

**Better Policy Making:**

**Supplementary Guidance on  
Integrated Policy Appraisal in DTLR**

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# Better Policy Making: Supplementary Guidance on Integrated Policy Appraisal in DTLR

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## **Introduction**

This supplement provides further guidance on Integrated Policy Appraisal. It provides further notes on matters such as risk and quantification. It also provides guidance on more detailed appraisal against all of the impact and distributional categories in the IPA table. The guidance for each category should be used where the screening tool suggests that it may be necessary to assess a policy or programme under that category.

It is very unlikely that you will need to use all of the material in this supplementary guidance. In drawing up an initial appraisal, it may have become clear that impacts in some areas are negligible – in which case there may be no need to refer to the relevant section of the guidance at all. However, if it not entirely clear that impacts in an area are negligible, it will be as well to read the part of the relevant section headed “matters to consider in appraisal”, which is in each case intended to encourage wider thinking and enable you to spot impacts that might otherwise have been wrongly ignored.

Each section of the guidance contains material intended to enable you to carry out a basic assessment of the impact yourself, and also directs you to sources or contacts that may assist you in making a more detailed assessment. The availability of appraisal tools varies greatly across the impact categories.

The level of analysis under each category should be in proportion both to the scale of the project and to the relevance of the category. For example, in a project whose environmental effects are small but which was very expensive and expected to have a substantial impact on safety, it should be necessary only to complete the relevant part of the summary table for environmental issues, but to derive a more detailed analysis for safety and Government/impact on public accounts, boiling this more detailed analysis down into a brief summary for the table.

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## Risk and uncertainty

All policy and regulatory decisions involve some risk, and many are concerned with the management of risks to public health and safety. This issue is touched on elsewhere in this supplementary guidance.

Consideration of risk issues should be built in throughout the policy development and implementation process. This should include:

- **Identifying** the risks
- **Evaluating** the significance of the risk
- Assessing the risk **appetite**, i.e. the amount of risk you are prepared to expose before you judge action is necessary
- Identifying suitable **responses** to risk (transfer, tolerate, treat or terminate) e.g. what mitigation action is proposed, what contingency arrangements have been identified in the event that the risk is realised
- Gaining **assurance** about the effectiveness of the response and its controls
- Building in a **review** mechanism.

(More information on this approach can be found in Treasury's Management of Risk – A Strategic Overview ('The Orange Book')).

There are likely to be large uncertainties about the nature of some impacts. At this level of assessment, you should record your best estimate of the likely outcome in the table and use the space provided to describe alternative outcomes which may have a similar or lower likelihood of occurring.

At minimum, the policy maker should do the following:

- Consider whether an **optimism bias** has been built into the evaluation of the policy or project. In a policy environment where resources are scarce and there is pressure to achieve results, it is easy to “talk down” costs, to assume that outcomes will be as favourable as expected with no hitches, or to suppose that past failures can be avoided because “this time it’s different”.
- The simplest way to do this is to **consider past experience of analogous projects** and review how their outcomes differed from expectations. Construction projects often overspend or suffer time delays. Standards set in regulations may not be properly applied. The specifications of a project may not be fully met, requiring follow-up action.
- This should provide a range of uncertainties against which to carry out **sensitivity analysis**. Sensitivity analysis involves seeing how variations across the plausible range of the important uncertainties could affect the merits of the proposal (and its relative merits against other options).

Where uncertainties are moderate or have little impact on the overall attractiveness of the project, it will be sufficient to include in the assessment a brief account of what the main uncertainties are, and what sensitivity analysis has been carried out as a result. On the other hand, major policies should be tested to see how they would fare against a range of future scenarios.

As part of this process, any special assumptions made in assessing impacts should be recorded. “Special assumptions” are those which are not based on well-established methodologies, but which have been used for the purposes of this particular assessment. For example, a road safety proposal may need to be based on particular assumptions about driver behaviour which are not well-tested. In such a case, the “risk” section of the table should include an account of what the main differences to impacts would be if this assumption proved to be wrong.

Where one set of plausible circumstances could lead to a very adverse outcome, further and more formal economic analysis should be done. Advice on this can be obtained from Treasury’s *Policy and project assessment in the public sector* (“The Green Book”), or from Departmental economists.

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## Public accounts

### *Existing guidance*

The 1997 "Green Book" <http://www.hm-treasury.gov.uk/mediastore/otherfiles/96.pdf> contains general guidance on exchequer costs (as well as guidance on a range of other appraisal issues), including an annex devoted to land and buildings.

### *Matters to consider in appraisal*

The calculation will involve estimating expenditures on, for example, provision of any capital assets (including assets that are already in the public sector, but could be used for other purposes, or sold), operating costs, administration, etc. Potential revenues include sales of assets, residual value of capital assets at the end of the appraisal period, cost savings, etc. But any costs that have already been incurred or are already irrevocably committed (known as "sunk costs"), should be ignored.

Allowance should also be made for any indirect impacts on the public finances. For example, a reduction in stamp duty on housing will result in an exchequer cost, but this may be partly offset by a slight increase in income tax receipts as it becomes less costly for people to move house, and therefore get new jobs.

Values should be calculated net of VAT or other indirect taxes or subsidies (i.e., VAT should be stripped out). The money value of exchequer costs should be adjusted to exclude the effects of inflation (i.e., the value should be expressed in "real terms" or "constant prices"). It is usually simplest to carry out appraisals in terms of costs and benefits valued at today's general price level. It is also important to allow for any changes in relative prices; for example, the price of information technology may be expected to continue fall in real terms. As well as excluding the effects of inflation, future costs and benefits should be discounted at 6% per annum (the "real discount rate"). Typically, the chance of a policy going "wrong" exceeds the chance of the outcome proving better than planned. Therefore, detailed efforts should be made to eliminate "optimism bias" about understated costs and overstated benefits. See Chapter 4 of the "Green Book" for more details. <http://www.hm-treasury.gov.uk/mediastore/otherfiles/96.pdf>. Information on option appraisal can be found at <http://www.hm-treasury.gov.uk/mediastore/otherfiles/96.pdf>.

You should also consider whether the policy or project will place administrative or other burdens on public sector providers. Service providers cite the cumulative effect of successive layers of red tape as one of the major barriers to delivery of Government objectives. This amounts to a hidden cost that needs to be included in any appraisal.

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## Consumers

### *Policy Context*

The White Paper *Modern Markets, Confident Consumers* (July 1999) sets out the framework for consumer policy. The basic premise of the paper is that confident, demanding consumers are good for business, promoting innovation and better value, and in return getting better products at lower prices. The Paper also makes clear the Government's commitment to protect the socially excluded - ensuring a fair deal for all consumers - and to ensure that products on the market are safe. But there is a commitment not to keep regulations that prevent innovation and no longer serve the consumer well.

### *Existing Guidance*

No other formal guidance currently exists.

### *Matters to consider in appraisal*

Probably the most important concept here is that everyone is a potential consumer. For the purposes of the policy or project, everybody who is affected may be a consumer, even if there is no transaction as such involved. A reform to (say) local government structures may at first sight have no obvious consumer impact: but if one of the purposes of the reform is to enable services to be delivered more effectively to the public, then the public receiving these services are the consumers, and the impact on them should be assessed.

When assessing the impact of a policy on consumers, you should consider the proportion of consumers that will be affected, and their particular needs. Different groups of consumers include:

- Relatively affluent and well informed consumers
- Technology literate/illiterate consumers
- Vulnerable consumers – including the elderly, the poor, those with literacy problems.

For example, the recent introduction of digital television alongside analogue television was relevant to a relatively small proportion of consumers, who were likely to be reasonably affluent and technology-literate. In contrast, the switching off of analogue television and the move to a purely digital service, whenever that may take place, will affect all consumers. Policies will need to take account of their different needs, and in particular will need to ensure that the most vulnerable consumers get the information they need and are not barred from receiving television services because of price.

Having established the types of consumer who might be affected by the policy, you should think widely about the different ways in which the policy might impact on them. There is no definitive list of consumer impacts, but essentially we are looking at whether the policy forces (or encourages) consumers to change their habits and whether they bear the cost of doing so. Elements to consider include:

- the price of a good or service (or a change in the price)
- the availability of a good or service (or a change in the availability)
- the labelling of a good or service (for example, its clarity and how easy it is to understand, especially for those with literacy difficulties)

For all policies that affect consumers, consideration should be given to:

- the length of the transition period for any changes (taking particular account of the needs of the poorest, especially where the change requires them to purchase new equipment)
- the information that will be provided to help consumers - should be clear, timely and properly targeted.

### *Quantification*

In practice it is extremely difficult to quantify the impacts of a policy on consumers, other than in regards to the price of a good or service, and in some cases the level of availability of a good or service. A brief qualitative description of the expected impact will often be sufficient for the purposes of the assessment.

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## Business

### *The policy context*

The Government objective of minimising the regulatory burden to business is long established. The Prime Minister said in 1999: “Our aim for Britain is to create an environment where businesses thrive and enterprise is rewarded. Alongside this, we must ensure that minimum standards exist to ensure fairness at work and a clean environment.” Central to this objective is a clear assessment of the burdens placed on business in establishing these standards, and assurance that these burdens are in proportion to the benefits achieved.

### The White Paper *Opportunity for All in a world of change*

(<http://www.lowpay.gov.uk/opportunityforall/index.html>) sets out the Government’s proposed next steps on enterprise, skills and innovation. It sets out a range of objectives relating to abilities and know-how; building strong regions and communities; investment for innovation; fostering enterprise and growth; and strengthening European and Global connections. Ministers have decided that any RIA must include the identification and assessment of potential competition concerns or benefits, by means of a competition assessment. Note that *competition* is about having 'a level playing field' without unfair advantages for some firms, whereas *competitiveness* is about improving the productivity of firms or sectors.

The UK Government is committed to developing the UK as the best place in the world for e-commerce. The e-Policy Principles (<http://www.e-envoy.gov.uk/publications/guidelines/eprinciples/index.htm>) are designed to help policy-makers assess how their policy proposals might impact on e-commerce, and ensure it is not disadvantaged. They provide a framework against which to analyse the impact that local, national, European and other international policy decisions and legislative proposals may have on e-commerce. The Principles are designed for use alongside other impact assessment methodologies as an integral part of the Regulatory Impact Assessment (RIA) process, and cross references will be included in the RIA guidance when it is next revised.

