

# Environment, Food and Rural Affairs Committee

## Oral evidence: Flooding, HC 170

Thursday 3 December 2020

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Members present: Neil Parish (Chair); Ian Byrne; Geraint Davies; Dr Neil Hudson; Robbie Moore; Mrs Sheryll Murray; Derek Thomas.

Questions 168 - 224

### Witnesses

I. George Eustice, Secretary of State, Department for Environment, Food and Rural Affairs; Lord Greenhalgh, Minister of State, Ministry of Housing, Communities and Local Government; David Cooper, Deputy Director, Flood and Coastal Erosion Risk Management, Department for Environment, Food and Rural Affairs.



## Examination of witnesses

Witnesses: George Eustice, Lord Greenhalgh and David Cooper.

Q168 **Chair:** Secretary of State and Lord Greenhalgh, welcome this morning to our inquiry on flooding. This is the final session before we put the report together, so I am very pleased that you have both been able to find the time to be with us. Lord Greenhalgh, you are here just for an hour so we have tried to target some questions towards you in the first instance.

Secretary of State, welcome. Would you like to introduce yourself for the record first and then Lord Greenhalgh? Then we will get going. We have David Cooper on the line as well.

**George Eustice:** I am George Eustice, Secretary of State for Defra. I am joined today by Lord Greenhalgh from MHCLG and David Cooper, our lead official on floods.

**Lord Greenhalgh:** I am Lord Greenhalgh. I am very new to this as RED Minister at MHCLG with other responsibilities as well. I am delighted to be appearing before your Committee.

**Chair:** We will try to be kind to you this morning as it is your first time before the Select Committee. I have had a good breakfast, so you will probably be okay this morning. David Cooper, would you like to introduce yourself, please, very briefly? I know the Secretary of State has. Then we will get on with it.

**David Cooper:** I am David Cooper, deputy director for flood and coastal erosion policy in Defra.

Q169 **Chair:** Thank you very much.

Lord Greenhalgh, if severe flooding like we had last year is becoming more frequent, what are your priorities in reviewing the flood recovery framework so that local authorities are better prepared to respond and to work with the agencies?

**Lord Greenhalgh:** The most important thing in everything is to prevent. We do not want to see floods happen. It is the same in policing. It is the same in most areas of policy. Prevention is far better than the event. I noticed in the evidence that you have seen before this Committee that there is a focus on ensuring that there is greater resilience in order for that to happen.

The role of MHCLG is to ensure that there is the requisite local leadership. My background is in local government after 16 years in town hall and four years in City Hall alongside the then Mayor, Mayor Johnson. We need to see local leadership in the first instance and not to drive everything from the centre. The Department in which I am a Minister can ensure that there is adequate funding towards resilience. For some time, tens of millions has been paid in grants towards floods and there is a framework of support for local authorities. The key thing is to ensure that that



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framework operates effectively in the event that it is needed, but also to ensure that there is enough funding within the local government grant to deal with resilience matters and that authorities put enough money into flood defences.

Q170 **Chair:** You talked about property resilience. How do you respond to criticism that the property resilience grant scheme was a postcode lottery? Even local authorities that were eligible received little information from central Government despite repeated requests. We have taken a bit of evidence on this. If I was marking your homework, we could do better.

**Lord Greenhalgh:** I am sure you are right. These grants that are done in response to national pandemics can always have areas to be improved on. The Committee should make recommendations so that we get it right next time.

Q171 **Chair:** The only trouble is that we did make a recommendation back in 2016 to exactly that effect. One wonders whether the Government are a bit of a slow learner.

**Lord Greenhalgh:** We had Storm Eva in 2015 and Storm Ciara.

**Chair:** Yes, there is no shortage of storms.

**Lord Greenhalgh:** There have been a lot of storms and a lot of floods.

**George Eustice:** Perhaps I could come in, having been involved in that decision. On the local property resilience grants that we make available, we took the view that they should be triggered once you have more than 25 homes that are flooded. There were some areas that had been flooded late last year in 2019 that did not cross that threshold so it was not activated. Some of those areas were subsequently flooded again in the following storms that we had in the winter. We took an aggregate view. Although some of those had not had 25, they had had some in the previous storms, so we added those together and it activated some of those local flood recovery schemes.

The view that I know Robert Jenrick took at the time, which is a fair view, is that local authorities themselves had their own contingency plans and contingency reserves. It is their role to step in to deal with certain issues and it is only when it passes a particular threshold that it triggers a new burden, where it becomes legitimate for Government to step in. That was the rationale behind the 25-home threshold that we took. That is probably right. You can argue about whether 25 homes is the right or wrong threshold or whether there should be a different one but the idea of having a threshold probably makes sense.

Q172 **Chair:** I started off my political life many moons ago in local government. It does not matter what colour the Government are; they will always tell you that they will give you the money, but you can never find it. The trouble is that we have to be a bit more sure-footed. If you are going to give a grant, give a grant. If you are not going to give a grant, do not



give a grant. There is a lot of this where it does not quite fit. I do not think it is intentional, to be honest with you. It is just part of the system. Yes, everybody will complain. Local government always says it is the Government's fault and the Government will say it is local government's fault. But, somehow or other, we have to pull it together. Is that a fair criticism or not, Secretary of State?

**George Eustice:** I do not think it is a fair criticism.

Q173 **Chair:** You do not think so. Why is it not a fair criticism?

**George Eustice:** We have been refining our approach to this all the time. We have taken a fairly consistent approach now that 25 homes triggers those flood recovery interventions, the local flood resilience payments. It is open to local authorities to pay them on things that are short of that. They have their own budgets, they know their own area and they will sometimes intervene.

As each year goes by, given that floods are now pretty much, sadly, a routine part of our winter response, our response has got better and better over the years, particularly over the last five years, when we have developed the national flood response centre. Local resilience forums now work really quite smoothly where the police, local authority and Environment Agency lead work very closely. Our ability to forecast floods based on Met Office data has also improved over the last five years; it has come on leaps and bounds. All of these things together mean that our flood response, when we do sadly have these events—and we have them now pretty much on an annual basis—has got more sure-footed over the last five to 10 years.

Q174 **Chair:** In fairness, you have had more experience. We have had many more floods and it would therefore be a bad job if we do not learn. But I still think there is more to do. I will go back to Lord Greenhalgh. Do you feel that there is enough of a connection between the Environment Agency, Defra, local government, the fire brigade in local government—all these things? When a flood comes, everybody has to deal with it, getting sandbags and doing all the basics. It is not just one Department. Is it joined up enough? What more can we do to make it more joined up? I went to Barnstaple the other day and they could not get sandbags from anybody there. It was nobody's responsibility because the water had come from the sky and had not come out of the river. It is a crazy world.

**Lord Greenhalgh:** Since 2004, when the Civil Contingencies Act was passed and we created the 38 local resilience fora, we have seen them develop and evolve. During this pandemic, which is obviously not flood-related but is a crisis, we have seen great leadership and a bringing together of the various strands of government. It is often either a chief fire officer or a chief police officer at the helm. They are very operational. They are not a policy official in a Department. They bring people together from local government and other areas. You can always do more but the local resilience fora are really a success and something to build on.



In answer to your question, there is a philosophy about leadership that we need to see. We need to see the leadership not just at the centre from the Secretary of State or my Secretary of State. It needs to come both at regional level and at local level because, as you say, someone needs to step forward and take responsibility. That needs to be at the appropriate time and often at the very local level.

Q175 **Chair:** We just have to be sure that there is a system in place to allow that to happen. We did take evidence at a previous inquiry from the fire brigade and it is interesting. The Environment Agency has a certain type of pumps. If you want the pumps to actually pump out people's individual houses, very often the Environment Agency does not have them; it has the strategic pumps to pump into a river, out of a river or whatever. It is about how you make sure that there is somebody who can command across because you are dealing with agencies and local government fire brigades.

It is getting better and I accept what the Secretary of State says but there is still more that we can do.

**Lord Greenhalgh:** There is always more that you can do. There is no doubt about that. You are right to ask the question. I am also the Fire Minister at the Home Office. The fire and rescue service is still very much within the DNA of local government. There are very few police, fire and crime commissioners—PFCCs. There are four of them in the country. The rest of them are still fire and rescue authorities and very much within the orbit of local councils. Then you have the chief and there is a clear chain of command to the chief fire officer who is responsible for operations.

