive;
- prolong remedial action at sites where serious environmental damage is being caused by unsustainable and currently unregulated abstraction;
- make it more difficult to align the licensing regime with the Environmental Permitting Programme, which is a modern regulation initiative by Government and is planned to be implemented for abstraction and impoundment around 2011;
- prevent the current system from being rationalised, risk-based and outcome focussed in accordance with the principles of the Hampton review; and
- prevent equal treatment under the law for similar types of abstraction.

2. Baseline or Do Nothing option

The Do Nothing option consists of maintaining these unlicensed abstractions and not requiring them to become subject to regulation. The disbenefit of this would be the loss of knowledge and control that the Environment Agency will gain once these abstractions are licensed, which will contribute to its ability to manage water fairly as between competing abstractors, sustainably, and consistently to meeting government targets and water resources objectives set in the Habitats Directive and Water Framework Directive. The rest of this IA refers to the preferred option of ending exemptions to bring abstractions under licensing regulation.

3. Presentation of figures

Costs in the Summary sheet (other than for the Administrative Burden) are shown in year 1, or current 2008 values. The policy is assumed to be implemented in year 3 or 2010/11. The IA assumes a 31 year time frame out to 2038/39, to cover the staggered award of the new 12 year licences in years 4-8 (2011/12 to 2014/15), and two sets of renewals for those licences (in 2023/24 to 2026/27, and 2035/36 to 2038/39). Summary sheet figures are derived as follows.

Costs

- 140 new abstraction licences are required, half being full licences, half transfer licences.
- All will be time limited licences requiring re-application every 12 years.
- First applications are spread evenly over 2011/12 to 2014/15, so there are 35 in each of the 4 years.
- The application cost comprises seven elements the first time; the fee (assumed to cover the Agency's processing cost), the time required for data collection and form filling, some cost for a meter (required for the full licensees only); the cost of advertising the licence and the Agency fee for its administration of that, and some cost for professional advice and time for preparing an environmental report (assumed to be required in 20% of cases). Averaged across all 140, this totals a first application cost of £2,067 each.
- Every 12 years the licensees must apply again, although it is assumed that the environmental report and advertising costs are not incurred again (given the presumption of renewal on the same terms as the original applications). The 12-yearly cost is £517 each.
- In the 31 year time frame of the IA, all 140 licences are renewed twice. The cost of applications and re-applications totals £434k undiscounted, or £14k p.a. over 31 years.
- In addition, new licensees will face some annual costs for keeping records, & making returns and payments (4 hours each on average), and licence fees (partly related to licence volumes, for full licensees only) which are include at a minimum level. These annual costs average almost £140 p.a. for each of the 140 licensees. The total builds gradually as the 140 are gradually licensed: averaged over the 31 year time frame, the total is £16k p.a.
- Undiscounted these periodic and annual costs total £0.9m over 31 years, or £30k p.a. averaged over 31 years. This is the undiscounted average annual cost shown on the Summary Sheet.
- Discounted as they arise over time, this gives a present value in 2008/9 of £0.6m. (For present values, a 3.5% discount rate is used for 30 years, and 3% thereafter, as per Treasury Green Book guidance.)

Benefits

The benefits of this policy derive from the fact that extending licensing will increase the ability of the Agency to manage water abstraction sustainably, and are not capable of being monetised.

Admin Burden

The admin burden reflects the new time required for 140 abstractors periodically and annually in respect of the new licences. The annualised average hours spent are applied to 2005 hourly

pay rates with 30% overheads, using the Standard Cost Model, resulting in an additional administration burden of around £13k a year in 2005 prices.

4. Costs to abstractors becoming subject to regulation

Although section 33 of the Water Resources Act 1991 has been repealed, abstraction control exemptions made under section 33 which were in force immediately before its repeal will continue until revoked by the Secretary of State or the Welsh Ministers. Where an exemption from abstraction control is revoked, the abstraction will then be subject to the general abstraction licensing procedures which apply elsewhere. As all new licences will be time limited, licence applications and fees will be required typically every 12 years, in addition to which there will be annual costs for the abstraction itself where a full (rather than transfer) licence is granted. The IA assumes a 31 year time frame from now, to cover the introduction of the new typical 12 year licences, and two subsequent renewals.

The Environment Agency estimates that about 140 abstraction licence applications will arise as a consequence of the removal of geographical exemptions from licensing. This figure is based on data collection and local knowledge. Of this total, 60 would arise in England and 80 in Wales. The Environment Agency's estimate of the number of licence applications by sector is as follows. (For example, spray irrigation is currently licensable except in exempt areas and 40 licence applications are expected as a result of the removal of those areas.) The Agency estimates that the bulk of these licences will be held by small businesses eg those for spray irrigation will typically be held by a nursery, fruit grower or farmer.

Sector	England	Wales
Public water supply	-	5
Water bottling companies	4	6
Golf courses	10	10
Dairy farms	15	25
Spray irrigation	20	20
Industry	10	10
Government	-	1
Quarry dewatering	1	2
British Waterways	-	1
Total	60	80

(i) Licence application costs

Anticipated minimum, maximum and typical average licence application and compliance costs for applications are indicated below. The initial application costs are higher than renewal costs as it is assumed that advertising costs and contractors reports are not required upon renewal (assuming renewals upon the same terms).