### *Existing guidance*

The essential reference document on regulatory burdens is *Good policy making: a guide to regulatory impact assessment* (<http://www.cabinet-office.gov.uk/regulation/2000/riaguide/default.htm>). The Small Business Service (SBS) is there to help assess the impact on small firms using the “Small business litmus test” (see <http://www.sbs.gov.uk>).

Guidance on undertaking a competition assessment has been produced by the Cabinet Office and the Office of Fair Trading (<http://www.cabinet-office.gov.uk/regulation/guidance/competition/index.htm>). This includes carrying out an initial Competition Filter which indicates whether a new measure risks a negative effect on competition.

As noted above, the White Paper *Opportunity for All in a world of change* provides the context on Government policy in relation to competitiveness and competition.

### *Matters to consider in the appraisal of competitiveness impacts*

Assessment of the impact on business starts with identifying the types of business, charities and voluntary sector organisations involved, and in each case the numbers likely to be involved. This is usually best done by informal consultation of groups that may be affected.

It is likely to be helpful to consider the impact to a notional or typical business in each category. In the case of a regulatory measure, this may include direct “red tape” costs such as of staff time or training in understanding the measure, inspection costs, licence fees and the like. Other items to consider may include wage costs arising from impact on the labour market, loss of revenue if the measure makes it more difficult to carry out a particular line of business and so on.

Competitiveness goes beyond the short-term impacts on economic growth, employment etc. It is more about maximising the long-term potential for continued growth. So policies and projects that contribute to or facilitate training, investment and the development or exploitation of new technologies are likely to contribute to the White Paper objectives and to have a positive impact in this category. Similarly, features of the policy or project that impact on the ability of start-up businesses to be created, or for successful industry clusters to grow, should also be noted in this category.

At a wider level, consideration should be given to the question of whether the policy/project has any impact on the attractiveness of the UK to investors as against competitor economies; and the extent to which it plays to the strengths of the UK economy or addresses its weaknesses.

The e-policy principles (see above) highlight the special features, which characterise both e-commerce and the Internet and emphasise the need to be aware of these features when developing policies. They also reflect the Government’s overall approach to internet regulation in the UK, which is to provide a safe and secure environment for use of e-commerce and the internet through an effective light touch regime. The eight e-policy principles are:

- Always establish the policy consequences for e-commerce
- Avoid undue burdens on e-commerce
- Consider self and co-regulatory options
- Consult fully on e-commerce implications
- Regulation should be technology neutral in its effects
- Check that the proposals are enforceable in an electronic age
- Take account of the global market place - the EU and international angle
- Consider the implications for e-Government

A range of competitiveness indicators that might be relevant, with notes on the significance of each, can be found in *UK competitiveness indicators: second edition* (<http://www.lowpay.gov.uk/opportunityforall/indicators2>).

### *Quantification*

Annex 1 of [Good policy making: a guide to regulatory impact assessment](#) provides details of the treatment of impacts. Wherever possible, the costs and benefits should be represented in a quantified (and preferably monetary) format.

[UK competitiveness indicators: second edition](#) shows a number of quantified indicators and trends. Where it is possible to show the amount of impact on these indicators (e.g. increase in the number of hours of education and training, R&D expenditure per worker) then this should be done. Otherwise, it will be sufficient to note the likelihood of a generally positive or negative effect on any relevant indicators, or resonance (or potential conflict) with White Paper objectives.

Competitiveness, competition and business interests are extremely wide-ranging, and may have resonance with any of the other criteria in the framework. Policies that decrease greenhouse gases may have a positive impact on competitiveness through the introduction of new technology, better processes and energy efficiency. Competitiveness leading to economic growth may have a long-term positive impact on Government accounts.

The distributional effect of the impact on small business should be considered whenever a policy or project is assessed under this criterion.

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## Public health and safety

### *The policy context.*

The White Paper "Saving Lives - Our Healthier Nation" (<http://www.ohn.gov.uk/>) in 1999 said

“We need to ensure that in all areas of Government policy-making the actions that flow from our policies will contribute to our goals of improving the health of the population and reducing inequality. So we have decided that major new Government policies should be assessed for their impact on health. This assessment process is important because it acknowledges for the first time the relationship between health and the impact of Government policy generally. We intend to make health impact assessment a part of the routine practice of policy-making in Government.”

While core public health policies are the responsibility of DH, many of the levers for improving and protecting public health lie outside the DH, with HSE and with other Departments such as DTLR, DEFRA, HO and DfES, their Agencies and other sponsored bodies. Indeed, public health is about much more than the delivery of medical services through the National Health Service. We need to take a much broader approach that addresses the wider determinants of health through policies – to take just a few examples – on regeneration and renewal, on housing standards and fuel poverty, on education, on clean air and water, on safe transport, and on safe and healthy workplaces.

Core policy for improving health and safety at work rests with the Health and Safety Commission and the Health and Safety Executive (HSC/E), but other stakeholders can contribute to this. The Government gave new impetus to health and safety at work in *Revitalising Health and Safety* (RHS) at <http://www.hse.gov.uk/links/revital.htm>. One of the aims of RHS is to maximise the links between occupational health and safety and other Government programmes; this is echoed in *Securing Health Together*, the 10-year Occupational Health Strategy for Great Britain, produced by HSC/E.

The Government is particularly committed to tackling health inequalities. A basket of Indicators is being developed to meet the headline **national health inequality targets** on child mortality and life expectancy between certain groups of the population following consultation in autumn 2001.

### *Matters to consider in appraisal*

Among the questions that should be considered in appraisal, as in screening, are:

- will the policy affect health related behaviour such as diet, physical activity, alcohol, tobacco and drug consumption, sexual behaviour, excessive gambling? The impact may be directly or indirect eg individuals who experience increased levels of stress from whatever source are at increased risk of undertaking such harmful patterns of behaviour as a way of ‘coping’ with their stress. The distribution of impacts is likely to be significant given the social classes difference in these behaviours and how they contribute to health inequalities.
- Will the policy affect access to NHS services - not just hospitals and primary care but preventive services such as health screening, immunisation, sexual health services?

- will the policy change the risk of injury eg will it require new working practices, involve the use or handling of harmful substances such as chemicals, radioactive waste, or infected blood, in a working environment, or result in increased or decreased risk of fire or explosion in or near a workplace?
- will the policy result in people travelling in the course of their work, or affect modes of transport and supporting infrastructure? Some transport policies may improve access to employment and education and other services which may help determine good health – but they may increase noise levels in local areas decreasing quality of life by reducing hours of sleep and increasing stress; and over-reliance on private cars on people’s lifestyles, resulting in an increasingly sedentary society. Will the policy consider implications for mobility and access for disadvantaged groups?

### *Existing guidance*

The Health Development Agency has produced an introductory guide to HIA which offers assistance in explaining the different stages and tips on how to get started. This will be available from March 2002 within [www.hiagateway.org.uk](http://www.hiagateway.org.uk), a new website being developed by the Health Development Agency to provide all people working on health impact assessment a single place to locate HIA-related guidance and information. The site will provide links to completed HIA case studies, toolkits and evidence sources. The site will be fully launched in May 2002 and a pilot is already available.

Several Regional Offices have published short guides to Health Impact Assessment. That by the GLA together with DoH entitled "Informing Healthy Decisions", with a more comprehensive sister publication entitled “Resource for HIA” (representing a good half days reading), is available from London’s Health website: [www.londonhealth.gov.uk](http://www.londonhealth.gov.uk) . Regional Public Health Observatories aim to give a clearer local picture of health and health inequality. They monitor health trends and can advise on methods for health and health inequality impact assessments <http://www.pho.org.uk/>

*Is there any research/evidence that may help illustrate the impacts of my policy?*

- <http://www.hda-online.org.uk/evidence/eb2000/corehtml/intro.htm>

### *Quantification*

The development of health appraisal mechanisms as at an early stage, and in practice there are likely to be very few ways in which health impacts can meaningfully be quantified. The situation as far as health and safety at work is concerned is more advanced, and the Health & Safety Executive's economists can advise on techniques for assessing health and safety impact in monetary terms.

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## Crime

### *The Policy Context:*

Crime, along with education, health, and transport are the Government's top four public service priorities. Crime and the fear of crime significantly reduces the Government's ability to deliver improvements in public services by taking up valuable resources and by discouraging people from using and benefiting from them. Consequentially cross-cutting work on crime reduction will feed into the 2002 spending review and all departments should include crime reduction in their planning priorities.

Whilst the Home Office lead on crime reduction policy whilst enforcement organisations (eg. Police and Customs and Excise) and criminal justice organisations (the Lord Chancellor's Department, Serious Fraud Office and Crown Prosecution Service) play an important role in implementing this policy. All Departments' work can have a major impact on crime.

Examples of the DTLR's work on crime reduction include:

- Planning developments so that they discourage crime;
- Designing buildings in such a way as to reduce the opportunity for crime;
- Developing schemes to ensure that the public can use public transport systems safely such as ensuring safer stations;
- Discouraging people from posing a hazard to road users through the way they drive;
- Introducing a computerised system for tracking MOT certificates improving cross-checking of licensing, ownership and other data on vehicles;
- Managing the British Transport Police ;
- Regenerating deprived areas and estates;
- Managing neighbourhood wardens unit and promoting warden schemes; and
- Providing help to the homeless and housing victims of domestic violence.

Both the SR2000 and SR2002 included cross-cutting reviews of crime reduction. As a result of SR2000, DETR was required to:

- make additional supported housing provision for victims of domestic violence; and
- ensure that local authorities screen planning applications for their crime implications with the help of the police and where necessary, either insist on appropriate crime prevention measures or refuse the application.

The SR 2002 crime reduction review is covering:

- Neighbourhood renewal (with DTLR in the lead);
- Tackling alcohol abuse;
- Youth Crime;
- Local authority planning decisions (with DTLR involvement);

- Reducing disorder and anti-social behaviour.

and is associated with

- The Social Exclusion Unit's report on reducing re-offending by ex-prisoners; and
- The Solicitor General's report on domestic violence.