Q176 **Chair:** Do you feel that linking the fire and the police together in an emergency like this would work better if you had these—

**Lord Greenhalgh:** It is hugely important. It is recognised by the blue lights themselves. The interoperability between police, fire and ambulance services is critical. It is something that is happening and you can do more to do that. That needs to continue to evolve.

**George Eustice:** I visited the floods that we had both in Yorkshire this last year and in Shropshire. Basically, as soon as we have a flood risk, the national flood response centre is stood up. That is a system that is quite akin, for instance, to COBRA. It has all the key personnel from the Environment Agency, Defra and others. It is a cross-Government response unit. That provides the leadership.

At a local level, we then stand up the local resilience forums. They will typically have a silver command, usually a member of the local police, and that person leads the operation on the ground in a given town. The fire brigade is brought in. The Environment Agency is fully engaged in all the planning, as is the local authority, and they very much work as a team. There are some assets that the Environment Agency will bring in, such as pumps and barriers. There are some things that the fire brigade will do. The fire brigade will assist the Environment Agency in putting up



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temporary barriers. Last year, we called on military assistance. We deployed some 500 troops in Yorkshire to help put sandbags in place.

It is a pretty well-oiled system now. I know people are never going to feel good when they have a flood incident but the speed and efficacy of the response has got pretty good.

**Chair:** We will park that there because I am conscious of time and, Lord Greenhalgh, you have to go at 12 pm.

Q177 **Dr Hudson:** Thanks to our ministerial witnesses for being before us today. I want to talk a bit about the impact of flooding on local communities. I want to declare an interest here that I am the MP for Penrith and The Border in Cumbria. Cumbria, as you know, is sadly hit hard by flooding too regularly. Within weeks of being elected, I gained first-hand experience of the impact of floods in our community last winter.

Specifically, one thing that has come out loud and clear so far from our inquiry is the impacts on mental health for communities, in terms of the trauma of the episode but also the anxiety for communities worrying about future floods. We have heard in some of our evidence sessions that there is the perception of an absence of support after a flood for long-term recovery for communities, particularly for the impacts on mental health and local economies.

In the July policy statement, there were not really any set or specific actions to support long-term recovery. I just wanted to get your thoughts on that. Why is that the case? What are the thoughts about putting in plans for long-term recovery for communities?

**Chair:** Lord Greenhalgh, we have to extract as much blood from you as possible. I am only partially joking. Can you talk from the local government point of view?

**Lord Greenhalgh:** I am the son of a surgeon so I would say, having been in all levels of government and new to Whitehall, that weaving together health and getting access to health, including access to mental health in this case, is always the perennial problem. It is something that is not just solved by policy at the centre; it is solved by making those services more available for people who need them. That is much more of an operational challenge than a central policy challenge.

**George Eustice:** It is a very important point. There is something about the flooding of your home that is very invasive. It is one of the reasons why, whenever you have floods, however many homes you might have saved, it is cold comfort for those whose homes do get flooded. They are devastated and it does feel like a violation of their home.

That is compounded if you get repeat flooding. What I was particularly sensitive to—and we are going to look at changing the funding formula for this reason—is that there are some communities that have a relatively small number of homes but suffer repeated flood events. Every couple of



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years they get a flood. They get the insurance, they put their house back in order, they get things back to normal and then they have a flood again. That is a soul-destroying thing to have happen.

We recognise that there are real impacts on people's wellbeing and mental health as a result of flooding. That is why we reflect it a bit in the funding formula to determine which projects we are going to take forward. It is also reflected in our plan through better preparing local communities. There is quite a lot there around resilience and supporting them in the clear-up after. That is in our flood plan under that particular category.

We also have to be realistic. At the end of the day, yes, it affects people's mental health but they do not particularly want someone to come round, sit down, have a cup of tea and ask, "Do you want to talk about how terrible that incident was?" What they really want from the Environment Agency and Defra is action to ensure that it does not happen again. That is the most important thing we can do and what we try to focus our efforts on.

**Q178 Chair:** It is for local government to go round and see people. We took evidence from people who felt rather abandoned once the blue lights had gone and the flood had gone. Who goes in to make sure they have the insurance and that these companies are not playing hardball? Some of them do. That is a local government responsibility.

**Lord Greenhalgh:** I am not sure I agree with you, respectfully, Chair. It depends on the issue. If the issue is one you described where it might be that they need particular advice, I would go to the citizens advice bureau before I went to a town hall for an answer or an official coming to my home. Often, to be fair, town halls commission those services in the local towns.

**Chair:** Exactly, that is what I am saying to you.

**Lord Greenhalgh:** It really depends on the specific issue. You are right. Town halls are there to support those services for those people that are needed to get them back on their feet. It is about that commissioning role rather than necessarily always the service delivery role.

**Dr Hudson:** Chair, you took the words out of my mouth there. That is a really important point. I am encouraged by the Secretary of State that there are longer-term plans in terms of resilience for future episodes. Whether it is local government, Defra, the Environment Agency or the emergency services, the strong message is that, when the waters recede, support needs to be there straight away so that people do not feel abandoned once the crisis is perceived to have gone. As George said, the mental health impacts do not abate with the water. It is really key to have people and the communities supported there.

**Q179 Geraint Davies:** I should mention that I was a local authority leader in Croydon and in charge of flood risk management across Wales for the



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Environment Agency for a number of years.

The Secretary of State has made the welcome announcement that we will be doubling investment in new flood defences. There is concern from the Environment Agency that there is no long-term commitment to maintenance. If we are not maintaining existing and new flood defences, there is a danger that they will not work in the future. There will be a false confidence that we have a lot of flood defences and they are not properly maintained. Will you give that long-term commitment to investment in maintenance?

**George Eustice:** That commitment did come out of the spending review. It may be that their comments, as far as they made them, pre-dated the spending review that happened quite recently. There is a commitment not only to the CDEL, the £5.2 billion for capital flood infrastructure, but also the RDEL, which is the spending that would be needed to go alongside that, both to deliver the projects and to do some maintenance.

Q180 **Geraint Davies:** Is that for existing as well as new flood defences? Are you giving a commitment today that all our flood defences will be kept maintained on an ongoing basis? My understanding is that some of them are running behind time and are not fully maintained.

**George Eustice:** There was some additional budget through the spending review both to support the delivery of the expanded capital programme and for maintenance. Bear in mind that the Environment Agency is a very large organisation. It is the largest part of Defra by some way. It has nearly 10,000 staff. Around 6,500 of its staff are deployed in flood activity and flood work. It has quite a sizeable number of people both to deliver these projects and maintain them.

Q181 **Geraint Davies:** The doubling of capital funding on new flood defences relies on partnership contributions. The Environment Agency says that this would be challenging. What gives you confidence that the partnership money will come forward, in particular as partners have been hit by coronavirus and have cash problems themselves?

**George Eustice:** Where we can, we try to bring in partnership funding. It has been a big part of the model. It means that local authorities in particular can get invested in these schemes as well. It is open to us to vary and change the intervention rate, and, indeed, we do that. While we have a funding formula, if we get to the point where we felt we needed to move certain projects forward and there was a shortage of partnership funding, it is open to us to look at that at that point.

For now, because we want this money to go as far as possible and to deliver as much as possible, we have chosen to link most of it to partnership funding.

Q182 **Chair:** Secretary of State, can you write to us to actually say what that commitment will be?

**George Eustice:** Yes, we can write to clarify what came out of the



spending review on the maintenance budget.

Q183 **Geraint Davies:** That would be very helpful. Can I be clear that the commitments on both new capital investment and revenue funding for maintenance will not be ratcheted back because of the coronavirus problem? I appreciate that the Government have a lot of claims on their money now and these are difficult times, but are you confident that the flood money will go ahead, given that we have climate change and more pressure on flooding?

**George Eustice:** Yes. The £5.2 billion capital has been secured for the six-year programme because you need clarity and certainty on that capital. The maintenance component, because we have a one-year spending review, in common with all other spending, is linked to that one-year spending review. David, did you want to add anything on the difference between the RDEL and the CDEL when it relates to floods?

**David Cooper:** Thank you, Secretary of State. You are absolutely right. Around £530 million has been secured from other sources as partnership funding to deliver the hundreds of flood schemes in the current programme.

Q184 **Chair:** Could you give us a breakdown? Of that £500 million, how much comes from the private sector? I think you will find that most of it comes from quasi-government, for instance local government, and we are missing an opportunity. We need tax breaks or something to really encourage the private sector. We are going to build a lot more houses and we are going to need more flood protection. We need more drainage. We are missing an opportunity here. I would love for you to give me a breakdown of where that £500 million comes from. Most people you talk to will tell you that the money comes really from the public sector, albeit partnership. We want the private sector to invest as well.

