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| Title: Shell Flat Special Area of Conservation. Lead department or agency: Defra Marine Biodiversity Policy Other departments or agencies: Natural England. | Impact Assessment (IA) |
| | IA No: |
| | Date: 14/07/2010 |
| | Stage: Final |
| | Source of intervention: EU |
| | Type of measure: Secondary legislation |
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Summary: Intervention and Options

What is the problem under consideration? Why is government intervention necessary?

The UK marine environment is rich in species and habitats that provide valuable goods and services to society. In most of the UK marine environment living things are treated as open access resources. This means that most users of the marine environment do not individually have economic incentives to operate in ways that conserve fish, shell fish, birds, mammals and their habitats. Though regulation is in place for some activities (such as fisheries, marine aggregate extraction and wind farms) this is not necessarily designed to achieve nature conservation objectives. Consequently marine habitats and populations of some marine species are being degraded, are declining, or are at risk due to human activities.

What are the policy objectives and the intended effects?

The European Council's Directive 92/43/EEC on the conservation of natural habitats and of wild flora and fauna (the Habitats Directive, 1992) aims to promote the maintenance of biodiversity. The Directive requires the UK (as a Member State) to propose sites that are eligible (that host habitats and species in need of conservation listed in the Directive) for designation as Special Areas of Conservation (SACs). The UK is required to establish conservation measures for SACs, through management of potentially damaging activities where the habitats and species are present and in their vicinity.

What policy options have been considered? Please justify preferred option (further details in Evidence Base)

1. Designate the site. This will contribute to conserving habitats of European importance. The purpose of this IA is to inform the government of impacts of designating the site and not the decision about whether to designate the site (which will be based on its selection assessment document). Other options are not considered because Natural England is recommending this site as necessary contribution by the UK to the network of SACs for sandbanks (based on its geographical location and other factors). If this site is not designated there is a significant risk that the EC will judge the UK's contribution to the network of SACs for sandbanks (listed in the Habitats Directive) to be insufficient, which could lead to infraction proceedings. Alternative sites of similar quality and extent are not currently known to exist (known alternatives were considered during the site identification process but not recommended on scientific grounds). Though the site could be conserved under voluntary agreements or a national designation this would not contribute to fulfilling the requirements of the Habitats Directive.

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| When will the policy be reviewed to establish its impact and the extent to which the policy objectives have been achieved? | It will be reviewed 01/2020 |
| Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review? | Yes |

SELECT SIGNATORY 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 SELECT SIGNATORY:..... Date:.....

Summary: Analysis and Evidence

Policy Option 1

Description:

| Price Base Year 2010 | PV Base Year 2010 | Time Period Years 10 | Net Benefit (Present Value (PV)) (£m) | | |
|-------------------------|----------------------|-------------------------|---------------------------------------|-----------|--------------------|
| | | | Low: n/a | High: n/a | Best Estimate: n/a |

| COSTS (£m) | Total Transition (Constant Price) Years | Average Annual (excl. Transition) (Constant Price) | Total Cost (Present Value) |
|---------------|---|--|-------------------------------|
| Low | £0.221m | £0.061m | £1.083m |
| High | £0.522m | £0.068m | £1.357m |
| Best Estimate | £0.371m | £0.064m | £1.220m |

Description and scale of key monetised costs by 'main affected groups'

Economic costs of impacts on electricity and telecom cable replacement (0 - £0.25m) and commercial fisheries (0 - £0.007m p.a.). Plus costs (mostly to the public sector) of managing the SAC (£0.25m plus £0.070m - £0.098m p.a.).

Other key non-monetised costs by 'main affected groups'

Low cost scenario: social and unknown economic impacts from effects on fisheries; costs beyond 10 years. High cost scenario: as above plus unknown costs of restrictions, if required, on anchoring and recreational fisheries. Higher likelihood developments are not permitted, costs from delay to consents and unquantified costs to public sector bodies.

| BENEFITS (£m) | Total Transition (Constant Price) Years | Average Annual (excl. Transition) (Constant Price) | Total Benefit (Present Value) |
|---------------|---|--|----------------------------------|
| Low | Optional | Optional | Optional |
| High | Optional | Optional | Optional |
| Best Estimate | unquantified | unquantified | unquantified |

Description and scale of key monetised benefits by 'main affected groups'

It has not been possible to monetise the benefits of designating the sites because the benefits cannot be readily quantified and most of the benefits are not traded so cannot be easily valued.