The Government is committed to crime reduction targets covering:

- Raising the performance of the police and the Crime and Disorder Reduction Partnerships;
- Reducing burglary and property crime;
- Tackling vehicle crime;
- Dealing with disorder and anti-social behaviour;
- Dealing effectively with young offenders;
- Dealing effectively with adult offenders; and
- Helping victims and witnesses.

There are 376 Crime and Disorder Reduction Partnerships in England and Wales. They are required to formulate and implement a strategy to combat crime and disorder in their area. The strategy is required to be produced every three years jointly by the police and local authority. They must work in partnership with other local public, private and voluntary groups as well as the wider community.

Details of these targets are available at

<http://www.homeoffice.gov.uk/crimprev/crsssummary.htm>.

Crime reduction/prevention policies, primarily initiated by the Home Office, are described on crime reduction website at [www.crime-reduction.gov.uk](http://www.crime-reduction.gov.uk).

For the DTLR and its agencies some of the work we do has an obvious relationship with crime reduction but in other areas we need to think a little wider in considering the impact on crime. The boxed examples below illustrate this.

Example 1: The DVLA has a central role

- in its membership of the Vehicle Crime Reduction Action Team;
- in contributing towards better links between information systems and new procedures to improve enforcement; and
- in sponsoring specific initiatives in the Vehicles (Crime) Bill.

This role contributes towards the Government achieving the target of reducing vehicle crime by 30% over the period April 1999 to March 2004

Example 2 The Housing Act 1996 gave social landlords more powers against anti-social tenants through strengthening the grounds for possession to include:

- behaviour likely to cause nuisance (which enabled professional witnesses to be used);
- anti-social behaviour in the locality of the tenant's property;
- the anti-social behaviour of visitors to the property; and
- conviction for an arrestable offence in the vicinity of the property

Reductions in the proportion of local authority owned housing resulting from DTLR policy has an impact on the ability of local authorities and the police to tackle anti-social behaviour either through possession or in relation to local authorities' capacity to re-house anti-social tenants.

Housing policy therefore significantly effects the Government's ability to deliver its commitment to reduce anti-social behaviour, but the link is not always straightforward.

### *Existing Guidance*

The Crime Reduction Toolkits provided Crime and Disorder Partnerships and their partner agencies with web-based comprehensive and consolidated guidance on the main areas of crime and criminality. They deal with volume crime areas such as domestic burglary and vehicle crime as well as areas which cause significant concern such as street crime, drugs and anti-social behaviour.

There are also individual toolkits on areas of criminality such as persistent young offenders, 'hotspots' and dysfunctional families as well as toolkits on partnership process such as intelligence and information gathering and partnership working on crime and disorder audits and strategies. The Toolkits provide a problem solving approach and provide a practical approach to understanding and dealing with local and national priorities in combating crime and disorder (see [www.crimereduction.gov.uk/toolkits](http://www.crimereduction.gov.uk/toolkits)).

### *Research/evidence to illustrate the impacts of the proposed project, policy or programme*

The crime reduction website includes a knowledge base with a range of statistics, links to research and related literature. The Toolkits are also supported by detailed analysis of crime statistics and relevant literature and research results.

### *Quantification*

Techniques exist which place a monetary value on the cost of crime to individuals, businesses, Government/tax payer (lost revenues, enforcement/incarceration/remediation).

A major element of crime which remains difficult to quantify is the fear of crime. For an individual this can result in changes in behaviour (e.g. reduced social life, inability to work); poor health; costs incurred through moving to a new area, perhaps having to accept a lower quality of housing. For businesses it is relatively easy to quantify increased security measures but less easy to estimate foregone business. Governments may be able to place a value on lost tourist or commercial income in broad terms but again this can be difficult to translate into decreased commercial gain for individual companies or increased burdens on taxpayers.



Techniques exist to estimate the potential increase or decrease in the number of cases. It is usual to distinguish between those that will be recorded in police statistics and those that will not (e.g. environmental crime).

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## Social capital, community and education

### *The policy context*

Government policy is not just about doing things that affect people directly: it is (arguably primarily) about creating situations where people are enabled to take advantage of opportunities.

To “offer everyone the opportunity of a decent home and, in so doing, to promote social cohesion, wellbeing, and self dependence” is a stated objective of the Government's housing policy (DETR 2000).

The Government has published extensive targets and objectives relating to education and skills. An introduction to these can be found at <http://www.dfes.gov.uk/delivering-results/index.shtml>.

### *Matters to consider in appraisal*

This category, which could be regarded as dealing with “enablement”, covers this wide and difficult-to-delineate range of activities. They may include:

- the availability of information that enables people to access opportunities they would not otherwise be aware of;
- the existence of social networks that enable people to share knowledge or expertise, or to carry out tasks collectively that they would not be able to do as effectively as individuals;
- the general state of the physical and social environment in which people live, in particular their housing conditions or the stability of their upbringing;
- what might be called “self development,”, which includes access to education, leisure and arts.

People are social beings. Meaningful social contacts are good for well-being, e.g. with families, friends and community groups. Strong social networks and community members' participation in civic engagement increase the sense of solidarity and are said to be the ‘social glue’ or cohesion of a caring community. Social engagement may foster a sense of coherence and identity.

Policies and projects that improve neighbourhood facilities, particularly shops and post offices may strengthen community social networks. Social networks can be harmed by construction projects that increase community severance (e.g. roads that are difficult to cross); conversely, they can be improved by works that make access to neighbourhoods easier.

Features of poor **housing** that policies or projects may impact upon include:

- Dampness and cold
- Indoor air quality
- Fires and accidents

- Infestation by pests
- Noise
- Overcrowding and density of housing units
- Homelessness
- Temporary housing

An important aspect of this “enablement” category is **upbringing**, and various policies and projects are capable of having an effect in this area. Strong, independent and responsible individuals grow best in nurturing, positive and supportive environments that offer positive role models and encourage healthy citizenship.

**Play** is an important element child development. Within their local areas children access what open space is available, but over the last two decades opportunities for mobility and independent play have declined and what open space there is, is often perceived as dangerous. Modifying the urban environment has the potential to generate positive benefits for children in terms of life skills, independence, and improved quality of life. Where the needs of children are not considered it can generate a 'nothing-to-do' syndrome which can lead to despair and vandalism.

Government policy recognises the significance of pre-school **education** and its potential to break the link between deprivation in childhood and problems in later life. Pre-school provision facilitates parental economic activity and therefore can help to redress poverty.

Improving the learning opportunities for vulnerable groups like young people and the unemployed can substantially improve well-being for them and their families and reduce inequalities. Where policies are aimed at target groups such as these, their varying impacts across society should also be recorded in the distributional section of the IPA summary. Education is also about the development of skills that will help children and young people to use their knowledge effectively. Education can develop areas of competency such as self esteem, self efficacy, empowerment, decision making, assertiveness, and advocacy, which can support the achievement of healthier lifestyles and better prospects for employment as adults.

The provision of outdoor recreational facilities may provide opportunities to enhance, develop or maintain cardiovascular fitness as well as promote mental health via self esteem, social contacts and participation. Barriers to the use of open space for recreational purposes are fear of crime, a particular deterrent for women and elderly people, and low socio-economic status.

In particular the provision of sports facilities and other leisure activities that involve physical activity leads to a range of benefits. As well as the obvious health impacts (which should be recorded in the “health” category rather than here) leisure activities also offers Increased opportunities for socialising, reducing isolation and loneliness. It improves self esteem and confidence leading to an enhanced a feeling of confidence and awareness of other people.

*Reflecting these issues in appraisal*

Appraisal of areas such as this is relatively new. It is still controversial, with three broad positions taken:

- One approach is that these areas of impact should not be measured at all. This argument goes that the benefits of social issues such as this are all reflected elsewhere (e.g. housing may be reflected in better health; education in more efficient economic activity; social networks in better functioning of the labour market).
- Another position is that while these social benefits may eventually be reflected in other areas such as greater economic activity or health, the timescales may be very long and the effects difficult to establish with any meaningful level of precision. Therefore, even if you accept that these benefits are intermediate rather than direct, it is sensible to record them in appraisal as it would be too difficult to record their intended eventual impacts.
- A third position is that opportunities and achievement in education, the arts, leisure pursuits and “softer” social area such as identity and self-esteem are desirable goals in themselves. They therefore merit being taken into account in their own right regardless of their eventual impact in other areas.

The approach to appraisal in the IPA reflects all three positions.

- Where these “enabling” impacts are clearly reflected in other impact categories, then (e.g. if it is possible to say that a social policy will reduce a certain kind of illness by a particular amount) then the impact should be recorded there (in health in this case) and not in this category.
- Where it is reasonable to presume that a policy or project will, as a result of these social benefits, have impacts in a number of other categories, but it would not be possible to assess these impacts meaningfully, the social benefits should be recorded in this category.
- Where it is Government policy to regard certain benefits as ends in themselves, they should be recorded here. Examples are Government targets for education qualifications at age 19, numbers of households in non-decent housing and so on.

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## Climate change

### *The policy context*

The UK's international target is to cut a basket of six greenhouse gas emissions by 12.5% below 1990 levels by 2008-2012 (carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride). The UK also has a domestic goal to cut carbon dioxide emissions by 20% below 1990 levels by 2010. The UK climate change programme <http://www.defra.gov.uk/environment/climatechange/cm4913/index.htm> sets out details of policies and measures being put in place to meet these targets, and also considers how the UK might begin to adapt to the effects of climate change.

The Government is also keen to identify and promote policies and measures which cut emissions beyond 2010, in view of the fact that longer term cuts in emissions will be needed to meet future targets.

Common sources of the six greenhouse gases are as follows:

<b>Gas and %age of UK emissions in 2000</b>	<b>Sources</b>
Carbon dioxide (CO <sub>2</sub> ) – 84%	Fuel combustion (especially of fossil fuels) and energy use in the transport, industrial, commercial and domestic sectors.
Methane (CH <sub>4</sub> ) – 8%	Landfill waste sites, agriculture, coal mining and the natural gas distribution network.
Nitrous oxide (N <sub>2</sub> O) – 6%	Agriculture, industrial processes, fuel combustion.
Hydrofluorocarbons (HFCs) – 1%	Foams, refrigeration, air conditioning, industrial processes.
Perfluorocarbons (PFCs) – < 1%	Industrial process (mainly aluminium manufacture, and electrical insulation).
Sulphur hexafluoride (SF <sub>6</sub> ) - <1%	Industrial processes (mainly magnesium smelting and electrical insulation).