**David Cooper:** I am certainly happy to answer that. Just to finish off Mr Davies's point about the amount of partnership funding in the current programme and whether we are confident we will get it in the future, we estimate a need for about £430 million in contributions in the future programme compared to the £530 million we have in the current one, because of the increased investment from Government and the changes to the formula.

On your point there about the breakdown of the £530 million, you are absolutely correct, Chair, that it includes money from other public sources and other departmental funds where a flood scheme can help meet their objectives, such as economic growth and economic regeneration. We are open about that but it means that those flood schemes are being supported and brought forward from sources of funding not just from central Government but from local councils, which often make their own contributions, and other pots of money.

We want to see contributions from businesses if they benefit, as many do, and from the private sector. Currently, it is about 7% of that £530



million in the programme. The actions in the policy statements that the Government published in the summer talk about trying to strengthen and clarify the incentives around private contributions. You mentioned tax. There is a corporation capital gains tax relief for businesses that contribute to flood schemes. We want to make sure that that is effective and is being taken up. We want to look at the powers available to councils to work with business through business improvement districts and other forms of working in partnership to secure funding.

EA is looking at the skills that its staff have to work with businesses when they develop flood schemes to get those contributions. There are actions in place to work on that in the next round. We are confident that the contributions will come forward in the next round and the Government have significantly increased their share of the contribution.

**Q185 Geraint Davies:** You mentioned that the contribution from the private sector partners was 7%. What is the target percentage? I thought it was much higher. Can partners who build resilience into their new infrastructure themselves use that as an offset?

**David Cooper:** If there is a community-wide flood scheme—normally these flood schemes are pretty large scale—there is this tax break where, if a business contributes to the cost of that wider scheme that benefits the whole community, there is an advantage to it. For businesses that are looking after their own premises or their own sites, for example a number of business factories or premises on the coast where they are looking to be better protected from erosion, there are examples where they invest in their own mechanisms to be more resilient. It makes sense for a private, profit-making business on its own site and its own operations to invest in its own resilience. It is in its own interest to do so and we would not use public money to do that. It is about where businesses can contribute to the wider public good.

**Geraint Davies:** So there are no incentives for people to protect themselves at the moment.

**Lord Greenhalgh:** I am a businessperson first with a background in local government. There are various schemes that do contribute and extract money from businesses because it is in their interest to do so. I will give you two. First is the idea of a business improvement district where businesses come together and, through their business rates, contribute to the things that are most important to their local area. Clearly, you cannot continue businesses if you are being flooded so I would have thought that they would prioritise flood resilience through the business improvement district. That was an idea from Mayor Giuliani.

The second thing is the planning system. I have paid community infrastructure levy myself on a development. That is where you literally are raising cash that will then go to the town hall on issues around community infrastructure. If you are in a flood risk area and you need to build resilience, that can go to that as well. There are ways in which we



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are tapping into the private sector, even if it is not through a grant system, a discount scheme or one of these charitable partnership schemes that the Chair mentioned.

Q186 **Geraint Davies:** Secretary of State, in April you said that you would consult on the flood funding policy. I was wondering what notice you had taken of that consultation and, in particular, what changes to the expenditure plans for April 2021 are a result of that consultation. In particular, there is widespread concern from poorer communities with less valuable housing that they do not get their fair share of flood defences because the houses are not worth enough. I was wondering what you are doing to ensure that everyone is equally protected, rather than just people with more expensive homes in the south of England.

**George Eustice:** We did have a consultation on some changes to the formula that we use, which will take effect from next April. We are looking at some other areas in this for further refinements, in particular around communities that suffer multiple flood events because that is a factor that should be taken into account.

We have also looked into the allegation that areas with lower housing costs do not qualify. It is not something that we recognise because principally what the formula does is look at the number of homes protected per pound spent on the scheme, and that is the central piece of the calculation. It does not look at the value of homes. Where there could be some impact is that it looks at the wider impacts in the community, business and wider infrastructure. It is possible that it could be there, but that is a much more marginal point than the allegation that has been made supports. There is no house price element to the formula, as far as I am aware from the last time I looked.

David, did you want to come in on this? I know it is something that people sometimes say.

**David Cooper:** Thank you, Secretary of State. I just want to make two points to add to what you have said. One of the changes made in April that is broadly welcomed is the change to our funding payment rates to make them more generous on the basis of the latest evidence about the benefits of flood schemes to public health, which has already come up in this session, to fully reflect the benefits of flood schemes to public health and climate change impacts.

We updated the payment rates. We also adjusted the payments rates for surface water schemes, which have sometimes struggled, to play a bigger part in the next programme. That is what the Ministers have agreed and brought forward in April.

**Geraint Davies:** I think he has been cut off. Can I simply add, Secretary of State, that I very much welcome what has just been said about public health, climate change and surface water? Could we consider the cost of repairs when doing the allocation as opposed to the value of property? If



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you have a household infrastructure in the south, the north or in Wales, the cost of repairing it is going to be relatively similar but the value of the infrastructure will depend on the land value. There is a case for equity. We want people to be protected and we want our money to be fairly distributed. Could you look at the cost of repairs as opposed to the value of the property, as well as these other things on public health, climate change and surface water?

**George Eustice:** David, we lost you, sadly, on a lot of what you just said. Maybe we should write to clarify that unless you just wanted to pick up on the cost of repair.

**Chair:** David, can you briefly pick up on that? I am conscious of the time.

**David Cooper:** The cost of repairs and damages is central to the way that the funding is calculated. As the Secretary of State said, it is not about the price of your house or where you live. The cost of repair and damage is central to how the money, the damages avoided and the benefits from the flood schemes are calculated, to give you reassurance on that. That is why the funding benefits all regions, as it has in the current programme and will in the next programme.

Q187 **Dr Hudson:** Just in terms of resilience, support and people bouncing back, I just wanted to ask the Secretary of State about the Flood Re scheme. It is a very welcome scheme but there has been much call from Members of Parliament and community constituents that it is welcome for homeowners but there is no capacity for that scheme to be eligible for small businesses in particular. There is an overlapping area where people live in the same building in which they run their business, whether that is a guesthouse, a small shop or something like that. In some of these communities with small numbers of properties that are potentially getting frequently flooded, are the Government considering expanding the Flood Re scheme to include businesses as well?

**George Eustice:** We have recently considered some quite modest changes to the Flood Re scheme. It has generally been quite successful. Thousands of people who could not get insurance prior to it have now been getting insurance. There have been one or two issues with some homes unable to access it so we are planning to make a few tweaks to the scheme on that basis.

At the moment, that stops short of adding business premises to that. A clear decision was taken when this was established. It is quite a big policy move to do this at all and there was a clear view that a business premises is slightly different because it is not quite the same as your home and having your home flooded. There is a difference when it comes to business and there were concerns that, by opening it up to businesses, you significantly broaden the scheme and potentially complicate it.

I am conscious that the concerns that some businesses have are regularly raised. You are right that there will be overlaps where people have working premises linked to where they live. I am not sure whether



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David can clarify what happens in those circumstances. I presume, if it is your home and you are working from home, that that would be covered.

**David Cooper:** That is indeed the case. Flood Re can cover you in certain circumstances, in dual purpose circumstances, where your home is your workplace. There are detailed specific rules on that. That is out there and people are aware of those specific rules and circumstances, but it can cover people in those situations.

In terms of expanding it to cover businesses per se, the evidence we have nationally in terms of the insurance market is that it does work in providing insurance cover for businesses. We are aware that, in some circumstances in some local areas, small businesses can struggle but in those situations we would advise them to shop around, use brokers and try to find affordable cover. That is out there and can be found in the main.

The problem, therefore, with building businesses into the national Flood Re scheme, which puts a levy on everyone's insurance companies, is that, for business, the market operates very differently. A business insurance policy is bespoke and depends on a site-specific and business-specific assessment. Businesses are profit-making bodies and some businesses want to take a choice on their risk if they locate their business in an area that perhaps is next to a river where they have custom. They are making choices about the level of cover in their own insurance and we need to be careful of wider householders paying for the cover that businesses might need where they are profit-making companies. That is why businesses are not in the Flood Re scheme, which is for householders and the domestic market. We have no evidence that there is a systemic problem in the business market at the moment.