Costs to newly-licensed abstractors:

Purpose	Minimum estimated cost	Maximum estimated cost	Estimated Average cost	Occurrence
1. Metering/measurement (*discretionary for Transfer Licences)	£200 (Full Licence) *Nil (Transfer Licence)	£5,000 (Full Licence)	£200 (Average expected meter cost £400, applied to 50% full licences)	Every 12 years
2. Time gathering data and completing	£91	£910	£182	Every 12

application form, each (est. average 7 hrs)				yrs
3. Application fee, each	£135	£135	£135	Every 12 yrs
4. Average cost to advertise an application in a local newspaper, each	£300	£400	£350	First time only
5. Advertising administration fee for Environment Agency, each	£100	£100	£100	
6. Environmental Report for abstractor, each	Nil	£5,000	£1,000 (assume needed in 20% of cases)	
7. Professional advice to abstractor, each	Nil	£500	£100 (assume needed in 20% of cases)	
Total cost of first application, per licence (Sum of 1-7 above)	£826	£12,045	£2,067	First time only
Total cost of all first applications, England and Wales			£289,000	
Total cost of 12 yearly application, per licence (Sum of 1-3 above)	£426	£6,045	£517	Every 12 years
Total cost every 12 years for England and Wales			£72,000	

Assumptions made in the costs above:

- Each cost item occurs as indicated in table. As there is no clear evidence of the incidence of licence applications requiring advertising we err on the side of caution. The application costs described above may be reduced by as much as £450 per application (on average) where it is appropriate for the Environment Agency to dispense with advertising. The abstractor is charged the full cost to the Agency of this action.
- It is assumed that licence renewals are made on the same terms as the original applications and are therefore not advertised.
- Normal application fees, charges and costs apply to applications for licences and are based on rates for 2008/09. Any discounts from bulk advertising will be passed on to applicants, but are not identified in the above estimates.
- All costs are for long-term abstractions. One-off temporary licences lasting less than 28 days are not part of the provisions.
- A standard cost of £20 per hour has been assumed for time taken by abstractors to gather data and complete application forms, with 30% overhead as per standard cost model.
- Estimated costs in ensuring licence applicants apply are considered to be negligible.
- Meters and gauges are assumed to require replacement every 12 years.
- The cost to the Agency of initially determining and annually managing each licence is fully recovered through its scheme of abstraction charges paid for by licence holders, and through licence application fees.

While most applicants were previously required to meet the full cost of arranging the publication of the necessary abstraction licence application, to simplify the application process the Environment Agency is now responsible for publishing notice of an application for a licence. The Agency will not make any charge for publication of a notice on its own web site, but where a notice needs to be published in a newspaper, it will recover the actual cost of that notice from the applicant. It will also need to make a charge to cover the cost of administering this service. Publication of any necessary notice by the Agency instead of the applicant will reduce the risk of errors and additional costs of corrective action by applicants. This simplified system should also deliver cost savings to all applicants whose applications need to be published. The Agency's fee is unlikely to be greater than the cost which applicants would incur if they published the

notice themselves. The Agency's scheme of charges operates on the principle of cost recovery, with no element of profit within its charges for the services or rights it provided.

(ii) Annual costs for abstractors

a. Annual abstraction licence charges for full licences.

Half these new applications are expected to be for full licences where annual charges will apply.

There is a minimum annual charge of £25 but the actual charges will vary depending on the following factors:

- annual licensed volume (in 000m³)
- source factor (groundwater, river, tidal - supported or unsupported)
- season (summer, winter, all year)
- loss (high, medium, low, very low)
- an environmental improvement unit charge (EIUC) (in 000m³).

These factors are each given numeric values in the Environment Agency's charging scheme which are multiplied together and then by the standard unit charge for the region in which the abstraction is authorised to be made. The recurring annual cost would be an estimated £79 ie a total of £11,060 (£79 x 140). This is based on taking an abstraction at the licensing threshold of 20m³ a day (7,300 cubic metres per year) with factors of unsupported source (1), all year and medium loss (0.6) at the average 2008/09 standard unit charge of £17.15 per 1,000m³ and the average EIUC for non-water companies of 0.89 per 1,000m³. Actual costs would, of course, depend on the mix of these factors and location of the abstraction.

As the actual volumes and other specific factors that will apply to the new licences are unknown, it is not possible to estimate accurately the monetary cost to the newly licensed abstractors of the annual licence charges they will face. We include a figure rounded to £5,000 a year for abstraction charges, to offset the Environment Agency's enforcement costs (see section 5.(ii) below) as those costs are recovered through the overall scheme of abstraction charges. Abstraction charges are only paid for full licences.

Purpose	Estimated cost
Annual abstraction charge assumed per abstractor (only payable for full licence)*	£36
Total annual cost to abstractors	£5,000

* Calculated to fund the Agency's enforcement costs

b. Costs of keeping records, reporting, and making payments.

It is assumed that on average each newly licensed abstractor will spend c.4 hours a year on these activities, charging time at £20 per hour plus 30% overhead (assuming 50% are full licences). This rounds to £14,000 per year for 140 new licences, and the cost arises every year.

