

Title: EU Directive 2014/52/EU on the assessment of the effects of certain public and private projects on the environment amends Directive 2011/92/EU (the 'Environmental Impact Assessment (EIA) Directive') - Forestry Projects. Amendment to the Environmental Impact Assessment (Forestry) (England and Wales) Regs 1999 IA No: DEFRA 2093 RPC Reference No: Lead department or agency: Defra Other departments or agencies: Forestry Commission	Impact Assessment (IA)			
	Date: 03/04/2017			
	Stage: Final			
	Source of intervention: EU			
	Type of measure: Secondary legislation			
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Summary: Intervention and Options	RPC Opinion: Not applicable
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Cost of Preferred (or more likely) Option						
Total Present Value	Net Present Value	Business Net Present Value	Net cost to business per year (EANDCB in 2014 prices)	One-In, Three-Out	Business Status	Impact Target
£0.29m		£0.29m	-£0.03m	Not in scope	Non qualifying provision	

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

The Environmental Impact Assessment (EIA) Directive was amended in March 2014. The changes must be transposed into UK law by May 2017. This RTA assesses the impacts on costs to business in the forestry sector of the procedures required under the amended Directive. The analysis aims to identify the additional impacts on costs (positive or negative) that result from the amended Directive.

Four areas of forestry are affected by the Directive, and the impacts on costs to business are assessed for each: (i) afforestation (ii) deforestation (iii) forest roads (iv) forest quarries.

What are the policy objectives and the intended effects?

- The policy objective is to introduce the requirements of the amended Directive while avoiding unnecessary costs to business. The changes to the Directive aim to enable streamlining of the EIA process and provide a slight widening and clarification of the environment impacts in scope of an assessment. Most of these will not change current practice but the key change is that projects are required to provide additional information at the screening stage in order to reduce the likelihood of projects needing to undertake an EIA later.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

There are no policy options for implementation of the transposition because the changes are dictated by the amended Directive and 'copy out' is the favoured approach for the transposition to avoid any 'gold plating'.

The only substantive change for forestry projects will be the formal requirement on applicants to provide more information with their application. The aim of this change is to provide regulators with more information on the project and how any likely significant impacts have already been accounted for so consent and the full EIA process are not needed.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 05/2022				
Does implementation go beyond minimum EU requirements?		No		
Are any of these organisations in scope?		Micro Yes	Small Yes	Medium Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)		Traded: 0		Non-traded: 0

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.

Signed by the responsible Minister Thérèse Coffey **Date:** 24/04/2017

Summary: Analysis & Evidence

Policy Option 1

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year 2016	PV Base Year 2016	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -0.56	High: 1.16	Best Estimate: 0.29

COSTS (£m)	Total (Constant Price)	Transition Years	Average (excl. Transition) (Constant Price)	Annual (Constant Price)	Total (Present Value)	Cost
Low		Optional	0.1			0.6
High		Optional	0.1			0.6
Best Estimate		Optional	0.1			0.6

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

All land owners undertaking EIA forestry projects subject to the EIA regulations will need to obtain, co-ordinate and present more detailed information on their proposals at the application stage. We anticipate this cost will be minimised due to the forestry's sector existing compliance with the good forestry practice – set out in the UK Forestry Standard (UKFS), and for some projects types the overlap with existing requirements under planning law.

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

Transitional costs limited to Forestry Commission refreshing guidance. This is a minimal cost and is not monetised here.

BENEFITS (£m)	Total (Constant Price)	Transition Years	Average (excl. Transition) (Constant Price)	Annual (Constant Price)	Total (Present Value)	Benefit
Low		Optional		0		0
High		Optional		0.2		1.7
Best Estimate		Optional		0.1		0.8

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

The requirement for more detailed information upfront on the avoidance and mitigation of environmental impact has the potential to reduce the number of projects that require an EIA.