### *Existing guidance*

#### *a) Impacts of policies and measures on greenhouse gas emissions*

Methodology for assessment of the impacts of policies and measures on greenhouse gas emissions are very policy specific and as such no standard guidance exists on assessing these impacts. Some models are available which may be used to assess the effects, e.g. changes in or new transport policies can be run through National Road Traffic Forecasts.

Ideally, impacts on emissions should be expressed either in terms of carbon savings, or in terms of additional emissions resulting from the policy or project, in either case measured in million tonnes of carbon equivalent (MtC). While it should be possible for policies and projects with (for instance) a strong energy efficiency focus to quantify savings in terms of cost per tonne of carbon saved, others may not be geared to this level of quantification.

In cases where quantification of the climate change effect is impractical, a reasoned statement of whether the policy or project is likely, based on what is known, to increase or decrease emissions, combined with a qualitative assessment of the significance of this change, will be sufficient.

A DEFRA official working paper 'Estimating the Social Cost of Carbon Emissions' (ETSCCE) suggests illustrative values for the social damage cost of carbon that can be used to estimate the monetary value of these impacts once they have been quantified. A copy of this working paper is available at <http://www.hm-treasury.gov.uk>.

Some policies may only need to be assessed for their impact on one greenhouse gas. A broader approach, however, will need to be taken in the assessment of policies which are likely to cut emissions of one greenhouse gas but increase another. In these cases the overall net effect on emissions will need to be assessed.

*b) Assessing vulnerability to the impacts of climate change*

In 1997, the Department established the UK Climate Impacts Programme (UKCIP) to help stakeholders assess their vulnerability to climate change so that they can plan to adapt accordingly. The UKCIP ([enquiries@ukcip.org.uk](mailto:enquiries@ukcip.org.uk); tel: 01865 432076) can provide officials with the latest information on climate change predictions and assessments. UKCIP is working with DEFRA to develop a toolkit for evaluating impacts that includes: climate change scenarios; socio-economic scenarios; a methodology for costing impacts and adaptation; and a risk assessment tool. This guidance will be available later this year.

*Other matters to consider in appraisal*

As well as the level of emissions, other impacts that are relevant to climate change should be considered. For example, assistance given to developing countries may have an impact on the global response. Education policies may help raise children's awareness of climate change. Also relevant are policies that may help UK to adapt to the impacts of climate change in UK (e.g. money being spent on improving water infrastructure). The policy may need to take into account questions of vulnerability to predicted effects of climate change, e.g. the increased risk of flooding. Details of where to locate detailed information and guidance on assessing flood risk is contained in the section of this guidance on Water and Waste.

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## **Air quality**

### **Policy context**

The Government's and Devolved Administrations' policies on air quality are set out in the Air Quality Strategy for England, Wales, Scotland and Northern Ireland, published in January 2000 <http://www.defra.gov.uk/environment/airquality/index.htm>. The Strategy sets health-based standards for eight main air pollutants, and policy objectives for moving towards those standards over the medium to long term. The pollutants covered by the Strategy are:

- Nitrogen Dioxide
- Fine particles
- Sulphur Dioxide
- Carbon Monoxide
- Lead
- Ozone
- Benzene
- 1,3 Butadiene

The Strategy also includes two new objectives for protecting vegetation and ecosystems. This is consistent with DEFRA's PSA target to bring into favourable condition by 2010 95% of all nationally important wildlife sites (i.e. Site of Special Scientific Interest (SSSIs)).

The Government and Devolved Administrations issued a consultation paper on 17 September 2001 setting out proposals for new, tighter objectives for three of these pollutants (particles, carbon monoxide and benzene), as well as on a possible new objective for Polycyclic Aromatic Hydrocarbons (PAHs).

Road transport and industry are the main sources of most of these pollutants – emissions from road transport, for example, are thought to account for 75% of total UK emissions of Carbon Monoxide, and 47% of total emissions of oxides of Nitrogen. In urban centres, the contribution from road transport is generally even higher. Industrial processes, however, are responsible for the majority of emissions of sulphur dioxide.

Local authorities are also required, under Part IV of the Environment Act 1995, to review and assess their local air quality in order to identify pollution hotspots. Where local authorities anticipate that there are likely to be exceedences of any of the prescribed national objectives for different air pollutants, they are required to designate air quality management areas (AQMA) and draw up action plans setting out what they intend to do to rectify the problem.

An electronic map of the UK, giving details of where AQMA have been designated, is available at [www.aeat.co.uk/netcen/airqual/aqma](http://www.aeat.co.uk/netcen/airqual/aqma).

### **Existing guidance**

Assessing the impact of particular policies on air quality is a complex science. Sophisticated modelling tools exist to forecast emissions from different sources – the Highways Agency's Design Manual for Roads and Bridges, for example, can be used to forecast the impact of new or existing road schemes on emissions of key pollutants from road transport.

A series of guidance notes was published in early 2000 to assist local authorities with their reviews and assessments of air quality. The guidance notes, all of which are available via the DEFRA website at <http://www.defra.gov.uk/environment/airquality/laqm.htm> cover the following areas:

Policy guidance:

- *Framework for Review and Assessment of Air Quality* (LAQM.G1(00)).
- *Developing local air quality action plans: the main considerations* (LAQM.G2(00)).
- *Air Quality and Transport* (LAQM.G3(00)).
- *Air Quality and Land Use Planning* (LAQM.G4(00))

Technical guidance:

- *Review and assessment: Monitoring air quality* (LAQM.TG1(00))
- *Review and assessment: Estimating emissions* (LAQM.TG2(00))
- *Review and assessment: Selection and use of dispersion models* (LAQM.TG3(00))
- *Review and assessment: Pollutants specific guidance* (LAQM.TG4(00))

Planning Policy Guidance 23: *Planning and Pollution Control* contains advice on the relationship between the separate but complementary pollution control and planning systems. PPG23 is due to be updated shortly, and will contain useful advice on the links between the planning system and local air quality management, as well as on the circumstances when air quality impacts might be a material consideration in planning applications.

Guidance on the Methodology for Multi-Modal Studies(GOMMMS) is available at <http://www.dtlr.gov.uk/itwp/mms/index.htm>. Calculations of the air quality benefits and disbenefits likely to be associated with any new road scheme, or any major road improvement, are a key part of GOMMMS.

### ***Matters to consider in appraisal***

In considering whether or not the potential air quality impacts of a particular policy need to be appraised, policy makers should ask themselves the following main questions.

- Will a particular policy mean that emissions of any one of the main pollutants will be increased? (examples might include new road schemes, new industrial or commercial development which will either result in emissions from the process itself or in greater traffic flows to and from the area, aviation policy, urban regeneration policies etc.)
- Will a particular policy mean that greater numbers of people might be affected by existing levels of air pollution in a particular area (examples might include policies aimed at encouraging greater use of city centre sites for residential or commercial developments)
- Will a particular policy have a particular bearing on areas of poor air quality, including the air quality management areas designated by local authorities? (examples might include policies for the siting of new airports or other major industrial developments).



- Will a particular policy have an impact on the Strategy's objectives for protecting vegetation and ecosystems, or on DEFRA's PSA target for bringing 95% of all nationally important wildlife sites into favourable condition by 2010?

Certain policies are likely to lead to a reduction in emissions of the key pollutants (eg policies to promote cycling and walking). Others are likely to have a beneficial effect if they transfer emissions away from a town centre or other polluted area (examples might include the construction of new bypasses). Detailed modelling of the likely air quality benefits might be appropriate in some cases.

To minimise double counting, health impacts of air quality should be included in this category of assessment (and not in Public health and safety above).

### **Quantification**

Impacts on air quality are generally expressed in terms of either:

- The total volume change in emissions of a particular pollutant from a particular source (e.g. a 3% increase in NO<sub>x</sub> emissions from road transport); or
- The likely impact of this change on levels of ambient air quality in the affected area (eg ambient concentrations of NO<sub>2</sub> in the area likely to increase by 2µg/m<sup>3</sup>); or
- The total number of households likely to be affected by these changes (eg 1,500 houses likely to be exposed to greater concentrations of NO<sub>2</sub>).

In cases where such detailed modelling is not possible, a reasoned statement of whether or not a particular policy is likely to result in greater or lesser emissions of particular pollutants should be sufficient. AEQ Division in DEFRA (contact details) can provide advice on how this might best be done.

Guidance and advice can be found at

<http://www.defra.gov.uk/environment/airquality/naqs/ea/index.htm> and

<http://www.defra.gov.uk/environment/airquality/igcb/index.htm>

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## Landscape, townscape and heritage

### *Policy context*

Landscape in this context includes such concepts as townscape, heritage, and other related matters. Landscape is about more than “the view”, and townscape and heritage are about more than old buildings. This section deals with questions which affect the *character* of an area, and the way that it is perceived. The issue is to do with sense of place, sometimes called “thisness”. It is a social issue as much as an environmental one.

Inevitably, therefore, this category is bedevilled by highly subjective considerations. Assumptions about whether changing something is to be regarded as improving it or worsening it are liable to be open to challenge. For this reason, it is important to think as widely as possible about impacts in this category and to avoid preconceptions about attitudes to these impacts.

### *Existing guidance*

Guidelines for assessment under this heading have been devised by English Heritage and the Countryside Commission. These guidelines are drawn on extensively in GOMMMS (<http://www.dtlr.gov.uk/itwp/mms/index.htm>), on which the passage below is substantially based. The Commission for Architecture and the Built Environment may also be able to provide guidance.

### *Matters to consider in appraisal*

Projects which involve detailed and geographically specific changes, such as road and rail schemes, will tend to have impacts that are relatively easy to describe, and will often have specific mitigation measures included in their design. Other, more strategic policies, may have effects that are less obvious at the time of appraisal. For example, a tax-based or other administrative change that made a particular economic activity more or less attractive (say which caused a shift from livestock to arable farming) could have an impact in this category by creating a highly visible change over large areas. Or a transport scheme may result in changes to townscape development in an area some distance from the actual scheme by improving access to it and making certain types of activity more attractive.