Purpose	Estimated cost
Annual cost per abstractor for records, & making returns and payments (c.4 hours each on average)	£102
Total annual cost to abstractors	£14,000

5. Costs to the Environment Agency of abstractors becoming subject to regulation

(i) Appeals/compensation

It is considered that there is a negligible risk of a successful challenge from an abstractor who is currently exempt, against the volume or conditions of the new licence to be granted. The current rate of appeals against the non-grant of a licence or limiting the conditions granted is less than one in a thousand, so it is anticipated that this cost will be negligible (based on the 140 licence applications).

(ii) Enforcement costs

We estimate the annual cost of enforcement to the Environment Agency to be in the region of £5,000. Previous figures they have provided in relation to Cooperating with Audits and/or Inspections would suggest that approximately 30% of the 140 licensees may have annual visits, though this figure may tail off over time if compliant. Assuming two hours a visit and an hourly rate of £44.30 for inspectors, an annual figure of £3,700 is estimated. The remaining 70% will be less critical and will have a visit every 5 years: the annual calculation for them suggests a cost of £1,700 ($140 \times 70\% \times 0.2 \times 2 \times £44.30$). The combined annual figure could be taken as £5,000, given the expectation of a tailing off over time of licensees requiring an annual visit. No cost is assigned to abstractors for hosting these visits. The cost to the Environment Agency is assumed to be recovered within its scheme of abstraction charges. For the purpose of the IA we assume the inclusion of minimal abstraction charges that equate to and offset this cost.

6. Charitable organisations

The Water Act 2003 has removed from licence control abstractions of water where these are at a rate of less than 20 cubic metres a day. Charities do not typically abstract water in quantities greater than this level and are therefore unlikely to be affected.

7. Compliance and enforcement actions

When implemented, section 10 of the Water Act 2003 will allow the Secretary of State and the Welsh Ministers to revoke exemption orders from restrictions on abstractions made under section 33 of the Water Resources Act and those made under local or private Acts. The Secretary of State may use this power in relation to inland waters or underground strata either wholly or partly in England and the Welsh Ministers may use it in relation to inland waters or underground strata either wholly or partly in Wales. Where a section 10 Order wholly revokes an exemption order it may at the same time also repeal so much of the local or private Act as constitutes the power to make the exemption order.

Abstracting or impounding water without a valid licence already carries with it the risk of prosecution by the Environment Agency and, on summary conviction, Magistrates' courts may impose a fine of up to £20,000 or, on indictment, offenders may be liable to an unlimited fine or imprisonment or both. No additional sanctions are deemed necessary to ensure compliance with the proposed regulations.

The Agency carries out a programme of inspections of licences that it regulates. This programme, and the frequency of inspections, takes into account the risks associated with each licence. Where necessary, the Agency takes enforcement action in accordance with its enforcement and prosecution policy.

Specific Impact Tests for abstractions becoming subject to regulation

8. Competition assessment

The Office of Fair Trading's guidelines for competition assessment, published in February 2002 set out a competition filter of nine questions, the answers to which determine the need to

complete a competition assessment as part of an IA. The following grid summarises the questions and responses that are relevant to the proposals in this consultation.

Number	Question	Response
1	In the market(s) affected by the new regulation, does the firm have more than 10 per cent market share?	No
2	In the market(s) affected by the new regulation, does any firm have more than 20 per cent market share?	No
3	In the market(s) affected by the new regulation, do the three largest firms together have at least 50 per cent market share?	No
4	Would the costs of the regulation affect some firms more than others?	No
5	Is the regulation likely to affect the market structure, changing the number or size of small firms?	No
6	Would the regulation lead to higher set-up costs for new or potential firms compared with the costs for existing firms?	No
7	Would the regulation lead to higher on-going costs for new or potential firms compared with the costs for existing firms?	No
8	Is the market characterised by rapid technological change?	No
9	Would the regulation restrict the ability of firms to choose the price, quality, range or location of their products?	No

The current exemptions may be perceived as being unfair to those who do not benefit from them. Repealing the exemptions will ensure fair and equal treatment to all business sectors and abstractors of the same category or class. The proposal being taken forward will remove exemptions that may previously have provided a competitive advantage.

9. Small Firms Impact Test

Small firms that abstract water at rates of less than 20 cubic metres a day have already been removed from licence control by provisions in the Water Act 2003. This has been particularly beneficial to the agricultural sector and other small to medium size enterprises. This will not change as a result of the proposal to remove exempt area designations. Only those who abstract more than 20 cubic metres of water a day will need to apply for a licence, which we estimate to be 1-2% of the total. As with the competition assessment above, the provisions will help ensure a level playing field for all abstractors.

10. Legal Aid

There will be no impact on Legal Aid.

11. Sustainable Development

The revocation of exemptions under section 33 of the Water Resources Act 1991 should enhance the sustainable use or management of water resources. In addition, bringing these abstractors within the licensing system helps the UK's ability to meet the obligations of the Habitats and Water Framework Directives, by providing a means of control.

12. Carbon Assessment

We have looked at the initial tests and are satisfied that no impact will arise from the termination of exemption from licensing control on this area.

13. Other Environment

No other environmental impacts are evident.