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

Greater clarity over the information required at the application / screening stage and a focus on avoiding and mitigating impacts upfront provides applicants with more clarity and certainty over the EIA process. The provision of additional information at the screening stage is expected to assist the development of well-designed projects with accompanying social and environmental benefits.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5

It is assumed that it costs £100,000 to produce an Environmental Statement. However, the 'Best Estimate' calculations assume that savings through the need for fewer Environmental Statements are only achieved every other year.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m: N/A
Costs: 0.07	Benefits: 0.098	Net: 0.03	

Evidence Base (for summary sheets)

The policy issue and rationale for Government intervention

Government intervention is driven by compliance with the amended EIA Directive.

The Environmental Impact Assessment (EIA) Regulations for forestry projects transpose the EIA Directive and apply to four project types: afforestation, deforestation, forest roads and forest quarries. The regulations ensure that the environmental impacts of such projects are considered and appropriate safeguards put in place. Under the EIA regulations anyone proposing a project above certain size thresholds must seek an opinion from the Forestry Commission (FC) as to whether their proposal is likely to have significant impacts and therefore requires an EIA.

An EIA is required if the proposal is likely to have a significant negative impact on the environment. FC give an opinion on this after considering the proposal's impacts in what is known as the screening stage. This can lead FC to ask the applicant to provide more information. If an EIA is needed the proposer must assess the project's impacts by preparing an Environmental Statement (ES). The ES should also identify the measures needed to mitigate the likely significant impacts to an acceptable level. The ES is subject to consultation with the public and statutory consultees and informs FC's decision whether or not to give consent and on any conditions that might apply.

The four project types relate to Government's policy on forestry and biodiversity:

Afforestation: The Government shares aspirations with the forestry sector to increase woodland cover in England from 10% to 12% by 2060 (see p23 of the Government's Woodland and Forestry Policy Statement, Jan 2013). This would require 5,800ha of woodland creation per year while recent rates are ~2,600ha per year. Defra's commitment to plant 11 million trees this Parliament via grants will contribute about 2,000ha per year. This contribution from Government is generally welcomed but most stakeholders recognise additional private investment is needed.

The Government has also taken the opportunity to revise the size thresholds that indicate if an afforestation project is likely to require an EIA. This is to encourage more and larger-scale woodland planting. Because much of the gathering of key information to inform screening decisions is a fixed cost we do not anticipate a shift to larger scale planting itself will necessarily have an impact in the information gathering for an EIA opinion. The change in size thresholds is not expected to affect the costs of implementing the amended Directive and so is not examined in this Impact Assessment.

Deforestation: There is a move (started with the England Biodiversity Strategy Woodlands and Forestry work programme 2006 – 2010), to restore and maintain high quality open habitats which have been subject to afforestation. The Government's Policy on when to restore open habitats recognises this and the role of the EIA regulations.

Forest roads and quarries: The Government's response to the Forestry Regulation Task Force sets an aspiration to work towards two thirds of England's woodlands being in active management by 2018 (an increase of 120,000 hectares or ~9% of England's woodland area compared to current levels (source: KPIs). Infrastructure is often key to increasing woodland management and feedback from forestry agents on the design of the Countryside Stewardship grant scheme also emphasised the value they placed on the grant aid to help create infrastructure to manage woodlands (Minutes of AFG meeting 13th November 2013 (<http://www.forestry.gov.uk/forestry/infid-76hj5p>) (page 10)).

Policy objectives and intended effects

The amended EIA Directive seeks to:

- Streamline the EIA process where possible, in particular by front-loading the application stage to gather information and establish mitigation measures to avoid the need for an EIA and associated costs of this which we understand are on average £100,000 per EIA.
- Increase environmental protection by clarifying and widening the topics (for example clarifying the impacts on human populations and human health and explicitly including landscape as a factor and vulnerability to climate change) an impact assessment must address and strengthen monitoring provisions for the environmental impacts a project is having.

It is the change that requires applicant's to provide mandatory information upfront to inform the decisions on whether an EIA is required (i.e., the screening stage) that is expected to have the greatest impact.

Policy options considered, including alternatives to regulation

Because the changes are required by the amended Directive and 'copy out' is the favoured approach for the transposition to avoid any 'gold plating', no further options are examined.

Expected level of business impact

Additional (and mandatory) information being required from applicants to inform the decisions on whether consent is required (i.e. the screening stage).