Q188 **Chair:** With the levy, when is a business a business and when is it a domestic property? It is a case of looking at whether a guesthouse is a business or a domestic property. There are things where we could tweak it a bit. I would just ask you to look at that. It has been successful but it is a levy. I accept that you cannot levy households and necessarily then support businesses but, somehow or other, we have to make it a bit more flexible. That is all our ask.

**George Eustice:** Perhaps we will write to the Committee setting out the rules that are there at the moment.

**Chair:** Yes, and what the review was and whether you can find a little more flexibility. Perhaps I am putting words into your mouth, Secretary of State.

**George Eustice:** It was a modest review.

**Chair:** Was it? Okay, we do not need it to be that modest. Thank you very much.

Q189 **Ian Byrne:** Secretary of State, in evidence to our inquiry submitted



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before the July 2020 policy statement, the National Infrastructure Commission recommended that the Government adopt a national standard for flood resilience. The Wildlife Trusts also told us that such standards could give certainty to communities at risk of flooding or coastal change. Why is there still a reluctance to set a standard?

**George Eustice:** Our view is that local resilience is critical. That is why it is a big component of our flood policy. That is why we do a huge amount of joint working with local authorities, not just on the flood response where they play a really big role but on infrastructure decisions locally, where the local lead authorities work on some of the flood spending, they levy a precept and there is a huge amount of joint working. We completely agree that local resilience is important.

Where I disagreed is that either you can put the money there to support these projects, work out locally what is needed and put it in place, or you can have everybody spending quite a lot of energy drafting reports, coming up with more and more paperwork and trying to define what particular standards are. If you are not careful on these things—I am afraid that agencies and Governments are very good at doing this—you end up creating lots of reports that try to define and codify things in words without actually getting on and doing the job. We were not persuaded that having these national resilience standards that people would aspire to added very much, given that we already know where the flood risks are, that we are already recognising the importance of local response and local resilience to that and that we are already developing that through plans in those areas.

I was not persuaded that spending a lot of energy trying to define and come up with new standards was the right way to do it. It would be another set of paperwork and reporting on top of a lot of things that are already there.

Q190 **Ian Byrne:** If you are not pursuing a specific standard, what will the national ambition be for flood resilience?

**George Eustice:** It is set out in our report. In all those local areas, there will be local funding plans put together locally where the Environment Agency, project by project, town by town, where we have problems, is working on solutions to those. We make available flood resilience grants that are used locally.

The ambition and the plan is set out in our policy and an Environment Agency strategy that goes with it. The plan is delivered through a programme of investments that are happening right across the country where people are engaged. Just having another set of reports that try to define and codify what resilience is does not add very much.

Q191 **Ian Byrne:** To drill down on this, could there be differences in the flood resilience down to the ability for local authorities to have an input and pay when the flooding actually occurs? We are talking about differences



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in the south and the north again. National standards would maybe preclude that because everybody has to adhere to them and we would all know where we are. It just backs up the certainty that the Wildlife Trusts talked about. It is a really key point.

**Chair:** That is a good question. After the Secretary of State has answered, I would like to ask Lord Greenhalgh as well, from a local government perspective, how much they want to see a national standard set.

**George Eustice:** I would just come back to what I said. You can either spend the next five or 10 years delivering projects, getting infrastructure put in place, building local resilience and making grants available to support communities that want to do that or you can spend five years producing reports that try to come up with and codify things that, like all of these types of systems, do not add a great deal.

I am very much in the former. What people want from the Environment Agency and from Government is to crack on with this £5.2 billion capital budget we have allocated in the right way to protect as many communities as we can as best we can. A big component of that will be local flood resilience and we will work with local authorities on that. But what we do not want is for everyone to be really distracted by trying to come up with some sort of five star rating or something for different communities that would not actually solve the problem. The way you solve the problem is by building the flood defence scheme.

Q192 **Chair:** Ian, do you mind if I ask Lord Greenhalgh to talk about how local government fits into the Defra plan?

**Ian Byrne:** You are the Chair.

**Chair:** Thank you.

**Lord Greenhalgh:** The clue for the Department is the word "local" but there is a sense of having a national approach to stepping in. I know that this Committee will have had representations from the Local Government Association about the consistency of the flood recovery framework. That is a framework that enables a certain amount of ministerial discretion about when you step in but the idea there is to step in at the point at which it is slightly wider than a very focal or local issue. That is when the national framework, in terms of the support mechanisms, steps in, as the Committee will know, providing grants and discounts to people, both business and residents.

There is that element of trying to be consistent and coherent, and having a framework to know when we need to be above the level of a local council to step in and support. That is an important part of my Department and its role in ensuring that we support communities that are affected by flooding.

The second thing is the planning system.



Q193 **Chair:** Do you feel that your Department is connecting enough into Defra and vice versa?

**Lord Greenhalgh:** There is always more to connect across Whitehall. I am relatively new to Whitehall. There is a function in Whitehall that does tend towards siloism but we do have the Cabinet Office. The Cabinet Office does its bit to mould us all together. We have this thing called a ministerial write-round where everybody gets to comment on everybody's proposals. I am getting used to Whitehall.

There are measures in train to make sure that we input. Of course, the Environment Agency is a statutory consultee in the planning system. I know planning authorities take due regard in almost nine out of 10 cases of what the Environment Agency has to say so I do think we are seeing the collaboration that we need at the appropriate level.

Q194 **Ian Byrne:** The National Audit Office has said that the Environment Agency has no plans to monitor its progress in the next six-year programme. How will you know it is achieving its aims?

**George Eustice:** The NAO report set down a number of challenges, which we will respond to. The assessment that we make on all the projects that go forward looks at the number of homes protected. I know that the NAO has questioned whether that is the right measure. It has suggested you should use other value-for-money metrics.

There is a fair point that, in all these schemes, we need to be quite tough on making sure that the funding is going in the right places, and that there is not too much money in the consultants and the planning phases of these. That is an important phase and you have to get it right but it is quite costly as well, so we should be constantly looking at whether we can hone those costs down to make the money go further.

There is a cost-benefit analysis done on each project and, indeed, that informs which projects go forward and which do not. Because of that, there is a basis on which we can show what we have achieved with the money we have spent and they publish a value-for-money impact on all of those as well. We do not entirely recognise the point that the NAO is making but we will nevertheless respond to it. It has made some fair challenges in some places.

Q195 **Mrs Murray:** I have a question for Lord Greenhalgh initially about development and flood risk. The Town and Country Planning Association says that the vast majority of local authorities lack the resources to factor the effects of climate change into their planning decisions. How can they be expected to deal with the growing flood risk if this is the case?

**Lord Greenhalgh:** I do not really recognise that. As someone who has managed town hall finances for six years and has been involved in City Hall for four years—that is a decade in the engine room both regionally and in a local town hall—most of the funding is not un-ring-fenced. Last year was actually the best local government settlement in 10 years. I was



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leader when we saw money being cut year on year but this is a very generous settlement. The core spending power to local authorities last year was £49.16 billion in aggregate and the core spending power in 2021-22 is going to be £51.2 billion. That is an increase, if my maths is correct, of some £2.2 billion. Within that, there is enough money to prioritise these very essential matters so I do not really recognise the fact that there is not enough money to do a proper job.

**Q196 Mrs Murray:** How will your review of the planning policy for flood risk address the concerns that cumulative risk from small developments is totally ignored? You often see one or two developments going through with the flood risk perhaps not factored as a main thing. Then you have a cumulative thing, when you have a local authority introducing all these tiny developments in a piecemeal way. The overall effect is quite a significant one. Could I have your comments on that, please?

**Lord Greenhalgh:** I first ought to be totally transparent. I am not the planning Minister, and nor am I the Secretary of State, and this is not my core area. I will answer it as I understand it, which is that you are absolutely right that you do need to have regard to the cumulative impact. Then you should have a neighbourhood plan and a local plan, and plan for these things in a way that takes that into account when you agree a particular planning decision. It is fair to say that there is a strong commitment at the centre, within my Department, to ensure that planning policy takes this into account so that there is the remit for local authorities to make the right decisions.

**Q197 Mrs Murray:** Finally, could I have your response to concerns about the planning White Paper that it will remove the opportunity for local people to have a say on decisions in flood risk areas?

**Lord Greenhalgh:** That is a fundamental misunderstanding of the proposed planning reforms. The idea through a pre-approved process is that the debate happens up front, as opposed to at the back end of the individual decision. I can say that there is a commitment to maintain and enhance in the *Planning for the Future* White Paper all measures with regard to ensuring that we have appropriate flood resilience in our communities.

