

Public Accounts Committee

Oral evidence: Managing flood risks, HC 931

Thursday 14 January 2021

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Members present: Meg Hillier (Chair); Shaun Bailey; Sir Geoffrey Clifton-Brown; Barry Gardiner; James Wild.

Gareth Davies, Comptroller and Auditor General, Keith Davis, Director, National Audit Office, and David Fairbrother, Treasury Officer of Accounts, HM Treasury were in attendance.

Questions 1-74

Witnesses

I: Tamara Finkelstein, Permanent Secretary, Department for Environment, Food and Rural Affairs, Sir James Bevan, Chief Executive, Environment Agency, Catherine Wright, Executive Director, Flood and Coastal Risk Management, Environment Agency, and Sally Randall, Director of Floods and Water, DEFRA.



Report by the Comptroller and Auditor General
Managing flood risk (HC 962)

Examination of witnesses

Witnesses: Tamara Finkelstein, Sir James Bevan, Catherine Wright and Sally Randall.

Q1 **Chair:** Welcome to the Public Accounts Committee on Thursday 14 January 2021. We are returning to a subject that we have looked at a number of times before: how the Government—particularly the Department for Environment, Food and Rural Affairs and the Environment Agency—manage flood risks, which is of course, sadly, very pertinent to many people in the country at the moment.

The Environment Agency estimates that 5.2 million homes and businesses are threatened by flooding or coastal erosion. The Met Office is already predicting that more extreme weather events and rising sea levels will occur in future, so the issue is very alive. The Environment Agency wanted to provide better protection for 300,000 homes between 2015 and this year, which has been an ambitious target. It also published a major and wide-ranging strategy in September last year.

This is an opportunity for us to ask our witnesses questions about how that is going and, hopefully, to get some reassurances for people who are living in flood plains or who have been affected by flooding about the Government's plans as we go forward. Of course, as we are the Public Accounts Committee, we will be looking at the cost of that and whether it is value for money.

Our witnesses today are Tamara Finkelstein, who is the permanent secretary at the Department for Environment, Food and Rural Affairs; Sally Randall, who is currently having problems joining us—but we hope to get her at least on the telephone—who is the director of flooding and emergencies at the Department; Sir James Bevan, who is the chief executive of the Environment Agency; and Catherine Wright, who is the executive director of flood and coastal risk management, also at the Environment Agency.

Before we go into the main session, Ms Finkelstein, I want to pick up with you on some very critical issues. We have spoken to you a number of times about Brexit, particularly recently in November, and we talked then about challenges at the border. Since 1 January, we have seen major challenges in goods entering from GB into Northern Ireland, with major supermarkets saying that they are struggling to get goods across and fill their shelves. If those big supermarkets are struggling, it suggests that there is a problem. Can you tell us what you are doing about that and whether a solution is in **sight**?



HOUSE OF COMMONS

Tamara Finkelstein: The flow between GB and Northern Ireland is improving, and that is reflected in a healthier position in terms of food on the shelves. It has been a steep learning curve. The issue at the start was about traders ensuring that they had pre-notified on TRACES NT, which we have talked about before—the EU system that you need to pre-notify before you send your goods over. Goods were being turned back if they did not have that pre-notification.

We worked very quickly with traders and supermarkets to get that working, and that has been seen in that improvement in flow and therefore in stocks. There are issues that supermarkets raise about further down the line because as you know we have a grace period, which we are currently in. In the current period, however, there is an improvement as people are meeting the requirements of the EU.

Q2 **Chair:** Can you remind me whether that grace period is to March or June? There are different grace periods.

Tamara Finkelstein: There is one to April for three months, which is around the export health certificates required of all products of animal origin. We are working very much with the sector as to how to get that in place, particularly for the goods that are sometimes on a mixed lorry with a number of consignments. We are working very closely with supermarkets and others on that.

Q3 **Chair:** You talk about it being a learning curve, but we have been raising as a Committee, since not long after the referendum, that there would be challenges. When the Northern Ireland protocol was being mooted, we raised concerns then about the challenges between GB and Northern Ireland. How come we are still on a learning curve? We have been raising this and you have been aware of it for some time.

Tamara Finkelstein: I think there are two elements. One is that the Northern Ireland protocol was in place, but it took time in terms of the discussions with the Commission about the details and getting those grace periods. It was later in the day than any of us would have wished when the precise details of what people needed to do were in place, but we did a lot of work in terms of informing people before about what we did know, and immediately when we knew the details, through guidance, webinars, conversations and so on.

Then there is the challenge, I think for everyone, about the stretch of the things that people are trying to grapple with, and being ready for this has been a challenge. What we made sure we had in place, which we have talked about before, is an incredibly strong link with traders to be able to learn what is happening, and also with DAERA, our counterpart in Northern Ireland, to be able to resolve things as fast as possible, which we were doing immediately when it became clear what the issues were with things getting through. As I said, that was particularly pre-notification on TRACES.