Other key non-monetised benefits by 'main affected groups'

Contributes to conservation of marine habitats and their species (outcomes sought and valued by society), conserving 8,900 ha of sandbanks. Low to moderate improvements in fisheries landings (benefiting low numbers of people). Also positive environmental impacts outside site and benefits beyond ten years.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5%

Management for the site is developed after designation so a range of plausible hypothetical measures is used for the analysis. If the site is not designated condition of the habitats may be maintained but could be at risk to further deterioration. Formal mechanisms to avoid damage to the habitats are weaker if the site is not designated. Risk of infraction if the suite of proposed SACs is not designated. Fisheries management beyond 12nm is sought through the Common Fisheries Policy. Risk that displacement of fisheries and aggregate extraction will translocate their environmental impacts. Other additional costs to operators. Project financiers may seek to develop projects elsewhere. Benefits are reliant on effective management. Risk of cumulative economic impacts of marine protected areas.

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|-----------------------------------|-----------------|--------|-------------------------------------|----------|
| Impact on admin burden (AB) (£m): | | | Impact on policy cost savings (£m): | In scope |
| New AB: 0 | AB savings: n/a | Net: 0 | Policy cost savings: 0 | No |

Enforcement, Implementation and Wider Impacts

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|---|-----------------------|--------|--------------------|--------|--------|
| What is the geographic coverage of the policy/option? | Other | | | | |
| From what date will the policy be implemented? | 01/11/2010 | | | | |
| Which organisation(s) will enforce the policy? | MMO, DECC, SFCs/IFCAs | | | | |
| What is the annual change in enforcement cost (£m)? | 0.03 plus | | | | |
| Does enforcement comply with Hampton principles? | Yes | | | | |
| Does implementation go beyond minimum EU requirements? | No | | | | |
| What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent) | Traded: n/a | | Non-traded: n/a | | |
| Does the proposal have an impact on competition? | No | | | | |
| What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable? | Costs: n/a | | Benefits: n/a | | |
| Annual cost (£m) per organisation (excl. Transition) (Constant Price) | Micro | < 20 | Small | Medium | Large |
| Are any of these organisations exempt? | Yes/No | Yes/No | Yes/No | Yes/No | Yes/No |

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

| Does your policy option/proposal have an impact on...? | Impact | Page ref within IA |
|--|--------|--------------------|
| Statutory equality duties¹ Statutory Equality Duties Impact Test guidance | No | |
| Economic impacts | | |
| Competition Competition Assessment Impact Test guidance | No | 70 |
| Small firms Small Firms Impact Test guidance | Yes | 70 |
| Environmental impacts | | |
| Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance | No | 71 |
| Wider environmental issues Wider Environmental Issues Impact Test guidance | Yes | All |
| Social impacts | | |
| Health and well-being Health and Well-being Impact Test guidance | Yes | 71 |
| Human rights Human Rights Impact Test guidance | No | 71 |
| Justice system Justice Impact Test guidance | No | |
| Rural proofing Rural Proofing Impact Test guidance | No | 71 |
| Sustainable development Sustainable Development Impact Test guidance | Yes | All |

¹ Race, disability and gender Impact assessments are statutory requirements for relevant policies. Equality statutory requirements will be expanded 2011, once the Equality Bill comes into force. Statutory equality duties part of the Equality Bill apply to GB only. The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

References

Include the links to relevant legislation and publications, such as public impact assessment of earlier stages (e.g. Consultation, Final, Enactment).