**Q198 Chair:** Lord Greenhalgh, this is the point that Sheryll was making to you. In my own constituency, I have the River Culm and it runs through Cullompton. It runs through a series of other villages. As you build, runoff from those buildings is going into that river. Further downstream you do get flooding. All these things add up and your local plans do not pick all this up. I know you have structure plans and all sorts of other things, but we have to join it more together.

**Lord Greenhalgh:** The new planning White Paper will give you some comfort, because it seeks for you to determine where you want to grow your community, where you want to regenerate an area that is in deprivation or where you want to leave things alone. I would contend



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that there are going to be areas in your constituency that you will probably want to leave well alone and not see greater development. The new framework makes those choices. Not everywhere is an area where you want to build more.

**Q199 Mrs Murray:** I was a local councillor for a number of years and I sat on a planning committee as the vice-chairman for a number of years. Lord Greenhalgh, what you are missing is the fact that individual decisions, for whatever reason, can have a massive cumulative impact. We have not seen or we are not seeing that in the planning White Paper and the local plans that we have seen come forward.

**Lord Greenhalgh:** Both the Chair and you have made the point about looking at cumulative impact. It is a White Paper. It is a long way to go before we reform something that has not been reformed since the Town and Country Planning Act 1947. It is due for some reform after some five decades. I am sure that we can take that point on board. Minister Pincher and the Secretary of State will listen to this Committee and act upon your advice.

**Q200 Chair:** We have had an offer from the Minister, Sheryll, so we will make sure we follow that up. It is down on record now.

When the Environment Agency gives a recommendation on a planning decision, whether it accepts it or not, it has to look at whether it increases flooding. It can talk about having a scheme to hold water back and allow that development to happen. Does the Environment Agency have enough teeth when it comes to making a recommendation? It is only a recommendation and the planning authority can overturn it if it wants to. What space are you in on that one, Secretary of State?

**George Eustice:** It is an area we are looking at. The first thing to say is that there is a big role in this for the Environment Agency.

**Chair:** Sorry, I will just thank Lord Greenhalgh very much for coming. I will allow you to escape. I hope you have not been too traumatised this morning.

**George Eustice:** The role of the Environment Agency is obviously as a statutory consultee in these planning decisions. Sometimes it will say no. Sometimes it will say, "Yes, but you need to do X, Y and Z to manage the flood risk". In 99% of cases, a very high proportion, the EA advice is followed; i.e. either there is a condition on the planning or the planning is refused. There is a small number where some developments still go ahead, that 1%, without the support of the Environment Agency.

We are looking at whether we should strengthen the presumption in the planning system for the EA advice to be followed, perhaps by saying that if a local authority departs from it then it could be subject to some sort of call-in procedure by the Secretary of State, so that these things are considered properly. There have also been, I am sorry to say, some examples where a local authority has refused permission but where the



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Planning Inspectorate has then approved it even though it was opposed by the Environment Agency. Again, in those sorts of instances we need to make sure that the decision is taken at the appropriate level. That might be at a ministerial level rather than by the Planning Inspectorate.

There has been quite a lot of progress made on sustainable urban drainage, which is an element of this. Around 90% of new developments now have sustainable urban drainage. That is being delivered through the planning system.

**Q201 Chair:** A number of us have had probably too much experience of planning in our past. You will find that the Environment Agency may put an objection in, so there are various schemes put in place to allow that application to go forward. Then when the developer comes along, after a while, he decides it all too expensive and he tries to appeal on those conditions. Very often they get rolled back. That is something else that we have to stop, because they get the planning permission and they think, "We can wheedle our way out of all those things". Not all developers are like that, but a number of them are. You are probably aware of that.

How can we make sure that the Environment Agency can come back again, especially at appeal, with enough teeth to say, "The only reason this application was allowed is that they had to put this flood protection scheme in and now it is being thrown out"? There is a real issue with that.

**George Eustice:** It comes back to the point of strengthening the presumption of following the EA advice. We recognise that there will be times when you have to build in areas where there may be a risk, for instance in the lowland areas, but we should be following the EA advice to manage flood risk, because this will be a growing problem and a growing issue.

**Q202 Chair:** I should perhaps declare an interest, but I have Culm Garden Village. That can be allowed because there is going to be a water park. The water park is going to contain more water than comes off the actual development, so you will probably get an improvement in flooding, but only if they do it. You do not want to give them permission, if they then start building and say, "It is all too expensive now. I am not going to put the water park in". We really have to be aware of this, because these developers have expensive lawyers. They know how to get round things. I suspect you are aware of that, Secretary of State.

**George Eustice:** It is one of the reasons we are looking at whether there should be some sort of call-in procedure on some of those developments. Coming to the point made in the question, we ought to be making sure that the EA is properly engaged when local plans are put together, to deal with the point that Ms Murray made about cumulative impact. You get lots of little developments, which on their own might all be judged okay,



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but overall there is a cumulative impact that you need to watch. The remedy to that is to get more EA involvement in the overall local plan.

**Mrs Murray:** Thank you, Secretary of State. That was very helpful.

Q203 **Geraint Davies:** Building on the previous question to the Secretary of State about the engagement of the Environment Agency, it is important that the Environment Agency is able to engage in a consistent way on planning issues. That is one reason that they want a national standard on resilience. Otherwise, there is a danger that, region by region, they will get engaged at a point in one region where they would not in another, because there is not a proper yardstick.

We have these standards. For air pollution, we have national standards, World Health Organization standards, et cetera. We know what we are trying to achieve. Without those standards, the Environment Agency does not know when to act. Will you look again at this idea of national resilience standards? It is not just, as you said, writing a load of proposals. It is an actual call for action.

**George Eustice:** I am not persuaded by it. We already have risk management authorities, which consult and engage local communities and the Environment Agency. We already have the LLFAs, which put together local strategies, work with water companies and raise a local levy. There is already quite a lot of infrastructure there and you would effectively be duplicating it, in my view, for very little gain. It would just be another exercise that would soak up a lot of money but not actually be any closer to delivering flood outcomes.

Q204 **Derek Thomas:** Thank you, Secretary of State, for your contribution so far. Can I say thank you as well for the tremendous work that your Department has delivered this year on the Agriculture Bill, the Fisheries Bill, and the Environment Bill as it goes through? You will be aware and remember that the Committee on Climate Change was quite critical of the way that we managed water. It was that particular area that they referred to the Government as being a bit like "Dad's Army".

Having said that, the environment strategy and the nature-based solution for flood defence and flood risk is very ambitious. I definitely do not want to undersell the ambition of your Department and what the Government want to do to capture water and manage flood risk. This week, the media conveniently missed your announcement of the three-year transition to ELM. Thank you very much for the work you have done on that and for giving lots of farmers and landowners really valuable information about how they can shift from where they are now to ELM.

I want to touch briefly on the ELM. You have said that paying farmers to store flood water will be a key part of ELM, the environmental land management scheme. Can you explain a bit to the Committee how this will work alongside your dedicated flood funding programme and other environmental policies? Is there a harmony? Is everything dove-tailed together so that ELM works to complement your other ambitions?



**George Eustice:** Where you choose to pay farmers for effectively allowing their land to flood at certain points in the year when there was a flood risk downstream, that has to be part of the catchment plan for that particular water catchment. The starting point would be to look at the water catchment and where the flood risks were. A big part of our flood policy is having a catchment-based approach.

It would then involve moving upstream on that catchment and identifying opportunities for soft defences. When rainfall hits a particular event, can we do things that would enable you to naturally flood some land, to take the pressure off the water course and, therefore, limit and reduce the impacts further downstream? Increasingly, this is what we have to be doing. Rather than just going into towns and cities and building the walls higher, to try to keep the water back when things go wrong, we need to be moving upstream and trying to come up with some of those softer defences.

**Chair:** Can I interrupt you? I think Derek has the previous brief and the previous questions, because that is actually Robbie's question on ELM. Carry on, Secretary of State, and finish your answer to Derek.

**George Eustice:** I was nearly there but, to summarise, it would have to be part of your catchment plan. You would have to identify the right areas of land, because if you are going to pay farmers to flood you have to have the right sites that work for that catchment. Having identified that, you would effectively pay farmers a fee for allowing their land to be flooded. That could involve a retainer, because you would be limiting what crops could be grown there. They would not want to take a risk on high-value crops, whereas grassland might be okay. Then it could involve a payment at the point of flooding. We have not worked out the precise way of calculating that payment, but it is something we are keen to do as part of environmental land management and the Agriculture Bill provides for it.