14. Health Impact Assessment

Having gone through the initial assessment we do not believe that there is a health impact.

15. Race, Disability, Gender and Other Equality

We do not believe that there will be an impact on the equality strands as the main impacts of the proposal will be on business and regulators, not on individuals. We have, however, looked at each of the equality impact initial tests individually and are confident that there is no impact.

16. Human Rights

As a national regulator, the Environment Agency is a public authority for the purposes of section 19 of the Human Rights Act 1998. Section 6 of the Act makes it unlawful for the Agency to act in a way not compatible with the human rights protected by the European Convention on Human Rights). We do not believe that the proposal will give rise to a breach of human rights.

17. Rural Proofing

We have looked at the initial test on rural proofing and are confident that the impact is negligible or beneficial.

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	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	Yes	No
Sustainable Development	Yes	No
Carbon Assessment	Yes	No
Other Environment	Yes	No
Health Impact Assessment	Yes	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	Yes	No
Rural Proofing	Yes	No

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What is the problem under consideration? Why is government intervention necessary? Article 11.3(e) of the Water Framework Directive requires prior authorisation of water abstraction and impoundment but can exempt those that have no significant impact on water status. While a key aim of the Water Act 2003 is to remove abstraction licensing exemptions to improve the management of water resources, in many instances this would serve no discernable benefit while adding unnecessary cost and regulatory burdens to the abstractor. Exemptions from licensing controls can only be granted by Government.

What are the policy objectives and the intended effects? To create exemptions from abstraction licensing where those abstractions pose little or no risk to the environment, would remove what would otherwise be a regulatory burden impacting on a number of small operators many of which are small businesses. This would maintain the exemption from abstraction licensing in respect of tidal water transfers, dredging and water meadow systems and from impounding licensing for works by Internal Drainage Boards. To test that such abstractions pose little risk to the environment, the abstractor for each primary abstraction would need to obtain a one-off consent. Approximately 4,190 such consents would be expected to be sought. Additional provision is made to preserve the status quo in respect of Cheshire saline water abstractions through simplification of regulation.

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

Do nothing will expose small organisations carrying out exempt abstractions to the blanket removal of abstraction licensing exemptions through the licensing provisions covered in the 'removal of exemptions' IA, even where this would serve no discernable benefit. Licences would be needed for 19,190 abstractions – 4,190 primary and 15,000 secondary - and impoundings. This would place unnecessary burdens and costs on small organisations, many of which are small businesses.

Exemption from licensing is the preferred option, for the reasons set out above. There is no charge for a consent but we estimate that the one-off cost per applicant in their time in applying would average less than £45 for each of the 4,190 primary consents. This compares to an estimated annual cost of £90 for licensing all 19,190 abstractions. Most of these consents will be granted to small businesses and we believe that the low cost of requiring consents is both cost-effective and proportionate compared to the cost of licensing whilst ensuring that the abstraction is not environmentally damaging.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? The Catchment Abstraction Management Strategy will be used for this purpose. There are 97 such strategies, each covering a different area within England and Wales and each strategy has its own, separate, review date within the period covered by this IA. They provide a framework for resource availability assessment and produce a licensing strategy which aids the sustainable management of water resources on a catchment scale.

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: Exemption from regulation	Description: Exemption from abstraction and impounding licensing
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COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' One-off cost to abstractors of obtaining Consents from the Environment Agency for over 4,000 primary abstraction points (covering an estimated 15,000 additional secondary abstraction points) to remain exempt from licensing regulations. Agency costs are assumed to be recouped through fees charged.
	One-off (Transition)	Yrs	
	£ 38k	5	
	Average Annual Cost (excluding one-off)		
£ Nil		Total Cost (PV)	£ 182k
Other key non-monetised costs by 'main affected groups' There may be a small compliance cost on the part of harbour authorities, in respect of tidal water transfers, to ensure that conditions of the exemption are being met. However, their knowledge of tide times would suggest that this is neither an onerous responsibility nor a costly one with which to comply.			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' This is the cost burden avoided of unnecessarily licensing over 19,000 abstractions by small organisations. It is estimated to average £1.1m p.a. annual costs, and £0.6m p.a. (around £7m every 12 years) for periodic licence applications.
	One-off	Yrs	
	£ Nil		
	Average Annual Benefit (excluding one-off)		
£ 1.7m		Total Benefit (PV)	£ 32.6m
Other key non-monetised benefits by 'main affected groups' Removing the need for licensing has significant environmental benefits, especially in respect of the estimated 19,000 abstractions and impounding works associated with water meadows. The benefits of water meadows include their value as a wildlife habitat but the regulatory burden of licensing would, in most instances, make them unsustainable and these environmental benefits would be lost.			

Key Assumptions/Sensitivities/Risks Key assumption – all abstractors in respect of tidal water transfers, dredging and water meadow systems and from impounding licensing for works by Internal Drainage Boards remain exempt. Key risk – these exemptions do not come into force, requiring abstractors to licence their activities, the regulatory burden of which would impact on their viability.