| No. | Legislation or publication |
|-----|---|
| 1 | Natural England (2010) <i>Inshore Special Area of Conservation (SAC): Shell Flat SAC Selection Assessment</i> . http://www.naturalengland.org.uk/ourwork/marine/sacconsultation/default.aspx |
| 2 | Natural England (2009) <i>Offshore Special Area of Conservation: Shell Flat and Lune Deep. Draft conservation objectives and advice on operations</i> . http://www.naturalengland.org.uk/ourwork/marine/sacconsultation/default.aspx |
| 3 | Natural England (2009) Consultation impact assessment for designation of the Shell Flat and Lune Deep draft Special Area of Conservation. http://www.naturalengland.org.uk/ourwork/marine/sacconsultation/default.aspx |
| 4 | Natural England (2010) Final impact assessment for designation of Liverpool Bay / Bae Lerpwl Special Protection Area. http://www.naturalengland.org.uk/ourwork/marine/sacconsultation/default.aspx |

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See attached evidence base and break down of present value of costs by sector in Appendix G. Details of the impact tests are provided in Appendix I.

Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

Annual profile of monetised costs and benefits* - (£m) constant prices

| | Y ₀ | Y ₁ | Y ₂ | Y ₃ | Y ₄ | Y ₅ | Y ₆ | Y ₇ | Y ₈ | Y ₉ |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Transition costs | | | | | | | | | | |
| Annual recurring cost | | | | | | | | | | |
| Total annual costs | | | | | | | | | | |
| Transition benefits | | | | | | | | | | |
| Annual recurring benefits | | | | | | | | | | |
| Total annual benefits | | | | | | | | | | |

* For non-monetised benefits please see summary pages and main evidence base section



Microsoft Office
Excel Worksheet

Evidence Base (for summary sheets)

There is discretion for departments and regulators as to how to set out the evidence base. However, it is desirable that the following points are covered:

- Problem under consideration;
- Rationale for intervention;
- Policy objective;
- Description of options considered (including do nothing);
- Costs and benefits of each option;
- Risks and assumptions;
- Administrative burden and policy savings calculations;
- Wider impacts;
- Summary and preferred option with description of implementation plan.

Inserting text for this section:

Select the notes here and either type section text, or use **Paste Without Format** toolbar button to paste in the standard EBodyPara Style. Format text by applying EB styles from the toolbar.

Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added to provide further information about non-monetary costs and benefits from Specific Impact Tests, if relevant to an overall understanding of policy options.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

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| <p>Basis of the review: [The basis of the review could be statutory (forming part of the legislation), it could be to review existing policy or there could be a political commitment to review];</p> <p>The Secretary of State has a duty to report to the European Commission (EC) on the condition of interest features in the site every six years. Review of economic impacts of the site is required under the impact assessment guidance.</p> |
| <p>Review objective: [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]</p> <p>Reporting on the condition of the interest features informs assessment of whether the conservation objectives for the site are being achieved. The review of economic impacts of the site aims to inform understanding of the impacts of marine protected areas but under the Habitats Directive it cannot inform review of the designation.</p> |
| <p>Review approach and rationale: [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]</p> <p>Reporting on the condition of the interest features will be based on assessment of indicators and monitoring where appropriate (in terms of the risk that human activities are impacting on the condition of the interest features).</p> <p>Review of the economic impacts will be based on information in the public domain and collection of information from stakeholders where necessary and proportionate.</p> |
| <p>Baseline: [The current (baseline) position against which the change introduced by the legislation can be measured]</p> <p>Baseline data on the condition of interest features in the site and baseline data collected for the impact assessment on human activities in the site.</p> |
| <p>Success criteria: [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]</p> <p>Achievement of the conservation objective of the site.</p> |
| <p>Monitoring information arrangements: [Provide further details of the planned/existing arrangements in place that will allow a systematic collection systematic collection of monitoring information for future policy review]</p> <p>Assessment of the condition of the interest features every six years to inform reporting to the EC, as described above. Collection of information from stakeholders through ongoing engagement via the advisory group.</p> |
| <p>Reasons for not planning a PIR: [If there is no plan to do a PIR please provide reasons here]</p> |

Add annexes here.