Q205 **Robbie Moore:** With ELM being a voluntary scheme, with farmers not needing to sign up to it, and the ELM system having a crucial part in contributing towards the mitigating factors for flooding, how are we going to really incentivise farmers to sign up to get those benefits for mitigating flood impacts?

**George Eustice:** As with all the things in environmental land management, if you want people to take things up you have to get the incentives structure right. That is why we are looking at departing from the old-fashioned income forgone methodology, which was a feature of the EU system, and moving to payments based on things closer to natural capital principles, where you start to value the impact of what you are delivering. If a farmer has a piece of land that could provide a very cost-effective intervention to help manage water flows on that catchment, it is about making sure you get the incentives for it right.

Q206 **Robbie Moore:** On that point, when we are talking about flooding



“catchment” is the key word. That obviously involves more than one farmer or landowner. The great thing about ELM is it enables that collaborative, collective approach to be taken. It is very different to any agri-environmental stewardship scheme we have had in the past where it has been a single contractual relationship between a farmer and Natural England. How do we really incentivise a group of landowners within a catchment to join forces under the new ELM system, which is a new structure? How do we really incentivise them to do that?

**George Eustice:** We are looking at that within the local nature recovery component, the second component of the scheme. We are looking at ways to encourage and incentivise collaboration between farmers. In the case of flooding, it probably would be different, because it would have to be linked to a catchment management plan that the Environment Agency would ultimately have to have a view on. You would have to have hydrologists who understand the dynamics of a particular river to work out which areas of land and what type of system design would work best. You could not just have farmers saying, “I want to flood my land now, so pay up the money”. In the case of flooding and flood mitigation, it would have to be within the context of a coherent plan.

Q207 **Chair:** I was involved in a Zoom call yesterday with the Minister for Flooding and Kevin Hollinrake on a case up in Yorkshire, It is coming on to ELM, because it is an area that is going to flood and they want this land to flood. It is some 15 acres. The trouble is that they are offering the farmer very little money. With fairly flat land, even if it is only the 15 acres that flood, it affects all the other land around him. If he was cropping at a certain time of year and it flooded, as you well know, some times of year it would not matter and other times it would. You never know. This farmer’s argument is that the compensation is nowhere near enough.

The plea I would make to you, and I did the same with Rebecca yesterday, is that you need to look at it really strongly. I wonder whether this scheme in Yorkshire can start to be looked at as a pilot as you move forward. You cannot pay farmers ridiculous money; I get that, but if you do not pay them enough they are not going to sign into the schemes. You know what the jungle drums are like in the farming community. Yorkshire may be a long way from Somerset, Devon or Cornwall, but it will not take long for the jungle drums to beat.

I make that plea to you, because at the moment they are not looking at the surrounding land. I have fields that are two or three feet higher, so if you have one field flooded the other one is virtually flooded next to it. It may not actually be on the surface, but you can be pretty sure that the water is only an inch or two under the ground. That is where we have to do some more work.

**George Eustice:** I am sure that Minister Pow will be looking at that individual case quite closely. My general response would be what I said before. We are going to depart from income forgone as the payment



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methodology on all the future schemes. We will be looking at different types of incentives and the rates that we pay for things. This would extend to payments that we might make on floods as well.

**Q208 Chair:** I make the plea to you that you cannot make them overly generous, but you will need to make them generous enough. You will need to incorporate enough land. It is no good the Environment Agency coming along and just saying, "We want 15 acres. We do not affect the rest of the farm". That very often is not the case. This farmer has been offered something like £3,000 in total. It is ridiculous if it is going to affect most of his farm. He is not going to sign up to that. There has to be something about it. I will not drill down more, because you will have to look at it, but you have to get it right. I want to take the farming community with us, as I am sure you do, and I am sure that we can.

To move on very quickly, we talked a bit about sustainable drainage schemes. This has been hampered by an automatic right at the moment for new developers to join the public sewer. Does this show it is time to remove this automatic right?

**George Eustice:** At the moment, we have a system where water companies have to plan their water infrastructure and sewage infrastructure to deal with the local planning document that is there. Ofwat, as part of its regulatory functions on those water companies, has responsibility for checking that those plans and the planned infrastructure improvements are robust enough for the development proposals in that area and are funded. That is where the price negotiation comes in.

Generally speaking, most new developments since the early 1960s have had separate foul water sewers from surface drainage infrastructure. We therefore think that, in these new developments, because the drainage systems are separated, the current system is working reasonably well, in that Ofwat has the role of making sure that the water companies are planning for what is coming. Therefore, having the right to connect is the right thing to do, because it is the responsibility of the water company to be able to plan the infrastructure.

We have introduced one or two clauses in the Environment Bill that give us some powers to try to strengthen the oversight in this area and create new requirements on water companies, so that it is not just through the Ofwat process but there is a more direct power for Ministers to give direction in this area. Broadly speaking, the current system is working reasonably well.

**Q209 Chair:** Is it time to re-examine the case for commencing schedule 3 to the Flood and Water Management Act, as the Jenkins review suggested this summer?

**George Eustice:** This is one of those Bills that started under the last Labour Government and as part of a wash-up was finally brought through in the early stages of the coalition Government. We concluded in the end that schedule 3 does not help that much, in that it creates a whole new



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load of processes and regulatory procedures in addition to what is there. We therefore thought it was quite a bureaucratic way to try to take these things forward. A better, simpler and sharper way is what we intend to do and are doing through the Environment Bill, which is additional, simpler powers where we can just require more things of water companies rather than set up another load of regulatory bodies and regulatory functions.

**Chair:** I accept your position. Would you drop us a line in this evidence to say exactly how you think that is going to work? Sometimes developers put too much pressure on water companies to join in when there obviously is not enough there.

Q210 **Robbie Moore:** To use the example that I have in my constituency in Ilkley, it is very easy to talk about new developments happening, but when we are looking at existing structures that is where we have a big problem in Ilkley, where surface water is getting into the same system. It is causing raw sewage to then enter the river because of the overflow issue. That is exactly what we have in the River Wharfe, for example, which has led to the first bathing water status application being put forward to Defra.

Are there any plans at the moment by Defra to change the system entirely, to move to a completely separate system in the future? I know that has been mooted, but just focusing on new development is not really going to solve some of the existing challenges that we have.

**George Eustice:** It is a very important point and we have established a storm overflow taskforce to look at these issues. The challenge is that, pre-1960, a lot of the drainage systems were common, so the surface water drainage goes into the foul water sewer. Because as a result of climate change we are seeing more flash rainfall events, you are getting more instances where the system is overwhelmed by flood water. Then you have these combined sewer overflows, which are currently being used too often. While we have made some progress in reducing their use, things have now plateaued or, if anything, have deteriorated slightly.

The remedy has a number of aspects. First, to completely redo the drainage infrastructure in all those Victorian market towns is apparently quite expensive. Some of the figures I have been given suggested that it could be a £90 billion cost, so it is very costly to do all of that. Short of that, there are things we can do. One of the problems is that, even for some of the houses that were built in the 1960s and 1970s, while they were on separate drains, sadly, once you go downstream you find that the surface water drains do end up, for bizarre reasons, connected back into the sewer in some places.

Finding ways to make sure that that water does not go into the sewer at all, and identifying those junctions where it is put into the foul water system at a later stage, is quite important. There have been some quite novel examples of using sand filtration systems and even UV light systems so that, where a CSO does have to be used and is unavoidable,



there is some short-term mitigation put in. For short-term solutions, that is certainly worth considering.

Overall, we need to be making sure that, as part of the investment programme that water companies have, they are gradually improving their surface water drainage systems, doing more to separate the surface water drainage away from foul water drainage and managing that in a way that reduces the reliance on the CSOs.

**Q211 Robbie Moore:** I want to raise one final point on the challenges we have had in Ilkley. Where there has been raw sewage entering the Wharfe, the regulator, the Environment Agency, is holding the utility company to account. We have had a challenge, because it is actually the responsibility of the utility company to notify the regulator, the Environment Agency, when there is a spillage going into the Wharfe or the fresh water system.

That just seems wrong. Why would the utility company do that if it is then going to get further pressure from the Environment Agency? That is an element that really needs to be looked at, because we have had instances where the utility company in my constituency has not reported it. It is then residents who have reported it. There is some work to be done on that, to put more pressure on the Environment Agency to take more control.