Features of countryside character on which impact should be considered may include the following: **topography**, that is to say lie of the land, including elevation, degree of enclosure and scale; **tranquillity**, including not just absence of noise but also absence of buildings and general sense of isolation; **culture**, including settlement patterns, archaeological sites, places of folkloric importance; and **landcover**, i.e. the way the land is managed agriculturally or otherwise, and the presence of woodland or heathland.

Townscape character includes the following: **layout**, or the pattern of development, the interspersal of buildings and open spaces etc.; **density and mix**, that is to say the type (residential, commercial, industrial) and intensity of development; **scale**, or the height and mass of buildings in relation to their surroundings; **appearance**, including architectural styles and use of materials prevalent in an area; **human interaction**, or the way people relate to the urban environment (such as tending to congregate in a main shopping area or central square); and **culture**, including buildings of local importance regardless of their “traditional” heritage value.

**Heritage**, in essence, means the man-made historic environment. It includes not only buildings of architectural or historic importance, but also parks, gardens, public spaces, archaeological sites, ancient monuments, battlefields, etc. Even a place where nothing remains of a notable event but the knowledge that it took place there can be regarded as a heritage site

In considering the scale of impact on any feature within this category, the following questions should be addressed:

- How *rare* is the thing that is subject to impact? Are there other examples locally or elsewhere within the country (or the world)?
- How *important* is it? Some ready guides are available here, such as designation of a site as an Area of Outstanding Natural Beauty, the listing of a building and so on. But subjective or local elements also apply – for instance, an architectural style may be critically unfashionable or poorly regarded nationally, but locally regarded as essential to the character of a place.
- Can the impact be *mitigated* or the affected feature be *substituted*? In constructions projects such as road and rail schemes, mitigation of impact should be built into the design as a matter of course. Most townscape functions can be replaced to some extent, but other features are more problematic. For instance, replacement of ancient woodlands by new tree-planting elsewhere is likely to be considered a low level of substitution.

Finally, it should be noted that there is no assumption here that all impacts are adverse. It may be that townscapes can be significantly improved by redevelopment. A transport scheme that replaces an old route with a poor, visually intrusive design with a more sensitive design can have similarly beneficial effects.

#### *Quantification*

Some quantification in this category can be contrived, such as the number of buildings demolished or otherwise affected, the number of designated sites built upon, and so on. But the subjective nature of the issue means that this is of little help in assessment (is it better to affect a single site of historic importance, or a large number of mostly unregarded buildings?). So in summarising evidence here it is better to concentrate on completeness of description rather than attempting to measure impacts.

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## Land use, waste and water

### Natural Resource Use

A key sustainable development objective is to use natural resources more efficiently. The rate of consumption of resources should not reduce their availability for future generations, and producing more with less means reducing environmental pollution, climate change, and the degradation caused by the extraction, use and disposal of natural resources.

The Government's main objectives for natural resource use are contained within *A better quality of life: a sustainable development strategy for the UK*. The Government's approach is based on making prudent use of existing resources whilst encouraging alternatives for the longer term.

These guidance notes are designed to ensure that, when appraising options, policy makers consider their potential impact on natural resources and take into account existing government policies and regulations which safeguard their use.

### Water

The Environment Agency is responsible for maintaining or improving the *quality* of fresh, marine, surface and underground water and it has a duty to secure the proper use of water resources in England and Wales. It monitors water in the environment, and issues discharge consents to control the impact on water quality of releases to water to meet EU, national government and local water quality targets. It also issues abstraction licences to regulate *water use*. The Agency has a further important role in warning people about the risk of *flooding*, and in reducing the likelihood of flooding from rivers and the sea.

#### *Identifying the need for integrated appraisal*

Without careful appraisal, there is a risk that policies designed to meet other objectives could increase water pollution, create unsustainable demand for water resources or drainage, or increase the risk of flooding. The need for integrated policy appraisal is particularly relevant in the following areas:

- Agriculture, especially in relation to diffuse pollution, e.g. from livestock wastes, run-off containing pesticides and fertiliser.
- Land use planning, both urban and rural, which could have implications for water supply, waste water treatment, drainage and flood management.
- Recreation, e.g. in relation to use of rivers, lakes or the sea
- Industrial policy, especially, but not only, in relation to the disposal of dangerous chemicals
- Regeneration housing policies, e.g. where water is part of the scheme or where increased housing development could have implications for water supply, waste water treatment or flood management.
- Transport policies, e.g. in relation to contamination of groundwater from fuel stores or the deposition of contaminants from vehicle exhausts and road run-off into surface waters, including rivers, coastal waters and urban drainage systems.

#### *Matters to consider in appraisal*

Key issues to consider in relation to the proposed policy are:

- Will it lead to additional water abstraction, or to relocated abstraction?
- Does it involve additional abstraction, and is it consistent with prudent use of the natural resource of water and return of the water to the environment?
- Does it involve the impoundment of water?
- Does it require the maintenance of a minimum water flow or level in a watercourse or groundwater for its success?
- How will it affect surface water run-off and/or groundwater flows, and with what consequences?
- How will it affect recharge of groundwater, and with what consequences?
- How will it affect water quality and the need for waste water treatment?
- Will it affect the run-off of rainfall and therefore impact on flood risk elsewhere in the river catchment?
- Will it increase development in an existing flood risk area? And will this have an impact on the overall levels of risk?
- Will it have any other impact on flood management strategies, and with what consequences?

#### *Water quality*

There are a number of EU directives relating to *water quality*, covering urban waste water, nitrates, dangerous substances, bathing water, groundwater, treatment of sewage sludge, conservation, shellfish, surface waters intended for abstraction for drinking water purposes and freshwater fish which are important drivers for UK policy. In addition, there are some specific Government targets relating to river quality, conservation, treatment of sewage discharges from towns, action to improve unsatisfactory sewer overflows and bathing water.

The newly agreed EU Water Framework Directive provides an overarching approach, by emphasising the key aim of improving ecological quality of water and in establishing river basin management plans, developed at local level with all relevant stakeholders, as the main management tool. Further information on the Directive can be found at

<http://www.defra.gov.uk/environment/consult/waterframe/index.htm>

#### *Water resources*

The 1995 drought focused particular attention on *water resources*. The Environment Agency's water resources' strategy for England and Wales, *Water Resources for the Future*, published in March 2001, is available at <http://www.environment-agency.gov.uk/subjects/waterres/137651/?version=1> This site also contains links to eight detailed regional strategies published at the same time.

The Environment Agency is preparing Catchment Abstraction Management Strategies (CAMS) which will provide by 2008 details on the availability of water resources in each of 129 catchment areas. Details on the consultation process and timetable for publication of CAMS is set out in the Agency's publication, *Managing Water Abstraction*, available at [http://www.environment-agency.gov.uk/subjects/waterres/128299/?lang=\\_e&region= .](http://www.environment-agency.gov.uk/subjects/waterres/128299/?lang=_e&region= .)

The Environment Agency is obliged to consider the 'reasonable needs' for water of any applicant for an abstraction licence. Increasingly, the Agency is also concerned to see that water is returned to the environment after use at an appropriate location, preferably within the originating catchment, so as to maintain watercourse flows.

With any development, it is important to have sufficient foul water sewers to transport dirty water to water treatment works. The Government is working towards requiring all new sewers to be built to an adoptable standard so that on completion they can become the responsibility of the sewerage undertaker. The construction standard will be set in the Building Regulations which are currently being revised in conjunction with the water industry.

### *Flooding*

Around 5 million people, in 2 million properties, live in flood risk areas in England and Wales. The Environment Agency, local authorities and drainage boards have permissive powers to carry out works to alleviate flooding and improve land drainage. The Agency has a supervisory role in relation to flood defence matters and provides information to the public on areas at risk of flooding through its web site (<http://www.environment-agency.gov.uk/subjects/flood/>). It also provides a flood warning service to defined risk areas (<http://www.environment-agency.gov.uk/subjects/flood/floodwarning/>)

### *Existing guidance*

No standard guidance exists on assessing the impact of policies on water *quality*. Officials may wish initially to contact Water Quality Division (Mark Rosenberg DEFRA tel. 020 7944 5365) for help and advice on assessing effects on water quality if these effects may be significant.

Where new abstractions or impoundments are likely to form part of a policy or project, the Environment Agency's *Water Resources for the Future* and Catchment Abstraction Management Strategies (CAMS) will provide guidance on the likely acceptability of the proposals. The Agency is always prepared to discuss detailed proposals ahead of a formal application for a licence.

The Environment Agency's National Water Demand Management Centre can provide advice on quantifying the effects of a new development on water *demand*. Quantification is required to support the "reasonable needs" element of any abstraction licence application which may form part of a project. Similarly, information on the return of water to the environment after use should be quantified and specified by location. The Agency has developed guidance on Sustainable Urban Drainage Systems (SUDS).

Effects on flows, levels, recharge and habitat change can be estimated using various computer models. Advice can be sought from the Environment Agency, from the Centre for Ecology and Hydrology (formerly the Institute of Hydrology at <http://www.nwl.ac.uk/ih/www/main.html>) and English Nature (<http://www.english-nature.org.uk>).

Guidance on assessing possible impacts of policies or projects on surface water run-off or on groundwater recharge is currently less well defined. But the Environment Agency, from its Flood Defence function or its Water Resources Function, should be able to provide assistance.

Extensive guidance is available on the assessment of the impact of changes in flood risk, see <http://www.defra.gov.uk/enviro/fcd/pubs/pagn/default.htm> or <http://www.environment-agency.gov.uk/subjects/flood>. DEFRA has commissioned a national assessment of flood risks

(<http://www.defra.gov.uk/environ/fcd/policy/flrptv2.pdf>) and the Agency has carried out detailed assessments of flood risk in many areas. These should be consulted when appraising any policy which may involve development in flood risk areas. An essential and practical guide to appraising flood risk issues is the DTLR publication PPG25, Development and Flood Risk.

