



## The costs of the summer 2007 floods in England

### Project Summary SC070039/S1

Exceptional rainfall in June and July 2007 led to flooding which affected many individuals, homes and businesses. This new report provides a detailed estimate of the costs of the floods and where it differs from earlier estimates.

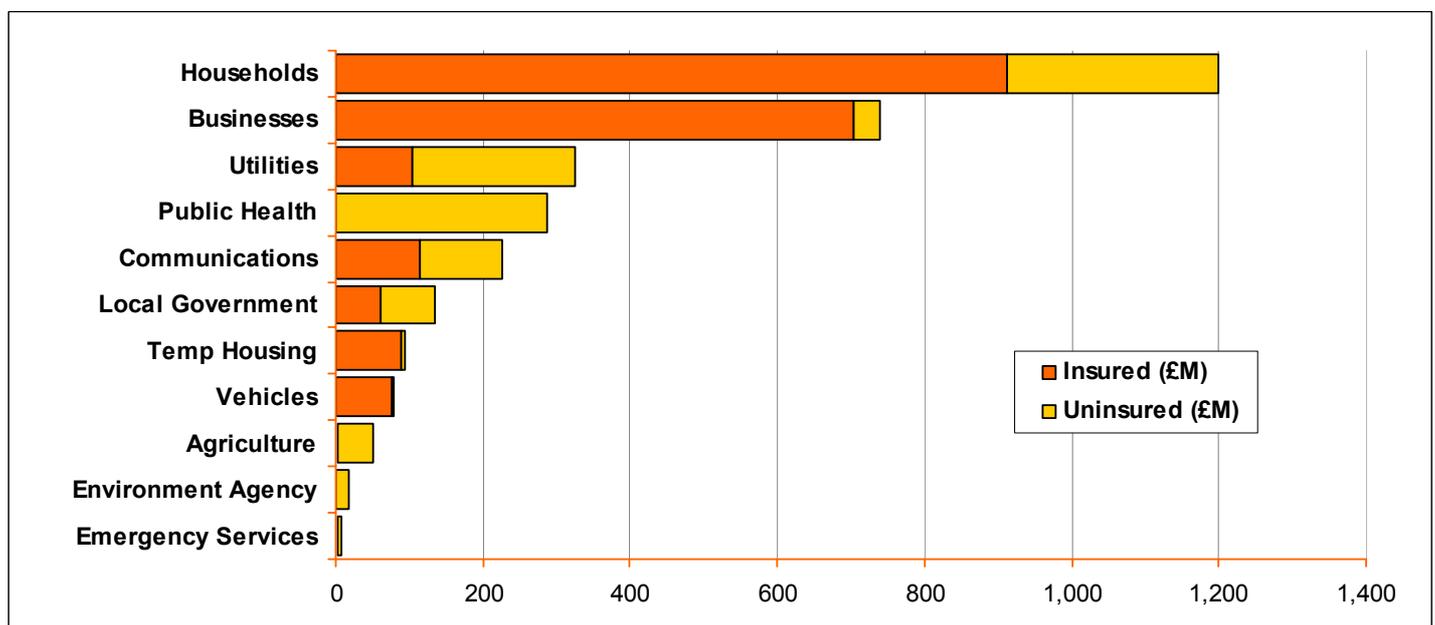
Shortly after the 2007 floods occurred, a number of estimates of the cost of the events were published. Each estimate gave valuable insights into the impacts of the floods for the area or purpose it was designed to support, but a detailed overall estimate has not been possible until now. This is because it takes time for the wide-ranging costs of such major flooding to be fully accounted for. This report reviews the previous estimates and brings them together with additional information into a more comprehensive estimate. The figure below gives the costs by impact category (households, businesses, infrastructure, agriculture etc).

The researchers estimated the economic costs of the floods using the standard economic appraisal methods for flood risk management in line with the Treasury's Green Book. In some cases, these estimates differ from the financial cost estimates such as insurers' costs of claims. This is largely because the researchers have

valued the damaged goods at their remaining value in line with standard government practice for economic appraisal for public sector projects and policies; whereas most insurers pay claims on a 'like for like' basis. In addition, the researchers' estimates are more comprehensive in that they also cover un-insured and under-insured impacts and other impacts such as impacts on customers arising from damage to infrastructure such as the Mythe water treatment works and impacts on schools and people's stress.

The report gives ranges for the estimates to reflect uncertainties which highlights the need for improved valuations of particular major uncertain impacts; most notably impacts on residents' stress and valuation of losses in supplies (e.g. for water) from impacts on infrastructure. The overall cost of the summer 2007 floods is between £2.5 billion and £3.8 billion, with a best estimate of £3.2 billion.

The study found that most (76 per cent) of households' costs were covered by insurance. However, almost a quarter of individual householders were not insured or were under-insured and incurred significant losses.



There were some impacts that the researchers were unable to quantify fully, such as the effect of stress on individuals, and the impact on nature conservation, tourism and community. However the report does discuss these topics and references are made to other partnership work between the Environment Agency and the Health protection Agency.

The Environment Agency will use this data to improve its tools for estimating the impact of a flood. This will help prioritise work, and get more value for investment in flood risk management.

This summary relates to information from project SC070039, reported in detail in the following output(s):

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This project was commissioned by the Environment Agency's Evidence Directorate, as part of the joint Environment Agency/Defra Flood and Coastal Erosion Risk Management Research and Development Programme.

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