**George Eustice:** The Environment Agency produces regular reports on all of the water companies and their performance, both in terms of performance with customer satisfaction, but crucially on pollution incidents. It gives them a star rating for that. The Environment Agency does some surveillance, in that it tests water samples so it can make a judgment of when water companies are failing to report incidents. That can be due to a failure of management within the company, in that they have an incident they were not even aware of, or in the worst-case scenario it can be that there is potentially a deliberate decision not to report. It is generally the former rather than the latter, but the Environment Agency has a criterion, unreported incidents, which it holds water companies to account for.

**David Cooper:** To emphasise the point, the planning system, where new development is concerned, is driving outcomes in terms of better surface water management and SUDS. We see that from the review that was done in 2018, where 90% of planning applications had SUDS in them. As I understand it, the right to connect does not apply if there is a separate sewer for surface water. As the Secretary of State said, the drainage and sewerage management plans, which the Environment Bill proposes to make mandatory, will help these conversations. That will initiate and encourage those conversations between water companies, councils and other bodies to see how SUDS could be retrofitted or used to better manage surface water.

We will be looking at innovative projects on SUDS, where they can help flood risk as part of the Government's £200 million flood innovation



programme that is going to be starting next year. There are a number of ways in which the Government are encouraging further take-up of SUDS and better management of surface water.

**Q212 Chair:** How can you be confident that lead local flood authorities will be able to deliver your new policies, when the National Audit Office says you do not know whether they have the resources they currently need? The farming sector is also worried that you are going to take too much money from the pot on ELM to actually support flooding. We want it for flooding and land management, but they are slightly concerned that you might be stealing some money from the pot.

**George Eustice:** On the lead local flood authorities, we know what resources they have and I have had discussions with them. They usually raise a precept on some of their council tax in order to ring-fence a sum of money that goes on flood schemes. Some of that can be used for the partnership funding, the matched funding. Some of it is used for other local work. We do know the resources they have.

In terms of whether it is enough, there is always demand for more money and more flood schemes. That is why the lion's share of the money, the £5.2 billion that is controlled by the Environment Agency and Defra, comes into play. It is about getting the criteria right for the deployment of that capital sum. I am not sure I recognise the claim that we do not know whether they have the resources.

**Q213 Chair:** What about this argument that, in the future, you might cross-subsidise the money spent on flooding from the agricultural payments system?

**George Eustice:** The environmental land management scheme is about delivering for the farmed landscape and the farmed environment. I was very clear on Monday when we launched our position paper on this that you cannot do any of those things unless you have farmers and landowners as part of the programme. That is why they are always going to be the principal recipients of the money to do these schemes. It will not be the case that we will be diverting money, but paying farmers to use their land in a way that contributes to a flood strategy is entirely consistent with the principles of the Agriculture Act.

**Chair:** That is nicely on the record. Thank you, Secretary of State.

**David Cooper:** Lord Greenhalgh explained the overall local government finance position. Government gave an increase last financial year of 4.4% and then £2.2 billion more for next year. As he said, it is down to local councils to prioritise their spending. On local flood risk, councils have statutory duties to support and understand the needs of their area in terms of managing floods and to make those decisions on their spend. They can bring in and blend other sources of funding. They have charging powers and can bring in funding from other sources to that.



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In 2020-21, councils spent about £130 million on flood risk works. The NAO looked at this a few years back and found that expenditure of councils on floods has gone up over the past few years rather than down. They are using other income and making those decisions. We track that. There is a commitment in the policy statement the Government have published on floods that we will be looking at how the allocation works for flood risk, to ensure that local government funding for floods matches the needs in each area. That is something we will be working with MHCLG on over the next year.

**Q214 Geraint Davies:** My first question for Secretary of State is whether he would consider looking at rooftop capture of rainwater and gradual release through providing butts, in particular on big public buildings and new buildings, to decrease the rate at which water goes into the sewage system and to gradually put it in the sewage system, so we do not have such overtopping of sewage systems and have to invest in brand new sewage systems. Is that something that you would be happy to look at: water capture and gradual release through using butts?

**George Eustice:** Yes, it is an element of sustainable urban drainage, which is quite a broad discipline, where the emphasis is very much on making sure that you try to allow the water to follow the most natural possible course. Collecting rainwater from roofs and finding ways to use that comes into that category. It also can contribute to helping with the other problem that we have, which is water scarcity in some areas. Through either planning regulations or other types of interventions, there is a role for supporting those schemes where appropriate. It will not be appropriate everywhere.

**Q215 Geraint Davies:** Thanks. I just wanted to get that on the record. Secondly, we are approaching COP 26 and it is the UK's opportunity to showcase what we are doing to adapt the UK to flood risk, which is growing at a phenomenal rate. Are you confident, not just that the overall aggregate amount of investment is enough, but that we have forward-looking spatial planning, including managed retreat and resilience, such that if somewhere is flooded people have a new generation of housing? People can basically wipe it down or evacuate if necessary, then come back in and get on with life. Are we forward looking enough in spatial planning, given that we are hosting COP 26 and we need to be a showcase for the world?

**George Eustice:** It is the case and always has been that we accept, particularly when it comes to coastal erosion, that you will not be able to protect every property. It has always been understood that we have to be open to managed retreats, given that we have rising sea levels. That informs some of the decisions about the type of defence we do, particularly along the east coast where this is a particular challenge. Even where you have fluvial flood risk, there will be instances where you have the occasional very old cottage that, in the cold light of day, you cannot cost effectively save. If the costs of saving that would run into millions of pounds, you would not be able to.



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Yes, particularly on coast erosion, but in some cases even with fluvial flood risk, it is a decision that we always have to be willing to take. David, do you want to say something about putting that into a more formal spatial plan?

**David Cooper:** The policies that Government published in the floods policy statement in the summer put us in a very good place for COP 26. Government's aim is to accelerate action, in terms of being forward leaning, forward planning and adapting to the challenges of climate change that are coming.

On the points you mentioned and the Secretary of State has picked up, on the coast and managing the coast well, the policy statement talks about the importance of shoreline management plans, and there is a significant refresh of those going on at the moment. There is support going into the 25 areas around the coast to update their plans so they are fit for purpose for the future, and support to look at innovative ways of managing coastal change, like the need for financial services to help buildings and development to cope with that. There are a number of things in the policy statement on coast.

Then on resilience, there are a number of commitments made there. The Government have put in £2.9 million for three pathfinders on property flood resilience to increase the uptake of those measures. Government are making changes to the Flood Re scheme so that people's insurance policies reward them for putting measures into their homes. Part of the £200 million innovative flood programme, which is going to be starting next year, is encouraging uptake of property flood resilience measures. It is accelerating action on all those fronts.

As the Secretary of State mentioned, there is a commitment in the policy to strengthen local flood strategies so they use the full range and combination of tools to manage and make their areas more resilient for the future. We are looking at how we reform the statutory flood strategies to bring this together and ensure that every area reaches its potential, which is what this is about: each area looking to its own potential and the actions it can take, using natural flood management and resilience in combination. That is why the idea of this one-size-fits-all national standard, as we touched on earlier, would be difficult. We are encouraging everywhere to use a full combination of actions to their maximum potential that fits their local circumstances.

Q216 **Geraint Davies:** Can we imagine a world in future where there are certain places that we simply cannot afford to put walls and barriers around, which we accept from time to time will be flooded, and therefore are built in such a way that people are expected to go up to the second floor and there is resilience on the first floor? Obviously, these are not vulnerable people I am talking about. They may be working spaces. There could be floating houses, houses on stilts or any other imaginative schemes, or is it just more of the same?



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**David Cooper:** Those are really good examples of innovative design and how the design of buildings and the fabric of buildings can really help. Through the £200 million flood innovation programme we are starting next year, we are asking for people to come forward and Ministers will select 25 areas to test out these sorts of approaches. They are being used. The Secretary of State has said that sustainable urban drainage is a pretty broad spectrum of techniques. That picks up some of the things you were saying and we encourage that. A lot of this needs to be done locally. It is about what fits local areas and local circumstances in terms of the buildings there. We want to support it through a range of actions and policies that are set out in the floods policy statement.

Q217 **Chair:** Secretary of State, you have talked about managed retreat and that is always going to wind me up very slightly. It is time the Environment Agency actually said where it is going to retreat from and where it is going to protect. If you have lived or farmed in an area and you are going to be flooded, you need to know. It is time we came clean.