Price Base Year 2008	Time Period Years 31	Net Benefit Range (NPV) £ 22.7– 42.2m	NET BENEFIT (NPV Best estimate) £ 32.4m
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What is the geographic coverage of the policy/option?		England and Wales		
On what date will the policy be implemented?		1 October 2009		
Which organisation(s) will enforce the policy?		Environment Agency		
What is the total annual cost of enforcement for these organisations?		£ Nil		
Does enforcement comply with Hampton principles?		Yes		
Will implementation go beyond minimum EU requirements?		N/A		
What is the value of the proposed offsetting measure per year?		£ 0		
What is the value of changes in greenhouse gas emissions?		£ Negligible		
Will the proposal have a significant impact on competition?		No		
Annual cost (£-£) per organisation (excluding one-off)	Micro £0	Small £0	Medium £0	Large £0
Are any of these organisations exempt?	No	No	N/A	N/A

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

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Evidence Base (for summary sheets)

1. Background

The Water Framework Directive, which was designed to improve and integrate the way water bodies are managed throughout Europe, came into force in December 2000. Amongst its requirements, Article 11.3(e) requires the prior authorisation of water abstraction and impoundment. However, such abstractions and impoundments can be exempted where they have no significant impact on water status.

In compliance with the Directive, a key aim of the Water Act 2003 was to remove most abstraction licensing exemptions and to bring most major abstractions under licence control. The 2003 Act also gave the Environment Agency greater regulatory control over impoundments. In the majority of cases the removal of exemptions and the introduction of licence control will improve the management of water resources, with the associated costs being outweighed by the benefits afforded to the environment and other abstractors. This does not appear to be the case with the abstractions and impoundments identified in this document, at least to the extent that the proposed exemptions would apply.

If the exemptions proposed were not provided the implications for the Environment Agency, as regulator, and applicants would be considerable, particularly in the case of water meadow systems where something like 19,000 licence applications would be required. Numbers of applications for the other proposed exempt activities would be nowhere near so significant but the justification for their exclusion from regulation is equally as strong.

However, to ensure that each abstraction to be exempted from licence control is not environmentally damaging, the Environment Agency will need to assess the environmental effects of the operation. This will require the abstractor for each of the estimated 4,190 'primary' abstraction points — to obtain a consent, for which there is no charge but in connection with which the abstractor will need to provide information so there will be a small cost in the abstractor's time. It is estimated that some 15000 consents will be required for 'secondary' abstraction points associated with the primary abstractions. The Environment Agency estimate that the majority of these exempt abstractions will be in respect of abstractions carried out by small businesses, most of which will be farmers and small land owner, so the minimal one-off cost of obtaining a consent is considerably less than the annual charge for an abstraction licence (as set out in section 4).

The Water Act 2003 provides powers for Ministers to provide exemptions in specified cases. In each case where an exemption is proposed the exemption is in respect of a specific abstraction or impounding by virtue of its nature, rather than a blanket exemption for all such activities. This selective approach is seen as a proportionate approach to regulation which offers the right level of control to protect the environment while minimising costs and burdens. For example:

- only saline water transfers by port and harbour authorities are exempted;
- only hydraulic dredging by navigation, harbour or conservancy authorities is exempted though dredging by anyone below the normal tidal limit is also exempted;
- subject to consent, the abstraction or impounding of water in a water meadow is exempt provided it is solely for the management, operation or maintenance of water levels or flows in a water meadow; and
- impounding works constructed by internal drainage boards are often necessary to support their land drainage functions for the management of water levels – these are exempted from licensing control since abstractions by these bodies for the same purposes already enjoy licensing exemption.

2. Baseline or Do Nothing option

The Do Nothing option consists of not creating exemptions as proposed in the preferred option so that all the abstractions mentioned here that fall over the licensed volume threshold would have to be licensed by the Environment Agency. Although it is estimated that 90% of them would require transfer licences, which are slightly less costly and onerous than full licences, the burden of time and cost to licence over 19,000 abstractions would be considerable. Another possible cost of doing nothing would be the loss of existing, environmentally-beneficial water meadows, which might become economically unviable under the costs of the licensing process. The benefit of doing nothing - not granting exemptions - would be increased knowledge and control for the Agency over the existing exempt abstractions, once they are licensed, but this is considered to be negligible. As the exemptions proposed will not be detrimental to the environment or other water abstractors, and some are already constrained by legislation that protects the environment, the Do Nothing option is not the preferred approach. The rest of this IA refers to the preferred option of maintaining these licensing exemptions and, exceptionally, preserving the status quo for the Cheshire saline water abstractions through simplification of regulations.

3. Revocation and replacement of exempt area status for Cheshire saline water abstractions

The exception concerns the exemption order applying to the abstraction of water with a high saline content from underground strata in the Cheshire area. The intention here is not to end the exemption. Instead it will be replaced with a new exemption and consolidated with other, non-area based, new exemptions in a simplified and single set of regulations made under the provisions of section 9 of the Water Act 2003. Were this Order repealed and not replaced, the local brine winning industry would need to apply for licences to abstract water containing brine. The quality of water available for abstraction is of little or no use for any other purpose. Controlling these abstractions would potentially place a substantial financial and regulatory burden on the industry without delivering any benefits, environmental or otherwise. There would be associated administrative and enforcement costs for the Environment Agency. In practice the status quo is being preserved in relation to the Cheshire saline water abstraction. But repealing the existing exemption and re-establishing it under current powers along with other exemptions will simplify regulatory control by having all exemptions, whether by geographical area or purpose, enshrined in a single instrument. There is no action required on the part of the abstractors through re-establishing the exemption. Therefore no costs are monetised for this element of the preferred option.

