

Chapter 5

Sector Summary

The methodological approach followed in the pCEA made it possible to draw on stakeholder and expert knowledge of a wide range of pressures affecting the water environment. However, this method also revealed the differences in the quality of information, which varied very considerably across the sector working groups as well as across the pressure-based syntheses. Given the different nature of the pressures on the water environment, chapter authors inevitably took pressure-specific approaches to develop the scenarios. Furthermore, some cross-cutting measures, notably those measures targeted towards diffuse agricultural and urban pollution, will contribute to the reduction of multiple pressures and so have been addressed in several of the chapters. These points posed challenges when consolidating the sectoral cost implications of the scenarios.

However, it is important for our understanding of the costs of the WFD to understand how these will fall on sectors. The exercise of cost consolidation and harmonisation was carried out for the revised overall Impact Assessment of the WFD in July-Oct 2007. The Impact Assessment provided costs by sector for two options, which are similar to the scenarios used in the pCEA:

- Option 1: implement all technically feasible measures to meet WFD standards by 2015
- Option 2: allow phased implementation of measures to meet WFD standards by 2027, at the latest.

The cost estimations by sector for the two Options are presented in the Table below. These costs are indicative and should not be understood as precise estimates of costs based on a fully specified programme of measures. As throughout the pCEA, a large number of assumptions have been made in order to make these estimations.

The figures presented here differ from those in the IA as they have been adjusted to take into account the different reference cases used in the two studies. The cost estimations in the IA took account only of incremental costs imposed by the WFD, and so costs and benefits associated with action under other Directives were netted out. The pCEA considered costs from the low reference case and so include costs of measures associated with the implementation of other Directives where these contribute to the objectives of the WFD. It is important to note that the costs shown here reflect the primary incidence of those costs, and not the final incidence of costs. For example, the costs falling on the water industry will be passed on in customer bills, while the costs to industry and agriculture may only be partly passed on in higher prices or charges for consumers.

The table shows that significant costs will fall on a number of sectors. The highest costs are for the water industry, followed by the agricultural sector, although once again it should be emphasised that these are preliminary estimates of primary cost incidence. In terms of pressures, the costs associated with water resources seem particularly high.

Table 5.1 Summary of Costs & Benefits by Sector for Options 1 and 2 (£m, EAV 2007 prices)

Sector totals £mn	Pressure	Option 1			Option 2		
		England	Wales	Total	England	Wales	Total
Water industry	Phosphates	273.0	3.4	276.4	125.9	1.0	126.9
	Sanitary	341.0	10.3	351.3	314.8	9.1	324.0
	WR – low	147.9	3.0	150.9	62.3	2.5	64.8
	WR – high	1045.3	51.8	1097.1	73.6	30.7	104.3
	Chemicals	296.1	32.9	328.9	117.7	13.1	130.7
	Morphology	1.5	0.2	1.7	0.4	0.0	0.5
	Total - low	1059.5	49.8	1109.3	621.1	25.8	646.8
	Total - high	1956.9	98.5	2055.5	632.4	54.0	686.4
	Total – av.	1508.2	74.1	1582.4	626.7	39.9	666.6
Agriculture	Phosphates	152.2		152.2	120.2		120.2
	Morphology	42.4	4.7	47.1	21.8	2.4	24.3
	Total	194.6	4.7	199.3	142.1	2.4	144.5
Industry	Morphology	5.1	0.6	5.7	4.4	0.5	4.9
	Chemicals	49.0	5.4	54.4	12.7	1.4	14.1
	Total	54.1	6.0	60.1	17.0	1.9	19.0
Urban & Transport	Multi	816.2	52.7	869.0	2.5	0.2	2.7
Navigation Ports	Morphology	24.4	3.7	28.1	22.5	3.5	26.0
	Chemicals	163.5	18.2	181.7	30.9	3.4	34.4
	Total	187.9	21.8	209.7	53.4	6.9	60.4
Local authorities	Morphology	43.7	4.9	48.6	5.9	0.7	6.5
Individuals	Morphology	3.6	0.4	4.0	1.2	0.1	1.3
Remedial	Morphology	16.4	1.8	18.2	5.9	0.7	6.5
	Mines	131.2	69.9	201.1	83.6	33.7	117.3
	Total	147.6	71.8	219.4	89.5	34.4	123.9
EA policy implementation	New duty	23.7	2.6	26.4	23.7	2.6	26.4
	Diffuse	1.6	0.1	1.7	1.6	0.1	1.7
	Morphology	18.8	2.1	21.0	16.9	1.9	18.8
	Alien Species	7.5		7.5	7.8		7.8
	Total	51.6	4.9	56.5	50.0	4.7	54.6
Planning	Planning	0.2	0.0	0.2	0.2	0.0	0.2
Total		3031.5	217.7	3249.1	993.5	86.2	1079.7

Taking the Work Forward

The pCEA has been used to inform the revised overall WFD Impact Assessment and the Ministerial Guidance to the Environment Agency for WFD implementation.

The economic analysis of WFD in relation to costs is being taken forward by Defra in several streams:

- Further analysis of cost incidence, affordability and alternative funding mechanisms
- Updating the costs of measures database prepared under the Collaborative Research Programme

More locally focussed Cost Effectiveness Analysis will take place as part of river basin planning, due to be completed by the end of 2008 by the Environment Agency. At that stage, the nature and extent of the measures to be implemented will be known in much greater detail and so it will be possible to establish more accurate cost estimates for each sector.