

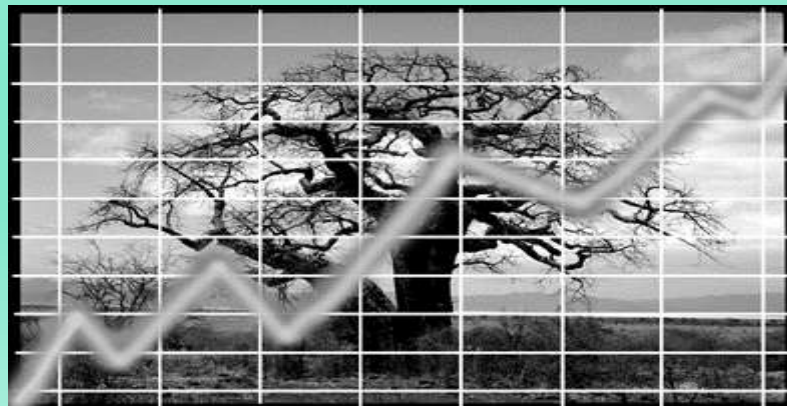
**Valuation in Practice**  
**Developing consistent approaches - and a  
roadmap to get there**

**Session 1: – WHERE IS VALUATION NOW  
AND WHERE IS IT GOING?**

**4<sup>th</sup> December 2018**

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# Context

- Big environmental improvements – eg in water since 2000
- But deterioration and rising challenges for other environmental areas (eg waste, ecosystems – See NEA)
- High costs and trade offs for major improvements now needed and demanded – see Defra 25 year plan.
- Continuing increasing need for rigorous economic appraisal of costs and benefits of such improvement options.

# History of valuation – eg for water: *Key points and lessons*

1993- 1996: DOE/NRA/OFWAT/SNIFFER/UKWIR: Foundation for Water Research: CBA manual

1998: Axford abstraction appeal case: Inspector rejected EA *estimates of beneficiaries*

- Work on *distance decay functions*
- 1999: PR99/AMP3: EA did MCAs for 700 schemes.
  - *Heavily criticised* by Environment Audit Committee, Ofwat and water industry.
- 2000: EU Water Framework Directive – the “English Directive”
- 2001: WRC/EA WFD Integrated appraisal report
  - developed *ASTs with qualitative, quantitative and monetary building blocks*
- 2002 – 2004: PR04. EA developed Benefits Assessment Guidance (BAG)
  - *CBA”+”* for 437 schemes – tendency for the *qualitative “+” texts to be flimsy*
    - *criticised for adding up £ values for various benefit items*
- 2007: NERA/Accent National Water Environment Benefit Survey (NWEBS):
  - *Valued overall benefits* of improving a water body
- Water industry customer surveys
- 2012: EA developed Water Appraisal Guidance WAG and applied NWEBS for RBMP
  - saved £4bn in disproportionately costly measures
- 2020???

# Challenges esp for this conference

1. Be consistent across sectors and environmental media
  - Aid decisions on integrated approaches with multiple diverse benefits
2. Make best use of all disciplines and latest developments in thinking and technologies (eg communications, GIS data etc).
3. Retain CBA's rigour while overcome limitations & uncertainties
4. How assess and present valuations convincingly in face of sceptics?

# Presentations

10.10 – 10.30      The valuation landscape – an overview  
*Ece Ozdemiroglu, Director, eftec*

10.30 – 10.50      What can government provide?  
*Dr Colin Smith, Economist, Defra*

10.50 – 11.10      Developing and using best practice  
*Dr Claire Johnstone, Economics and Future Funding Manager,  
Environment Agency*

11.10 – 11.45      Questions and facilitated discussion