National guidance on shoreline management plans can be found at (<http://www.defra.gov.uk/environ/fcd/pubs/SMP's/Revised%20SMP%20Guidance%20Final.pdf>). These consider long term policies in relation to both *flood and erosion risk* for all coastal areas of England and Wales and the Agency is currently embarking on a programme of Catchment Flood Management Plans which will eventually provide a high level assessment of flood risks and flood management policies for all river catchments.

### **Waste and Resource Productivity**

The safe management and reduction of waste streams lies at the heart of government policy to achieve more efficient use of natural resources by reducing the consumption of scarce resources and the degradation of the natural ecosystems on which all life depends. In order to ensure that their policies are consistent with stated government commitments, policy makers must therefore appraise the demands on the natural resource base that their policies may generate, as well as the potential of these policies to increase the volume of waste streams.

#### *Matters to consider in appraisal*

Policies and projects can result in the consumption of natural resources, and the generation of associated waste streams, in a number of ways. Examples of such policies include those which:

- encourage people to travel more or further, e.g. to schools, shops, offices, or other places of work;
- extend new developments into greenfield sites rather than reusing existing ones;
- increase demand for natural resources (e.g. water, energy or aggregates);
- increase the production of waste, including municipal and hazardous waste
- require the construction of new infrastructure such as water, gas or electricity supplies, new transport links, and so on.

#### *Municipal waste*

In March 2001 the Government set Statutory Performance Standards for local authorities in recycling and composting. The Standards set the minimum recycling and composting rates that each local authority has to meet by 2003/04 and 2005/06. In meeting these standards, local authorities will work towards meeting the national target of a 25% recycling rate by 2005/06, as set out in the White Paper "*Waste Strategy 2000*". DEFRA has already announced that it will set further Statutory Performance Standards in 2005 for 2010.

The EU Landfill Directive also imposes demanding targets for diversion of waste for 2010, 2013 and 2020. The targets are to reduce biodegradable municipal waste which is landfilled to 75% of that produced in 1995 by 2010; to 50% of the 1995 level in 2013; and to 35% by 2020.

#### *Controlled waste*

The Environment Agency, through the provisions of the Environment Protection Act 1990, Waste Management Licensing Regulations 1994 and the Environment Act 1995 enforces the existing framework for waste management. Anyone who deposits, recovers or disposes of controlled waste must do so in compliance with the conditions of a waste management license, unless that activity is an exempt activity for waste recovery purposes.

### *Resource productivity*

Although recycling has a vital role to play in achieving greater sustainability, the wider adoption of the principles of resource productivity could deliver even greater benefits. As businesses become engaged in recycling, they often become more aware of the environmental and sustainability impacts of their use of resources throughout their activities, which provides an opportunity to encourage the adoption of practices leading to greater resource productivity. These include designing out waste, improving the life cycle performance of the product and adopting design practices which will facilitate its recycling when it enters the waste stream.

### *Quantification*

Where possible, impacts on resource use and waste generation should be measured against the relevant indicators of sustainable development. These are:

- UK resource use – UK consumption of materials by weight or volume per unit of GDP, identifying broad resource groups (metals, fossil fuels, minerals and renewables separately).
- Energy efficiency of the economy – energy consumption per unit of GDP.
- Energy use per household.
- Waste by sector – and reduction achieved with reference to the targets mentioned above.
- Household waste and recycling – volume of waste in kg per household per year and the proportion that is recycled.
- Materials recycling – percentage of metals, paper & board, glass containers, plastic etc. recycled as a percentage of consumption.
- Volume of hazardous waste – as defined by the Special Waste Regulation 1996.
- New homes built on previously developed land.

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## Biodiversity

### *The policy context*

Biodiversity policy is derived from the Government's ratification of the Convention on the Conservation of Biological Diversity. The Convention arose from a global concern that human activities are changing and destroying habitats, natural ecosystems and landscapes on an increasing scale. The rate of extinction of species is thought to have increased substantially in recent decades. In the UK there has been a general loss of biodiversity in recent decades, particularly of wildlife habitats due to changes in agricultural practices; excessive water extraction and pollution of inland water systems; urban development and expansion, including growth of the transport infrastructure; and, invasive species. This is illustrated by the 36% decline in farmland bird populations between 1970 and 1998.

The overall goal of the UK Biodiversity Action Plan published in December 1994 is '*to conserve and enhance biological diversity within the UK and to contribute to the conservation of global biodiversity through all appropriate mechanisms.*' Under the plan 391 species and 45 habitat action plans have been developed and are being implemented. Each plan contains targets for the conservation and or enhancement of the species or habitat.

UK Biodiversity policy is influenced by international and national legislation and strategies. In particular, the EU Habitats Directive (Council Directive 92/43/EEC, 1992), which requires the selection and designation of Special Areas for Conservation for certain habitat types and species. These, together with the Special Protection Areas of the EU Wild Birds Directive (Council Directive 79/409/EEC, 1979), will form a network of sites known as Natura 2000 across the European Union. Domestically, the provisions of the Wildlife and Countryside Act 1981, as amended, were recently strengthened by Part III of the Countryside and Rights of Way (CROW) Act 2000. This provides enhanced protection for Sites of Special Scientific Interest and places a duty on public authorities to manage their own SSSI land to secure its favourable condition

The CROW Act also introduces a new duty on Government Ministers and Departments and the National Assembly for Wales to have regard to the purpose of conserving biological diversity in accordance with the Biodiversity Convention in exercise of their functions. The Secretary of State and the NAW are required to maintain and publish lists of species and habitat types that are of principal importance for the conservation of biodiversity. They must also take steps to further the conservation of these species and habitats and to promote the taking of such steps by others.

### *Existing Guidance*

Planning Policy Guidance 9 on Nature Conservation .

Sites of Special Scientific Interest: Encouraging positive partnerships – Public Consultation Paper on Code of Guidance

The Conservation (Natural Habitats, etc.) Regulations 1994 (SI 1994 No 2716)

The Conservation (Natural Habitats, etc.) (Amendment) (England) Regulations 2000 (SI 2000 No 192)

Making Biodiversity Happen across Government: Green Ministers biodiversity checklist

Information on the UK Biodiversity Action Plan and the individual species and habitat action plans can be found at [www.ukbap.org.uk](http://www.ukbap.org.uk)

English Nature, the Government's statutory nature conservation adviser for England, can provide advice on the implications for biodiversity of particular policies.

*Matters to consider in appraisal*

Policies involving an increase in demand for the use of natural resources will impact on biodiversity and policy makers should seek to limit or mitigate these effects. In particular, mitigation or offsetting biodiversity gains, elsewhere or as part of after use, should be considered for those habitats that are protected under legislation or the subject of national biodiversity action plans. Opportunities to conserve or enhance biodiversity may arise and should be considered as part of any policies involving land management or development activities.

*Quantification*

The impact of policies on biodiversity can be measured by the effect on habitats and species and in particular those species or habitats that are protected under legislation or the subject of national or local biodiversity action plans. Valuation of the costs of impacts is relatively easy – though valuation of the biodiversity conservation benefits is more difficult, and a qualitative summary will normally be satisfactory.

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## Noise

### *The policy context*

Noise – defined as unwanted sound (including vibration) – can cause annoyance, interrupt conversation, disturb sleep and, in extreme physical conditions, cause physical damage to those effected. Assessing the impact of noise can be very complex, not least because of the subjective nature of many of its effects. There are a great variety of approaches to measuring and assessing noise according to the time, source, location and incidence of the noise. There are three categories of noise that are important to consider when undertaking integrated appraisal:

- neighbour or neighbourhood noise caused by people in or around their homes
- ambient – or environmental – noise which is generated by transport and industry
- occupational noise experienced in the workplace

The control of noise is undertaken through a range of legislation and policies. Neighbour noise is tackled by a combination of specific legislation providing duties and powers to local authorities to deal with neighbour noise. Noise from transport is tackled using legislation and policies at local, national and international levels aimed at reducing the sound emitted from individual vehicles or aircraft; reducing the propagation of noise; and protecting potential recipients of noise.

The Government announced in the Rural White Paper its intention to consult on proposals for an ambient noise strategy for England. This will involve undertaking computer-generated noise mapping of major transport routes and large urban areas that will be completed in 2004. The maps will not only highlight noise hotspots but can be used to predict the noise outcomes of policy and development proposals. The strategy will include the implementation of the proposed Environmental Noise Directive and may lead to the adoption of ambient noise standards.

### *Existing guidance*

There is a large range of guidance and policy on measures to control noise, depending on the type of policy/project involved. The most important are:

#### Neighbour/Neighbourhood Noise

- Environmental Protection Act 1990, Part III - local authority powers with respect to statutory nuisance  
[[http://www.hms0.gov.uk/acts/acts1990/Ukpga\\_19900043\\_en\\_4.htm#mdiv79](http://www.hms0.gov.uk/acts/acts1990/Ukpga_19900043_en_4.htm#mdiv79)]
- Noise and Statutory Nuisance Act 1993 – local authority powers with respect to noise in streets [[http://www.hms0.gov.uk/acts/acts1993/Ukpga\\_19930040\\_en\\_1.htm](http://www.hms0.gov.uk/acts/acts1993/Ukpga_19930040_en_1.htm)]

#### Ambient Noise

- Guidance on the Methodology for Multi-Modal Studies, 4.3 The Noise Sub-objective  
[<http://www.dtlr.gov.uk/itwp/mms/vol2/04.htm#4.3>]
- Planning Policy Guidance 24 on Planning and Noise  
[<http://www.planning.dtlr.gov.uk/ppg/ppg24>]
- MPG 11 – The Control of Noise at Surface Mineral Workings [ISBN 0117527793, HMSO]

- British Standard 4142:1997 describing a “Method for rating industrial noise affecting mixed residential and industrial areas”. [ISBN 0580283003, British Standards Institute]
- Design Manual for Roads and Bridges (DMRB), Vol. 11 [<http://www.test.official-documents.co.uk/document/ha/dmrb/index.htm>]
- Calculation of Road Traffic Noise 1988 [ISBN 0115508473, HMSO]
- Calculation of Railway Noise 1995 [ISBN 0115517545, HMSO]
- Calculation of Railway Noise 1995 Supplement no. 1 Procedure for the calculation of noise from Eurostar trains class 373 [ISBN 0115518738]
- Control of Pollution Act 1974 – Local authority powers to require noise control on construction sites [ISBN 010544074, HMSO]
- BS5228 (Parts 1-3 and 5:1997, Part 4:1992)– noise and vibration control on construction and open sites [ISBN 0580 268454, 0580268667, 0580268748, 0580203816, 0580283062, British Standards Institute]
- World Health Organisation – Guidelines for Community Noise [<http://www.who.int/peh/noise/guidelines2.html>]

#### Occupational Noise

- Health & Safety at Work (Etc.) Act 1974
- The Noise at Work Regulations 1989 [[http://www.hmso.gov.uk/si/si1989/Uksi\\_19891790\\_en\\_1.htm](http://www.hmso.gov.uk/si/si1989/Uksi_19891790_en_1.htm)]

For a comprehensive overview of noise policy in the UK is provided in the NSCA annual Pollution Handbook [ISBN 0 903 474 49 2, National Society for Clean Air and Environmental Protection – [admin@nsca.org.uk](mailto:admin@nsca.org.uk)].