4. Presentation of figures

Costs in the Summary sheet are shown in 2008 values. The policy is assumed to be implemented over the period 2009/10 to 2013/14 i.e years 2 to 6, with 80% of the costs of the one-off Consent applications arising in 2009/10, to cover the most straightforward consents, and 5% in each of the following four years. There would be a total of 4,190 Consents for the primary abstraction points.

However, if the preferred option is not followed, over 19,000 primary and secondary abstraction points would have to be licensed, at a cost. This is avoided - or is a benefit - under the preferred option. In calculating the cost avoided it is assumed that applications for the 19,190 new licences are staggered over time, with 25% of them arising in each of the four years 2009/10 to 2012/13 inclusive. The IA assumes a 31 year time frame out to 2038/39, consistent with the associated impact assessment on transitional arrangements. This period covers just over two

full licence periods (assuming 12 year licences), including two (staggered) renewals in years 2021/22 to 2024/25, and years 2033/34 to 2036/37.

For present values, a 3.5% discount rate is used for 30 years, and 3% thereafter (as per Treasury Green Book guidance).

Estimating the impacts on Administrative Burden use the Standard Cost Model approach as detailed in the BRE IA guidance. In this specific case, since these exemptions for abstraction licensing have always been in place, no changes in administrative burden are expected.

Summary sheet figures are derived as follows.

Costs

- 4,190 primary abstraction points require Consents.
- 80% apply for Consents in 2009/10, with 5% applying in each of the following four years.
- An application takes less than two hours (25% of a seven hour day), charged at £26 per hour including overheads, or £46 per application.
- In 2009/10 the cost of applications totals £153k, and in each of the following four years, the cost is £9.5k.
- Undiscounted these Consent applications cost £191k over the five years 2009/10 to 2013/14. This gives the one off cost shown in the Summary Sheet, of **£38k p.a.** arising over 5 years.
- Discounted, this gives a present value in 2008/9 of **£182k.**

Benefits (costs avoided from not requiring licences)

- All 19,190 abstraction points require licences, with 10% being full licences, and 90% being transfer licences.
- The first licence applications are assumed to be spread evenly across 2009/10 to 2012/13 i.e. 4,798 applications in each of four years.
- As all new licences are time limited, the applications recur every 12 years (i.e. in 2021/22 to 2024/25, and in 2033/34 to 2036/2037).
- The average cost to apply is £357, comprising a (seven hour) day costed at £26 per hour including overheads (relatively few hours, as so many are as transfer licences), plus an application fee of £135 (which is assumed to cover the Agency's processing cost), plus a contribution to the cost of a meter (assumed to have a 12 year life, and required for the 10% full licences).
- In each year when there are applications or re-applications, the cost is £1.7m. A full cycle of applications costs £6.9m, or **£0.6m** averaged over 12 years.
- In addition licensees bear some annual costs averaging £59 each, reflecting the data recording costs that some irrigators face, time required for full licensees for making payments, and the annual enforcement costs of the Agency for monitoring these licences (assumed to be recouped from these abstractors).
- Annual costs total **£1.1m** from 2012/13, once all 19,190 applications have been processed.
- Together, periodic and annual costs avoided equate to **£1.7m p.a.**, seen on the Summary Sheet.
- Discounting them as they arise over the period of the IA gives a present value in 2008/9 of **£32.6m.**

The main driver behind the range of NPVs shown on the Summary sheet is the number of abstractions assumed to be affected by this policy. The NPV range given reflects the possibility of only 70%, or as much as 130%, of the best estimates of exemptions and potential abstraction

licences being affected. Variations in other factors would also deliver a similar range of NPVs, such as different proportions of abstractions require full rather than transfer licences.

5. Benefits from licensing exemptions

a) Environmental benefits

Environmental benefits will be retained by keeping the exemptions that exist for abstractions and impounding works associated with water meadow systems. Water meadows provide many environmental benefits as wildlife habitats, to water quality and as a distinctive feature of the rural landscape. This policy on exemptions will, in effect, preserve the status quo and prevent the operation of water meadow systems becoming economically unfeasible, hence preventing the loss of the environmental benefits. While there is no hard data to back this up, there is a strong expectation on the part of the Environment Agency that most, if not all, true water meadows would stop operating should there be increased regulatory costs. This benefit has not been monetised.

b) Monetised benefits

The monetised benefits may be taken to be the costs avoided i.e. those costs that would be incurred if the abstractions/impoundments were subject to licensing. It is not easy to assess the total benefits in the form of savings since it is not known with any accuracy how many licence applications would be required. The best estimates available are:

- a. port and harbour authorities - 190 licence applications;
- b. those managing water meadow systems - 19,000 licence applications for c. 4,000 primary and 15,000 secondary abstraction points;
- c. hydraulic dredging operations - estimate not available;
- d. impoundments by Internal Drainage Boards – estimate not available.

Costs avoided consist of periodic and annual costs to abstractors.

i. Costs avoided by abstractors for licence applications and metering or gauges

The anticipated periodic costs avoided for abstractors for licence applications and renewals are shown below.