We are still not handing over from the Environment Agency enough management of flood to the Association of Drainage Authorities, and nor are we being practical enough to allow farmers to shore up their banks when they can. Every time an agency gets involved, it is hugely expensive, whereas the farmers could do it but are very often told they cannot. Please, would you like to answer that? On the ground, this is what I am hearing. I ought to declare an interest. It is happening around my own area as well. Banks are being eroded. The Environment Agency does not want to do them. The farmers would do them, but they will not allow us to do it.

**George Eustice:** It might be worth it if you write to me and I will look at the individual cases. There is a good relationship between the internal drainage boards and the Environment Agency. They work together on these things, but it links to a point I made earlier. We want the money that is being spent to go as far as possible. That often means making sure that you are quite hawkish about the amount of money that goes on consultants and assessments, some of which might be over the top, so you have more money left to get the actual work done.

Q218 **Chair:** Very often, the cost of surveying it is more than the cost of doing the job. This is where we have to be smarter. If we are going to retreat from somewhere, how are we going to put it out to people, to give them time? It is very controversial when we do it. I understand it is not easy for the Environment Agency to say it, but if we are going to have this plan of managed retreat we have to come clean at some stage on what we are going to protect and what we are not going to protect. Do you think that is a fair criticism or not?

**George Eustice:** It is implicit in the choices that are made on flood defence schemes. There are areas where we do what we can by putting in relatively cost-effective soft defences along shorelines, but there are



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areas where we just accept that we cannot do anything about it. That becomes recognised.

**Q219 Mrs Murray:** This is the last question, Secretary of State. It is about community engagement. We have heard a lot of evidence that communities continue to feel ignored on flood risk decisions, but also about the benefits that meaningful engagements bring. How are you going to encourage this in the future, with both the Environment Agency and local authorities?

**George Eustice:** I have visited flood schemes both in Yorkshire and in Shropshire, on the Severn. I visited one of the communities that were due to have a scheme. In fact, the Environment Agency staff on the ground knew them all personally and had been engaging with them directly. They knew the Environment Agency person who was their point of contact. When we are taking a scheme forward, there is quite a lot of engagement with the communities affected. You will always get criticism, but it is something that the Environment Agency does quite well.

The local authorities have the local risk management groups that do quite a lot of work to engage communities. Through local authority processes with councillors and so forth, there is direct engagement, both with the Environment Agency and with the local authority staff who are dealing with it. It is better than perhaps some people would caricature it.

**David Cooper:** To reinforce what you said, Secretary of State, in that example, the Environment Agency does a lot of work with communities to better prepare them for a flood. It has worked with 4,000 flood volunteers and 500 community flood plans have been developed. We want all risk management authorities—EA, local councils, higher-tier authorities and IDBs—to work well with their communities.

As the Secretary of State said, whether it is on a flood scheme proposal, whether it is about how the coast is managed where the local authority is in charge of making those decisions, whether it is preparing for a flood and making sure people know what to do, we see really good examples of that from RMAs, risk management authorities, working with their communities. It is part and parcel of the requirements that are upon them. That is exactly what we would want to see. It is very important to do that.

**Q220 Mrs Murray:** I had a flooding in my constituency, in Lostwithiel, back in 2010. There was a system put in place then, where they had flood wardens; businesses were given an assessment of how they could put lockable flood gates up to prevent the water from infiltrating into their businesses and that sort of thing. There have been suggestions that the Environment Agency and the local authorities lack the skills and resources to effectively engage with communities. Is this something that you recognise? Is it something that, given more resources and more training, you could perhaps engage with more people and communities on?



**George Eustice:** It is something that might have come out from the National Audit Office again. There was some suggestion there around not having enough people with the skills to do it. I am not sure I particularly recognise it, because I have seen up close the teams and the individual Environment Agency officers who are on the ground putting these schemes together. They know people on first name terms and people know to go to them if they have a concern about something. Actually, that engagement is quite good and it may be that we are not as good as we should be at communicating the work that goes on. Sometimes that is the case in these things.

Q221 **Chair:** Linked to Sheryll's question, when you are dealing with coastal flooding, this is about the engagement with the community. Going back to my question of managed retreat, you are going to have to retreat from some houses on the east coast. Sheryll and I saw what was happening and the speed of erosion there. I can understand it has to happen, but that needs to be got better, because these are people's homes. Perhaps generations of them may have lived there and all of a sudden they are going to have to build houses further back. They probably are going to have to, but it is about having that engagement with people.

**George Eustice:** I do not know whether David wants to come in on the extent to which we do engage. When you have those homes right near the edges of cliffs and part of the garden has disappeared, normally the first thing that happens is that they struggle to get insurance, then struggle to get mortgages and so on. It does have consequences. David, do we have an active approach of going around telling people, "Your home is on the way out"?

Q222 **Chair:** Sorry to interrupt, but Sheryll and I also saw that the planning authority there had given special planning permission to allow the houses to be rebuilt further back. It was a country area so it would not normally have been allowed there. This is how we have to join everything up. It is beginning to get joined up, but I am just pursuing how we can do it better.

**David Cooper:** A lot of proactive work is done with coastal communities, particularly those that are most vulnerable to coastal erosion in the areas that are most under that pressure. For example, at the moment, the Environment Agency is working very closely with coastal authorities on a big refresh of the shoreline management plans. Those plans form the basis of how that coast is managed now and into the long term. A huge amount of technical assistance and support is being given to the local authorities in those areas in terms of the data, but also tools to engage communities, to understand the projections and the evidence.

It is for councils to lead that process and make the decisions on the policies in their plans, as you know, in terms of how best to deal with that situation. Councils are doing that. In the East Riding, the east coast of Lincolnshire or Yorkshire, the council has been proactive. It has put in place supplementary planning guidance specifically on the issue of coastal



change. North Norfolk is doing great things with its community as well. We want to see people being proactive. There is a huge amount of technical support and assistance being given to councils to do that.

We will be looking at the policies. Coastal change management areas, as you have just suggested, are a power in the planning system councils can use if they are proactive. That is one of the things we want to look at. The policy statement talked about looking at that and how effectively it is used in the planning system. We want to look at where policy can help, but that proactive support is going in and some really good stuff is being done by local councils with their communities.

**Q223 Chair:** The shore management plan has to be properly published and people have to know where it is going to be. Then you put pressure on the local planning authority to release land further back and everything works. At the moment, I can understand it is controversial, but we need to publish that properly so that communities can plan their way forward. I know I will keep on about this, but it is something that I feel very strongly about. If you lived in those areas, you would feel just as strongly.

**David Cooper:** Yes, absolutely, and there is a refresh exercise going on now to update shoreline management plans and think about whether they reflect the latest evidence. All those updated shoreline management plans will be put online and published. Transparency is very important, as you say, so communities can understand those plans and the decisions that their local authorities have taken about the policies for the future.

**Chair:** Secretary of State, will you indulge me just a moment? Geraint wants to ask you a very quick question about coalmines in Wales. Even though it is a devolved matter, I will let you ask the question.

**Q224 Geraint Davies:** Big floods are acts of God, in essence, and we do not know whether rain is going to fall suddenly. England is much bigger than Wales, because there are only 3 million people living in Wales. If there is a sudden outburst, as there has been in Rhondda Cynon Taf, which has caused an enormous amount of damage, and there is a need to correct the coal tips so there is not another Aberfan, will you urge the Government to provide the money not through the Barnett formula, but from the Treasury directly, so that people are safe for the future, because this is an exceptional event?

**Chair:** I am sure the Secretary of State has brought his chequebook with him this morning.

**George Eustice:** In the floods of the winter there were concerns about some of the coal tips. We worked very closely with the Welsh Government on that. The national Coal Authority was involved and provided some technical expertise. On the funding, we have the devolved settlement that we have and we have the Barnett formula that works in a particular way. I know calls were made at the time, but that is very much a Treasury matter, which I am not going to get drawn too far into today.



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**Geraint Davies:** Would you agree in general that, if there was a sudden flood in Lancashire or something, it would get a proportionate amount of money not according to the number of people living in Lancashire but according to the problem we have? It is a UK problem. I am not asking for the money.

**Chair:** Geraint, we will park that one there. I have been pretty generous to you and the Secretary of State has been very generous with his time as well.

Secretary of State, you have been very generous with your time. Thank you very much. We have had quite a broad chat this morning about a lot of things. You have given us some good stuff that we can put in our report. We have asked for some written evidence from you and David, please. I thank you, David, very much for coming on Zoom today. It has been a very good session. Thank you very much, Secretary of State, for coming today.

**George Eustice:** Thank you very much. I will follow up on those two points.