#### *Matters to consider in appraisal*

The guidance above gives an indication of the kinds of noise level exposures generally regarded as unacceptable, and those regarded as desirable in most circumstances. Exceeding these levels should be avoided and in all cases policy makers should seek to limit or mitigate the effects of noise wherever possible. Noise control has synergies with a wide range of policy areas, and these should be exploited wherever possible.

To minimise double counting, public health impacts of noise should be included in this category of assessment (and not in Public health and safety above).

#### *Quantification*

There are a number of approaches to quantifying the impact of changes in noise according to the source, the scale and nature of the proposals.

Impact of new transport infrastructure or industrial developments can be quantified according to the number of people/households affected by an increase or decrease of average noise levels measured in dB(A). This approach can also be used to assess the impact of changes to traffic control measures.

A consistent and robust value for the cost of ambient noise for use in cost- benefit analysis has not yet been established. However, there are values available that are acceptable for broad brush option appraisals.



## **Other impacts**

This criterion should be used when a policy or project has significant impacts that are not covered by the other criteria in this guidance. A qualitative account of these impacts will normally be sufficient for the appraisal summary.

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## Valuing environmental and other non-marketed impacts

You should provide money values for non-marketed effects (such as environmental impacts) wherever possible in appraisals, to help compare impacts expressed in different units. At times you may be able to make rough approximations, even where there is practical uncertainty; in these cases you should include appropriate caveats. Monetisation should be possible, for example, when appraising carbon emissions, even when quantification is only approximate. But it will not be practicable in all cases.

There are three main groups of valuation techniques that monetise benefits and costs. You can get advice on these from economists:

- *Revealed preference* techniques involve inferring a value (indirectly) through individuals' behaviour. Such a value is based on evidence from real world transactions; for example the lower prices paid for houses in noisy areas, once other relevant factors are taken into account. Other revealed preference techniques include the 'replacement cost technique' (which uses an estimate of the cost of restoration to original state) and methodology which looks at 'avertive expenditure'.
- (e.g. noise insulation expenditure) and expenditure on complementary goods (e.g., travel costs to a recreational site.)
- *Stated preference* techniques obtain money values by specially constructed survey questionnaires and interviews designed to estimate the relevant population's willingness to pay (WTP) for, or willingness to accept (WTA) a particular outcome. Values are elicited either through direct questions such as "What is the maximum amount you would be prepared to pay to receive good *x*?" (Contingent Valuation) or by presenting respondents with a series of alternatives and then asking which is most preferred (Choice Modelling). You can get comprehensive advice on stated preference techniques from DTLR's forthcoming commercial guidance, *Economic Valuation with Stated Preference Techniques: A Manual*, (published by Edward Elgar) or the less technically-demanding *A Summary Guide to Stated Preference Techniques* which will be available on the DTLR website.
- *Benefits Transfer* obtains values by using the results of previous studies. Such transfers can be very complicated. The characteristics of the sample from previous studies may differ from those of the project of interest, and ideally you should derive a benefit function. You can get brief guidance on this from the stated preference guides referred to above. Environment Canada's 'Environmental Valuation Reference Inventory' (EVRI) provides money values derived from some previous studies ([www.evri.ec.gc.ca](http://www.evri.ec.gc.ca)), and the environmental valuation source list at [www.defra.gov.uk/environment/evslist/index.htm](http://www.defra.gov.uk/environment/evslist/index.htm) provides a list of UK studies recording money values.

Although impacts should be quantified and monetised where possible, you will probably be faced with handling a mixture of money values, quantified data and unquantified considerations. Multi criteria analysis - which is an alternative to the above valuation techniques - can be used as a way of directly bringing into the appraisal process data expressed in different units besides money values. This range of techniques can be used to rank options or choose a preferred option, and usually involves an explicit relative weighting

and scoring system for the various criteria relevant to the decision. A practical introduction is given in DETR (2000), *Multi-Criteria Analysis: A Manual*, available at [www.defra.gov.uk/environment/multicriteria/index.htm](http://www.defra.gov.uk/environment/multicriteria/index.htm).



## **Distributional Impacts: General**

Guidelines issued in November 1998 by the Home Secretary, the Secretary of State for Education and Employment and the Minister for Women set out that it is the responsibility of officials “to assess properly how your work is likely to affect different groups and to take action to ensure that they are taken into account from the beginning of the policy process and in its evaluation.”

Much Government policy has uneven impacts on different sectors of society. On many occasions, this is deliberate and in pursuit of stated Government objectives – in other cases such differential impacts may simply be a side-effect of what the policy is trying to achieve across the larger canvas.

In either case, it is important to include, in the assessment of the impact of a policy or project, both the effects that it is intended to have on identifiable groups sub-groups, along with the issues for these groups that the policy may entail and the measures that have been taken to minimise any adverse impact on these groups.

For the purposes of the IPA, it should not be necessary to test every impact category against every possible distributional effect – in many cases there will be negligible likely impact. A commentary on the most important issues that the policy raises for the groups on which the policy has a significant differential impact should be included in the relevant sections of the IPA summary table.

### *Where to get the information*

In many cases, the best source of information about how the groups identified in this annex will be affected by the policy is from the groups themselves. The likely impacts can be most accurately assessed, and the adverse effects most effectively headed off, by ensuring that these groups are able to participate in the formulation of the policy from the outset. In consultation on any measure likely to affect small businesses, the Small Business Service should be consulted to see how relevant interests can best be involved.

In consulting the public, it may be appropriate to carry out specific consultation of particular groups. At minimum, it is important to consider whether written material is in a form accessible to these groups (does it need to be provided in other languages, in large print, with an audio version, etc.); or if consultation takes place at a venue, whether that venue is (for example) accessible to mobility impaired people, reachable without a car from affected neighbourhoods, and timed so as to enable attendance by those with care responsibilities or observing dates in the religious calendars.

There should not be a presumption that regulatory or taxation measures should apply equally across all groups. It may be appropriate and in pursuit of wider policies to treat certain identifiable groups differently (the exemption of community transport from fuel duty provides an example of this).

Among the possible distributional side-effects of a policy is the issue of institutional bias. To take an example, there is evidence that the take-up of grant-giving schemes is slanted towards those with the best understanding of how to “work the system”, which may lead to bias against some of the groups identified here. Care should be taken to ensure that

implementation structures are accessible to all, and enable the policy or project to adapt over time to ensure that it can achieve its original objectives to the best extent possible.

If some groups will experience a differential impact, there may be legal constraints as to what can be done. Among the relevant legislation is

- The Sex Discrimination Acts 1975 and 1986
- The Employment Act 1989
- The Equal Pay Act 1970
- The Race Relations Act 1976 and the Race Relations (Amendment) Act 2000
- The Disability Discrimination Act 1995
- The Pensions Act 1995
- The Human Rights Act 1998.

If in doubt you should consult your legal adviser.

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## Deprivation and income groups

### *Income*

It is important that, where possible, the financial impacts on each group (particularly each *income* group) are considered as part of the wider appraisal process. Distributional issues arise in many central government programmes, for example, between people of different incomes, or ages, or health states, or skills, or locations. This reflects the fact that, put simply, an extra pound gives more benefit to the deprived than to the well off (and a pound withdrawn imposes an extra cost). Sometimes these effects are self evident, but any important distributional effects should be identified and quantified as far as possible, by disaggregating the analysis of costs and benefits according to the groups affected.

### *Neighbourhood renewal*

The Prime Minister recently reiterated his commitment to this policy by requiring neighbourhood renewal to be reflected in all departmental policies and programmes. In pursuit of this, the spatial impact of each policy – that is to say, its impact on specific geographic areas – should also be considered.

The National Strategy for Neighbourhood Renewal

(<http://www.neighbourhood.dtlr.gov.uk/actionplan/index.htm>) recognises the particular problems faced by people living in areas of multiple deprivation. It sets out the Government's vision that within 10-20 years, no-one should be seriously disadvantaged by where they live. This vision is reflected in two long-term goals:

- in all the poorest neighbourhoods to have lower worklessness and crime, and better health, skills, housing and physical environment; and
- To narrow the gap on these measures between the most deprived neighbourhoods and the rest of the country

The National Strategy contains a series of “floor targets” that are designed to see the greatest improvement in the worst performing or most deprived areas.

But these targets are only one element of the strategy, and neighbourhood renewal must be mainstreamed into all aspects of government work. This includes to policy-proofing Government policy.

The appraisal process should therefore ensure that each new policy proposal will improve, not worsen, life in deprived areas and will narrow rather than widen the gap between the most worst and the best. For example, policies that aim to improve average standards run the risk of widening the gap.

The *Indices of Deprivation* (<http://www.regeneration.dtlr.gov.uk/research/id2000/index.htm>) set out six deprivation “domains” with a range of indicators against each. These indices have been used to identify the worst areas of multiple deprivation. These areas are the focus of particular government intervention in recognition of the particular difficulties of multiple deprivation. The multiplier effect of such deprivation means that these areas need additional support even if they are not one of the worst performers if you just looked at a single policy outcome.