This may result in some additional costs to business due to the time required to gather and provide the necessary information. This change aims to reduce the need for EIA consents through applicants providing more information upfront. This change increases the possibility that likely significant impacts can be addressed without defaulting to a full assessment, although if too prescriptive it could be onerous and serve as a disincentive to forestry projects.

This change reinforces the 'screen out' approach FC has adopted over the last six years to minimise the number of EIAs called (based on the ability to modify forestry proposals and adherence to the UK Forestry Standard).

Afforestation Projects

FC currently receives ~180 applications a year for woodland creation. Using the basis of the Stage 1 Woodland Creation Planning Grant¹ (end note) as a measure of the costs to assemble comprehensive data on a proposal's impacts the total gross costs to business of more stringent EIA screening requirements each year would be: £1,000 x 180 = £180,000.

However, around 15% of afforestation applications already require detailed screening information². The majority of woodland creation (90%³) is also undertaken under grant aid which now, under Countryside Stewardship, requires some checks by the applicant on the constraints that affect tree planting. However, there is no reliable information to account for the cost this incurs as every case differs. There is, therefore, currently a cost to business which - using the same costs and based on the % of cases that already require more stringent information for EIA screening - is estimated to be: £1,000 x (180x15%) = £27,000.

Therefore the additional cost to business of the new EIA Directive is: $\pounds 180,000 - \pounds 27,000 = \pounds 153,000$ but, given the existing costs incurred under Countryside Stewardship (see above), this is an upper bound estimate.

More stringent requirements for information at the screening stage may also reduce the number of EIAs required, potentially saving business one EIA a year at a cost of $\pounds 100,000$.

In this situation the net additional cost would be: $\pounds 153,000 - \pounds 100,000 = \pounds 53,000$. However, FC's current approach aims to minimise the number of EIAs called so it is uncertain if this approach would always prevent an EIA being called for. Saving an EIA therefore represents the best case scenario in terms of saving to business so the total additional costs to business, for this project type, are estimated to be:

- Lower bound net cost case (cost assuming an ES is saved each year): $\pounds 53,000$.
- Higher bound cost case (cost assuming no reduction in ES each year): $\pounds 153,000$.
- To account for the possibility that there may not be a reduction in Environmental Statements every year, a Best Estimate calculation is also presented which assumes that reductions in the number of Environmental Statements are only achieved every other year.

Deforestation Projects

Based on data for the last 10 years⁴, FC receives 70 applications a year. Using the Stage 1 Woodland Creation Planning Grant as a measure of the costs to assemble comprehensive data on a proposal's impacts the total gross costs to business of more stringent EIA screening requirements each year would be: $\pounds 1,000 \times 70 = \pounds 70,000$.

However, costs are incurred under existing arrangements for submitting a deforestation proposal. All such proposals require a felling licence and FC undertakes EIA screening as part of processing licence application. Government policy is to only allow conversion from woodland in the exceptional circumstances set out in the Open Habitats Policy. This means applicants are required to provide additional information to show how their proposal conforms to the policy. While related to the policy, this information also helps inform the EIA screening. For most cases (just over 90%) we estimate it takes up to two days to complete a felling licence application and the associated Open Habitats form at a cost of $\pounds 816^5$ per application, and the total estimated cost a year: $\pounds 816.00 \times (70 \times 92\%) = \pounds 52,550$.

We estimate around 8%⁶ of these cases typically require more detailed information to confirm compliance with the Open Habitats Policy or inform the EIA opinion. This means - using the basis of the Stage 1 Woodland Creation Planning Grant as a measure of the costs to assemble this comprehensive data on proposals' - the current estimated cost is: $\pounds 1,000 \times (70 \times 8\%) = \pounds 5,600$.

Therefore the current cost to business (for deforestation proposals) is: $\pounds 5,600 + \pounds 52,550 = \pounds 58,150$.

The additional cost to business of the new EIA Directive is: $\pounds 70,000 - \pounds 58,150 = \pounds 11,850$.

On average two deforestation proposals a year require an EIA (though the number has declined over recent years). We estimate the cost of preparing an ES to obtain consent is $\pounds 100,000.00$. So there is an additional cost for this project type of: $\pounds 200,000.00$.

