

Economic Impact Assessment – Qs and As

A summary of the main findings as well as the full report, is available on www.somersetroversauthority.org.uk

Who was consulted?

Information and data required to assess the impacts was provided by:

Somerset Local Authorities

Environment Agency

Business Representative Organisations

Heart of the South West Local Enterprise Partnership

Network Rail

Highways Agency

National Health Service

Citizens Advise Bureau

Emergency Services

Department for Environment, Food and Rural Affairs (Defra)

Department for Transport

Western Power Distribution

Utilities

Various other organisations impacted by the flooding

Consultations with many of the above mentioned organisation were ongoing to finalise the Economic Impact Assessment.

How many businesses were consulted?

A total of 440 businesses were surveyed; 40 situated specifically in the Somerset Levels and Moors flood zone and a further 400 across the wider Somerset area.

The survey was based on a stratified random sample by industry sector and provides a representative sample of flooding impacts experienced by industry type across the Somerset Levels and Moors and the wider Somerset area.

Why is there such a wide range of figures even in the Direct Impact assessments?

There are a range of uncertainties that lead to a wide range of figures. Some relate to incomplete data (for example the number of businesses directly flooded is not accurately known because of unregistered businesses) or due to limitations in the analysis tools available. It is widely recognised for example that aiming to attribute an economic impact to social impacts is challenging and the tools available are currently insufficient to undertake the assessment accurately.

Why was the Economic Impact Assessment undertaken?

- To establish the true economic impact of the winter 2013-14 flooding
- To inform the 20 Year Flood Action Plan
- To provide evidence for investment in flood risk management

How will the Economic Impact Assessment be used?

It will primarily be used to provide the evidence to support future flood risk management and infrastructure interventions i.e. future schemes to improve flood resilience to property, businesses, roads etc.

Is it part of the national Assessment?

This assessment has been shared with the team undertaking the national assessment of the flooding impacts in 2013/14. There are factors specific to the Somerset Levels and Moors which we wanted to ensure were captured which may not be included in the national assessment, and we have included these in the qualitative impacts. We have also assumed that some of the damages incurred in the Somerset Levels and Moors were more severe than the national average because of the prolonged duration of the flooding here.

How was the assessment carried out and the information gathered?

The assessment considered the direct, indirect, and qualitative (*see below*) economic impacts caused by the unprecedented levels of flooding that occurred on the Somerset Levels and Moors between December 2013 and March 2014.

Direct and indirect costs are founded on robust evidence bases and established assessment methodologies. The study has collated and analysed the data and information provided by various organisations. The methodology is in accordance with the principles of “The Green Book: Appraisal and Evaluation in Central Government” (HM Treasury).

Some economic impacts were more extensive than could be reliably assessed using traditional assessment methodologies. For this reason a qualitative assessment was undertaken to qualitatively appraise the impacts of the flooding, based on a considered estimate, on strategic infrastructure projects, impacts on unregistered businesses, ongoing consequential impacts and wider economic impacts outside of Somerset.

The economic impacts caused by the flooding were diverse and in some cases beyond the scope of traditional economic assessment methodologies. This assessment is therefore considered to provide a conservative estimate of the economic impacts of the flooding that occurred on the Somerset Levels and Moors over the winter of 2013-14.

What does “qualitatively assessed” mean?

Qualitative impacts are those that could not be quantified robustly in monetary terms and their economic cost impacts have simply been estimated based on the best knowledge available.

What are the differences between direct, indirect and qualitative impacts?

Direct: impacts that occurred at the time of the flooding between December 2013 and March 2014 on the Somerset Levels and Moors. Includes damages to houses, schools, highway infrastructure, agricultural land, water supply etc.

Indirect: impacts induced between December 2013 and March 2014 by the interruption of business activities and the consequential indirect economic losses that occurred inside and outside the flooded area.

Qualitative: an estimate based on the assessment of impacts between December 2013 and March 2014 that cannot be accurately assessed due to insufficient data and absence of established assessment methodologies.

How is Social Impact assessed?

Generally it is accepted that the tools available to assess the economic impact of distress and the impact on health are limited; the approach taken is consistent with best practice.

Psychological impacts were assessed based on estimated treatment costs for mild depression of about £1000 per person. This was used as a proxy for psychological impacts

and applied to the full residential population directly affected by property flooding, on the basis of the high level of distress caused by the depth and duration of flooding.

The same impact was assumed to be applied to 10% of the population of the wider area significantly affected by the flooding to account for the lesser impact of concern about potential flooding and disruption affecting the wider area.

Do the impacts differentiate between the Parrett and Tone catchment and the Axe & Brue catchment?

The vast majority of the direct impacts were in the Parrett and Tone catchment but some of the indirect and qualitative impacts were felt in the Axe and Brue catchment as well as further afield.

What would the impacts have been if the flooding had been worse than that experienced in 2013/14?

The assessment includes an allowance in the qualitative section for potential impacts caused by deeper flooding and longer duration flooding. At this point in time there is insufficient information to tell us what deeper and longer lasting flooding would look like or the impact it would have.

What impacts did the 2013/14 flooding have on children's education in the Somerset Levels and Moors?

Flooding had an undeniable impact on children's education on the Somerset Levels and Moors. Flood waters limited children's access to schools, in most cases significantly lengthening their home to school travel times, and in some cases reducing the school day as pupils had to leave early to catch the boat home in daylight. This will have a detrimental impact on their education, and also placed financial strain on parents required to care for children at home who would otherwise be attending school. The Authority provided additional financial support for the longer journeys but it is difficult to quantify the full economic cost in the assessment, however it has been factored in as an unquantified social impact.