Purpose	Estimated Minimum Average Cost	Occurrence
1. Metering/measurement: avg cost £400 for full licences, which are assumed to be 10% of total	£40	Every 12 years
2. Time spent gathering data and completing application form (7 hours each)	£182	
3. Application fee	£135	
Total costs of first application, or subsequent renewal, per licence (Sum of 1-3 above)	£357	Every 12 years
Total cost of first application, or renewal, for 19,190 new licences	£7,000,000	

Assumptions made in the costs above

- Normal application fees, charges and costs are based on rates for 2008/09.
- All costs are for long-term abstractions.
- A standard hourly cost of £20 has been assumed for gathering data and completing

application forms, with overheads at 30% as per standard cost model.

- Environmental reports and contractors' professional advice are not required.
- The cost to the Environment Agency of initially determining each licence is fully recovered through its scheme of abstraction charges paid for by licence holders and through application fees.
- The average life of a licence is 12 years i.e. licence renewals occur every 12 years.
- The same or similar costs avoided outlined above would apply whether an application is made in England or Wales.
- If licences were required, it might reasonably be assumed that, given the nature of the abstractions and impoundments in question, the Environment Agency would in most cases exercise its discretion and find it unnecessary for these types of licence application to be advertised. Where advertising was required, the application costs outlined above would be increased by as much as £450 average per application.

ii. Annual costs avoided by abstractors

a. Licence charges avoided

This would be a negligible figure as, if the exemption did not exist and licences were required, an estimated 90% would be transfer licences, to which no annual charge applies i.e. only 10% of licences would attract an annual charge. Where the licence would have been a full licence i.e. attracting a charge, there is a minimum annual charge of £25. Therefore the minimum cost avoided is £50,000 p.a., based on the minimum charge of £25 p.a. applied to 10% of 19,190 licences. However, actual charges vary depending on the following factors:

- annual licensed volume (in 000m³)
- source factor (groundwater, river, tidal - supported or unsupported)
- season (summer, winter, all year)
- loss (high, medium, low, very low)
- an environmental improvement unit charge (EIUC) (in 000m³).

Actual costs avoided would, therefore, depend on the mix of factors and location. It is not possible with any reasonable degree of accuracy or reality to provide a typical example of an annual licence charge for the types of abstraction concerned if they were made subject to licensing. Whilst the volumes involved might be significant the source factor value, especially for tidal water, would be very low, as would the loss factor values.

However, a figure for abstraction charges is included, to offset the Environment Agency's enforcement and inspection cost that would arise with 19,190 new licences, as that cost is recovered through the overall scheme of abstraction charges. It is estimated at approximately one two-hour inspection per year for 30% of the abstractions in question, and one two-hour inspection every 5 years for the remaining 70%. At an hourly rate of £44.30 including overheads, and rounded down to reflect a modest tailing off of the inspection rate over time, that gives an annualised figure of £748,000. Abstraction charges are only paid for full licences.

Purpose	Estimated cost
Annual abstraction charge assumed per abstractor (only payable for full licence)*	£39
Total annual cost to abstractors	£748,000

* Calculated to fund the Agency's enforcement cost. Only payable for full licenses which represent estimated 10% of new licenses.

b. Costs avoided of keeping records, reporting, and making payments

It is estimated that on average each newly licensed abstractor would spend 0.8 hours a year on these activities, charging time at £20 per hour plus 30% overhead (based on only 10% being full licences, estimated with input from the Environment Agency). This would total around £400k per year for the 19,190 new licences. Annual costs avoided for abstractors, from not requiring licences, are shown below.

Purpose	Estimated Minimum Average Cost
Annual average cost per licence for records, & making returns and payments (0.8 hours each, avg)	£20
Total annual avg minimum cost to abstractors (assuming 10% full licences)	£400,000

These costs avoided are only applicable to full licenses which represent estimated 10% of new licenses.

6. Costs arising from licensing exemptions

a) Environmental management

The costs of having exemptions may be seen as the loss of control over the activities in question and the risk this poses to the environment and other water users. This is difficult to quantify and, with micro-organisations forming the vast majority of those covered by these exemptions, will not impact disproportionately and may provide a benefit. For all the abstractions and impoundments involved, the risks are considered sufficiently low to justify exemption from licensing regulation. In some cases, other forms of regulation provide additional assurance over safeguards to the environment. The potential cost has not been monetised for this IA.

The amount of water transferred in port and harbour operations, for example, will be insignificant when compared to the total resource of the estuary or tidal river. Very few abstractors use this resource, as brackish water is unsuitable for most purposes. It is unlikely that a port transfer would make any measurable change to the level or flow of the source from which it abstracts. Marine and estuarine environments are already protected using extensive measures under existing legislation governing port and harbour operations. Harbour authorities have statutory duties with regard to nature conservation and environmental protection under the Transport and Works Act 1992 and the Harbours Act 1964. In addition, the Habitats Directive and the Water Framework Directive place further controls on harbour operations as may future marine legislation.