Taking account of the additional costs associated with implementing the amended Directive, we estimate the additional net cost to business will be:

- Lower bound net cost: (cost assuming the new screening requirements prevent one ES a year at a cost of £100,000): £11,850 - £100,000 = -£88,150.
- Higher bound net cost: (cost assuming no reduction in ES each year): £11,850.
- To account for the possibility that there may not be a reduction in Environmental Statements every year, a Best Estimate calculation is also presented which assumes that reductions in the number of Environmental Statements are only achieved every other year.

Forest Road Projects

Based on data for the last 10 years⁷, FC receives 12 applications a year. Almost all of such proposals are part of a grant application and FC process the EIA opinion as part of the grant application.

There is a current cost to business of developing proposals for this project type. We estimate it takes at least up to 2 days to complete an application at a cost of £816 per application.

In addition we estimate around 8%⁸ of these cases typically require more detailed information to address impacts such as concerns from local residents about increased timber traffic or impacts on woodland flora. Assuming this could take up to 20 days of time the cost of these applications is estimated to be: £408⁹ x 20 days = £8,160 per application.

Using these values we estimate there is a currently an annual cost to business of up to: ((£8,160 x 12 x 8%) + (£816 x 12 x 92%)) = £16,842.

No proposals have required an EIA over the last 10 years. This likely due to:

- Forest roads can qualify as permitted development under the planning system. Roading proposals must therefore also give the Local Planning Authority notice and information on their proposals in order to implement their permitted development rights. This can mean the more complex cases are called in' for planning permission, removing them from the scope of the forestry EIA regs.
- Forest roads being considered as part of bigger EIA projects such as deforestation projects.

In conclusion we believe the amended Directive will not change the costs to business for this project type. The costs already meet or exceed those likely to be associated with the amended Directive. This is because of the nature of these projects, including the requirement to present information to the planning authority to initiate permitted development rights; in effect the additional requirements of the amended Directive are met.

Forest Quarry Projects

Based on data for the last 10 years, FC receives less than one application a year, we have rounded-up to one a year for this assessment.

Based on limited experience 100% of such applications require further information to address concerns, for example on how material will be transported from the quarry to its point of use and the potential impacts on ground and surface water. Assuming this could take up to 20 days of time the cost of these applications is estimated to be: £408 x 20 days = £8,160.

No quarry proposals have required an EIA over the last 10 years. This is due to the low numbers of this project type, and the potential requirement for planning permission which may take the more complex cases into the planning system and out of scope for forestry EIA. Because no EIA are called for, we estimate there is a current annual cost to business to screen forest quarries of £8,160.

Because these proposals typically require further information, tend to have fixed costs and we have no indication these proposals require an EIA this also represents the estimated annual cost to business under the amended EIA Directive so there is no change in costs.

End notes

1. Woodland Creation Planning Grant (WCPG)

WCPG Stage 1 payments are made for the collection and presentation of basic information on the land's features and characteristics which affect woodland creation projects, and land use in general. These checks are generally fixed costs so this is considered a reasonable estimate of the costs of more stringent screening, irrespective of a proposals size. Details of what is required can be found in the Stage 1 checklist here: <https://www.forestry.gov.uk/forestry/bee4lgde>.

2. Based on a survey on how easy it is for FC staff to process applications (feedback from East and East Midlands and North East England provided).

3. The most recent data to assess this is from the 2011-12 annual Report when 8% of the total woodland creation that took place without grant aid (Woodland Trust planted 225ha or a total of 2,705 hectare).

4. Taken from FC's GLS systems as FC's legal register of EIA Opinions.

5. Assumes two day's work to complete an application at a cost of £816 (two days of time at the FC charge out rate for a forester of £408 per day).

6. Based on data on woodland creation rapid survey on the number of cases that need more info. However the % was halved based on the fact FC already require a form to gather more information on deforestation proposals.

7. Taken from FC's GLS systems as FC's legal register of EIA Opinions.

8. Estimate based on personal experience as Regulations Manager for England.

9. Based on the Forestry Commission charge out rate for a forester of £408 per day.