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## Age

Most issues relating to differential impacts on age are concerned with the impact on older people and so most of this section of the framework deals with matters affecting them.

However, it may be appropriate to consider the impacts of certain policies on other age groups. Certain road safety measures may be less effective in the case of children who might not understand them; design standards may have different impacts on children simply because they are physically smaller; policies relating to housing, training, education or jobseeking may affect younger people disproportionately (but may also need tailoring to ensure that older people are able to share in the benefits).

Older people represent a significant and growing proportion of the population. Those of pensionable age currently represent 18% of the population, and this group is expected to grow to 24% by 2040. They are a diverse group: while certain issues are of obvious importance to most of the group (pensions provision for instance) it is important to avoid stereotypes or assumptions. Many older people are in good health with active lifestyles, have childcare responsibilities, wish to seek out new opportunities and changes, own computers which they use to seek out these opportunities, and display other traits, attitudes and interests sometimes considered the preserve of younger people.

Across the broad range of older people, there are, however, identifiable statistical asymmetries with the rest of the population, which means that policies may have differential impact on them. In transport, 13% of pensioners mainly dependent on state pensions and living alone have a car, compared to 72% of all households. While over-65s represent 18% of the population, 35% of those renting from local authorities, 35% of those renting from housing associations and 58% of owner occupiers without a mortgage are 65 or over. Housing fuel and food account for a higher proportion of household spending for over-65s than in other households.

In addition, the Government aims particularly to improve the opportunities for people aged 50-65 in work and community activity. Details of the action points arising from this are available in *Winning the generation game* at <http://www.cabinet-office.gov.uk/innovation/2000/winning/generation.pdf> – policy makers may wish to consider to what extent policies relating to employment or community activity contribute to these goals.

There is currently no set formal structure for assessing the impact of policies on older people, but in addition to taking the points above into account, consultation with organisation such as Age Concern (<http://www.ageconcern.org.uk>) is also recommended.

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## Gender

Some types of policy, such as family friendly working practices or initiatives related to childcare, have an obvious gender impact.

Gender impact can also result from the unequal distribution of resources. For instance, women often have less access to a private car and may be more frequent users of public transport: so policies that impact on the availability of such transport may have a differential impact. Employment patterns differ between men and women, and so policies that affect the workplace may similarly raise gender issues. Women from minority ethnic communities are more likely than men not to speak English, which may present issues for policies that rely on access to services.

Different perceptions of impacts may complicate issues of gender impact. For example, there is evidence to suggest that concern about safety when walking alone at night is greater among women; whereas the group most at risk from violence is young men aged 16-24. In such cases, both angles need to be considered: the perception of risk may mean that a policy to increase walking and the use of public transport may have less take-up by, and therefore less benefit for, women; while the issue of actual risk of crime may also create a differential impact in such as case (see also Annex 1, Section [14]).

Further advice can be obtained from the Women and Equalities Unit in the Cabinet Office (<http://www.womens-unit.gov.uk>) from the Equal Opportunities Commission (<http://www.eoc.org.uk>) and the Women's National Commission an Advisory Committee to Her Majesty's Government ([www.thewnc.org.uk](http://www.thewnc.org.uk)).

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## **Disability**

In considering the impact of a policy on disabled people, it is important to note that this group is in itself diverse. Wheelchair users are often the first people who spring to mind in this category: but the needs of other physically disabled people, as well as people with sensory impairments, those who have learning disabilities or speech impairments. It is unlikely that impacts will be the same across this group. The interests of people with chronic illnesses should also be considered here.

Certain policies and projects have a fairly obvious effect on disabled people. Changes to building regulations may affect mobility-impaired people's housing choices. Similarly the design of transport schemes can have sharply differentiated impacts on mobility. Planning policies may also have an impact (some disabled people may have greater reliance on town-centre parking, for instance).

Consideration should also be given to the impact of a policy on those who care for disabled people. Carers may be subject to particular impact from employment policy, access to services and the like.

Further advice on transport impacts can be obtained from the Mobility & Inclusion Unit (see <http://www.mobility-unit.dtlr.gov.uk/index.htm>). You might also wish to consult the Disability Rights Commission (see <http://www.disability.gov.uk/drc/index.html>).

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## **Race and faith**

The Race Relations (Amendment) Act 2000 places a general duty on public authorities to promote racial equality. This aims to “mainstream” the elimination of discrimination: that is to say, to build it into all working practices and the development and implementation of all public functions. It is therefore particularly important that impacts on all racial groups are taken into account in policy appraisal.

In doing this, it should be recognised that the diversity of minority ethnic communities is very great, going far beyond the traditionally cited Afro-Caribbean and Asian groups; and that substantial differences exist between minority ethnic groups. Questions relating to the ability to speak English may affect Asian groups more than those Caribbean groups. The geographical distribution of ethnic minorities also varies sharply: for instance there are greater concentrations of Afro-Caribbean groups in London and the West Midlands; Somalis, who are a very small group when considered nationally are a substantial minority in parts of South Wales; at the neighbourhood level the minority ethnic distribution may change greatly within the space of a short distance – so the geographical scope of a measure may be important in considering whether differential impacts may be an issue here.

**Faith** issues are related to race issues (for example, most though not all British Muslims have an Asian background) but may also be independent of them. For example, regulations that require activities to be done on particular days should be checked against any difficulties arising from coincidences with dates in the religious calendar.

For further advice, contact Equality and Diversity Team in DTLR. You can also obtain information from the Commission for Racial Equality (<http://www.cre.gov.uk>).

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## **Regions and localities**

### *Regions*

Policies that may create a differential impact as between regions include those relating to the siting of investment, or which may affect the position of large employers. Regional policy aims to narrow the economic differences between and within regions, while improving competitiveness across all regions. For this reason, policies and projects that simply transfer investment to one region at the expense of another should not be pursued.

As well as considering whether policies have a differential effect as between regions, policies should also be checked for consistency with regional outcomes. A framework of targets will be used to manage the achievements of the RDAs under the Single Programme from April 2002. The framework will include high level Objectives and long-term Regional Outcome targets. The Objectives provide the overall context for regional activity; Regional Outcome targets will add measurability to these targets, and are outcomes that each RDA will be expected to influence, along with other partners in the regions. It will be important to ensure that policies do not cut across this framework.

Policies affecting Scotland, Wales or Northern Ireland should routinely be discussed with the devolved administration at an early stage of their development, and relevant considerations taken on board.

### *Localities*

In addition to the regional impact, appraisal should also consider smaller spatial impacts. The impact on the most deprived neighbourhoods and communities should also be considered. This is explained further in the section on deprivation and income groups.

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## Rural issues

The White Paper *Our countryside: the future, a fair deal for rural England* committed the Government to ensuring that all its policies take account of specific rural circumstances and needs. It has therefore made 'rural proofing' a part of the formal policy making process. This means that, as policies are developed, policy makers should assess whether their policy is likely to have a different impact in rural areas from that elsewhere, because of the particular characteristics of rural areas; and, where necessary, what policy adjustments or compensations might be made to reflect rural needs and circumstances (bearing in mind the likely costs and benefits).

The Countryside Agency has prepared a Rural Proofing checklist for use at as early a stage as possible and throughout the policy development process, and may be especially useful when policy options are being assessed. This can be found at [www.countryside.gov.uk/ruralproofing.htm](http://www.countryside.gov.uk/ruralproofing.htm). In addition, a guide to assessing the wider impacts of changes in the provision of facilities for rural public services will be placed on the DEFRA website when it is published.

In essence, the policy-maker should be aware that the more dispersed nature of rural settlement creates issues different from those in the urban environment. Service outlets are likely to be fewer and to require greater journey lengths (at greater cost and with fewer public transport options) to gain access to them; rural deprivation tends to be scattered and may be masked by adjacent affluence; landscape issues (see Annex 1) may be particularly important.

When considering the impact of a proposal on small businesses (see below), it should be borne in mind that more than 9 out of 10 firms in rural areas are micro-businesses, with fewer than 10 employees; while fewer than 1% of rural firms have 50 or more employees, and would be classified as medium-sized or large businesses. Proportions of self-employed and sole traders are also above the national average. Rural issues may therefore be especially important when considering small business impacts.

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## Small firms

The private sector is at the forefront of wealth creation and employment generation in the United Kingdom. The private sector is often seen as *big* business. However, the facts are somewhat at odds with this view.

According to year 2000 statistics, of the entire business population of 3.7 million enterprises, only 25,000 were medium sized (50 to 249 employees) and less than 7,000 were large (250 or more employees). Small businesses (less than 50 employees), including those without employees, accounted for over 99% of businesses, 44% of non-government employment and 37% of turnover. Although, statistically, SMEs are less likely to expand than large businesses, because there are so many of them (99.4% of all employers) they created more than half the jobs gained from expansion between 1995 and 1999.

The Government has set itself the goal that the UK should, by 2005, be the best place in the world to start and grow a business. Its priority areas in meeting this goal are: the prevailing culture and environment, including macro-economic stability and the policy environment; the regulatory framework for business; and support for business at each stage of the business “life cycle”.

Small business have considerable resource and time pressures. They are, in general, less likely to be able to take up services if these are costly or time-consuming, and will tend to be affected disproportionately by regulations. It may be appropriate to consider exempting smaller business from certain regulations, or increasing the time they have to comply with them.

You can obtain further advice on this issue from the Small Business Service (SBS). There are certain circumstances when you will be required to consult the SBS: policy-makers should copy all Regulatory Impact Assessments that impact on small business to the SBS for comment; and David Irwin, Chief Executive of the SBS, should be copied in to all correspondence requesting collective agreement for proposals that are likely to impact on small businesses. You can obtain more details of when to contact SBS at <http://www.sbs.gov.uk/regulations/aidememoir.asp>.

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## **Other**

This list of areas where differential impact may be a significant issue is not exhaustive: issues relating to sexuality are not listed, for example, and development of the wider policy environment may result in the identification of other groups on whom differential impacts are of particular concern.

A general guide to the range of other equality issues can be found at [Policy appraisal for equal treatment](#).

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## **About the IPA supplementary guidance**

This guidance supports [Better Policy Making: Integrated Policy Appraisal in DTLR](#). See this document for notes on the purpose of the IPA.

## **Enquiries**

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