There may be a small compliance cost on the part of the harbour authorities to ensure that the conditions of the exemption are being met; for example, to ensure that abstraction does not take place within one hour either side of low tide at the point of abstraction. Most harbour authorities will be familiar with tide times and we do not think that this check will be unduly onerous or costly to comply with.

Dredging by statutory bodies is considered to be adequately controlled through other legislation. Internal Drainage Boards too have environmental duties under legislation such as the Land Drainage Act 1991 and have responsibilities for environmental protection under the Habitats and Birds Directives.

b) Cost of Consents associated with the water meadow exemptions

Abstractors (or those creating new impounding works) within a water meadow will only have to apply to the Environment Agency for a Consent to enable the environmental effects of their

operation to be assessed in order to gain exemption. It is envisaged that a single Consent application could cover all relevant points or works within land held by the applicant. Therefore, although there are an estimated 19,000 of these points only an estimated 4,000 are primary points that will require individual Consents. This one off cost is assumed to arise in the period 2009/10 through 2013/14 (see section 4, above), calculated as less than 2 hours' time for each Consent costed at £20 per hour plus 30% overhead giving a one-off present value estimate of £182k. (The figure of less than 2 hours is derived from 25% of the 7 hours estimated for an average abstraction licence, based on developing a Consents form to reflect the intention of a simplified Consents process.) The Environment Agency's time in responding to applications for Consents is recovered through the scheme of abstraction charges paid for by all licence holders.

The preferred option of licence exemptions delivers a net saving (through cost avoided) because the exemptions are obtained once, with far less time and cost each than licences, without 12-yearly recurrence and annual charges, and are only applicable to primary abstractions, not to the additional 15,000 secondary abstractions.

Specific Impact Tests for licensing exemptions

7. Competition assessment

The Office of Fair Trading's guidelines for competition assessment, published in February 2002 set out a competition filter of nine questions, the answers to which determine the need to complete a competition assessment as part of an IA. The following grid summarises the questions and responses that are relevant to the proposals in this consultation. The proposals assessed in this IA do not impose any new regulation. They make the case for certain exemptions from new regulation. So far as abstraction licensing is concerned the proposals broadly preserve the status quo inasmuch as abstractors outside licensing now will remain so.

Number	Question	Response
1	In the market(s) affected by the new regulation, does the firm have more than 10 per cent market share?	No
2	In the market(s) affected by the new regulation, does any firm have more than 20 per cent market share?	No
3	In the market(s) affected by the new regulation, do the three largest firms together have at least 50 per cent market share?	No
4	Would the costs of the regulation affect some firms more than others?	No
5	Is the regulation likely to affect the market structure, changing the number or size of small firms?	No
6	Would the regulation lead to higher set-up costs for new or potential firms compared with the costs for existing firms?	No
7	Would the regulation lead to higher on-going costs for new or potential firms compared with the costs for existing firms?	No
8	Is the market characterised by rapid technological change?	No
9	Would the regulation restrict the ability of firms to	No

	choose the price, quality, range or location of their products?	
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8. Small Firms Impact Test

Other than the proposed exemptions in respect of water meadows, there will be no impacts since the other exemptions do not apply to private companies or firms of any size. The impact on operators of water meadow systems will not arise from the exemptions from licensing but from the new cost of maintaining licences for the primary abstraction. Such costs were assessed in the regulatory impact assessment produced for the Water Act 2003.

9. Legal Aid

There will be no impact on Legal Aid.

10. Sustainable Development

We do not believe that there will be any adverse impacts in this area. We have looked at the initial tests and are satisfied that the proposals will contribute towards the sustainable use of water resources.

So far as dredging is concerned, most takes place in major watercourses and tidal estuaries and other legislation is already in place to control this activity. In freshwaters, navigation, harbour and conservancy authorities have duties to consider EU environment directives (such as the Habitats and Water Framework Directives) when exercising their statutory duties. In tidal waters, dredging is heavily controlled through the Coast Protection Act 1949 and the disposal of dredged material is controlled through the Food and Environmental Protection Act 1985. Additional protection for the environment through abstraction licensing control is considered unnecessary.

11. Carbon Assessment

We do not believe that there will be any impacts on this area. We have looked at the initial tests and are satisfied that no impact will arise from these proposals.

12. Other Environment

No other environmental impacts are evident.

13. Health Impact Assessment

Having gone through the initial assessment we do not believe that there is a health impact.

14. Race, Disability, Gender and Other Equality

We do not believe that there will be an impact on the equality strands as the main impacts of the proposal will be on statutory bodies, business and regulators, not on individuals. We have, however, looked at each of the equality impact initial tests individually and are confident that there is no impact.

15. Human Rights

The policy objectives stem from implementation of the Water Act 2003 and the Water Framework Directive.

As a national regulator, the Environment Agency is a public authority for the purposes of section 19 of the Human Rights Act 1998. Section 6 of that Act makes it unlawful for it to act in a way that is not compatible with the Convention rights (the human rights protected by the European Convention on Human Rights).

16. Rural Proofing

We have looked at the initial test on rural proofing and are confident that the impact on rural communities is negligible or beneficial.

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	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	Yes	No
Sustainable Development	Yes	No
Carbon Assessment	Yes	No
Other Environment	Yes	No
Health Impact Assessment	Yes	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	Yes	No
Rural Proofing	Yes	No