Q4 **Chair:** When do you think things will have been resolved? Are there any particular goods that are proving more problematic? We have heard some



HOUSE OF COMMONS

things about, for instance, meat processing items and loads that are made up of goods of different origins. Are they issues that we need to be concerned about and when will they be resolved?

Tamara Finkelstein: The issue around processed meats is that they are not normally allowed by the Commission to come across at all, but we did make an agreement for that to be possible over these six months, and we have been agreeing with them what is required to go with those loads so they are able to move. We are continuing to have conversations as to what might further be required by the Commission for those goods to flow. So there are no issues at the moment, but we are working with them as further requirements are needed.

Q5 **Chair:** And the timetable? When can people in Northern Ireland expect to have a normal service resumed?

Tamara Finkelstein: As I say, we are back to a level where there are not significant issues about goods on the shelves. That is what the supermarkets are saying as well.

As well as resolving things as they arise—not all these things are predictable, so a really important thing is that we resolve them fast if they arise—it is also about ensuring that we focus on some of the more medium-term issues so that that can continue. That is where the supermarkets at the minute are focused and have asked us to make sure that we have a dedicated team—we do have a dedicated team set up—and that we are having those conversations. We are particularly working with them on how we can digitise the export health certificate requirement that will happen down the line. So that is what we are working with them on to ensure that continued flow.

Q6 **Chair:** You did not quite answer the question on the timetable. You have a team; you are working hard at it.

Tamara Finkelstein: In terms of the timetable, we are resolving any immediate issues as they come, so there is not a timetable on that. We are doing it. It is basically immediate and continual, because the issues are caused if traders are not ready when they get there. We are continually providing the webinars, the information and so on, so there is not really a timetable on that.

The timetable on what health certificates will be required will be in April, so we are working to be ready for that point. Similarly, on the processed meats, we are working closely—to be honest, we are putting propositions as to how that can work and talking both with the Commission and with traders about what the possible timeline is for implementation, rather than there being a very specific timetable, at the moment.

Q7 **Chair:** Should you not have seen this coming?

Tamara Finkelstein: I think we did see these issues coming, so that is why the negotiations happened over the Northern Ireland protocol and what grace periods we could have. We did a lot of work around trade and readiness ahead of time—guidance in place, webinars in place.



HOUSE OF COMMONS

The other bit that we have put in place is an ability to resolve issues as they arise, because I think we always knew that there would be issues around readiness, or issues that we had not predicted, and the really important thing would be that we could turn it round and resolve it fast. I think that has worked.

- Q8 **Sir Geoffrey Clifton-Brown:** Good morning, Ms Finkelstein. There seems to be a slight disjoint between what you are saying and what is being reported on the news. Last night and this morning it was reported that there were considerable shortages in the supermarkets, and the hauliers associations were saying that their members were having great difficulty with the paperwork. Can we be really sure about what the real situation is on the ground?

Tamara Finkelstein: Maybe I could take the second part first, which is there are real challenges around the paperwork, because paperwork is required: the pre-notification is required, and certain attestations for the processed meats, and so on—so it is challenging, which is why there are issues around readiness that we are seeking to resolve.

Our information from the supermarkets—this has moved on, obviously—is that there are not significant issues about stocks on shelves. There will be lines where there has been a kind of choice by traders not to bring them across, and therefore particular lines may be missing, but there is not an overall significant issue around stocks on shelves. That is the intelligence that we have from the supermarkets.

We are continually trying to make sure that we got the right, and the best, information. The other place that we have the information is from DAERA, who are obviously operating the checks. It has significantly changed the position in terms of people being ready and there being some flow. There is less flow—and this is true, also, for GB into EU—than we would expect at this time of year.

- Q9 **Sir Geoffrey Clifton-Brown:** Exactly. May I pick you up on that issue of flow, because Covid is both a help and a hindrance in this situation—hindrance, I imagine, in the inspections and the whole business of dealing with lorries coming in and out, but actually a help in that it has presumably shut down a lot of the hospitality institutions in Northern Ireland, so the demand for food and food products is much lower now than it would be. Given that article 16 runs out in April, are you absolutely confident that you will have resolved all this by April and you will not need to apply article 16?

Tamara Finkelstein: The work that we are doing is both with the Commission and with traders about being ready in April, as I discussed, and putting the resources in place to get that working.

- Q10 **Sir Geoffrey Clifton-Brown:** And at the moment—back to the problems of lorries and the paperwork—you have got a temporary easement of ENS, which is, I gather, helping. Is that likely to continue or are you likely to get a more permanent solution in place before April?



HOUSE OF COMMONS

Tamara Finkelstein: On processed meats?

Sir Geoffrey Clifton-Brown: Yes.

Tamara Finkelstein: We don't know. We have not been told that there will be any extension of that, so we are working to ensure that goods can flow—or processed meats—over this period.

Sir Geoffrey Clifton-Brown: All right. Well, it is obviously a worry to the people of Northern Ireland, but I appreciate the fact that you and the Cabinet Office are working very hard. Let's hope you can resolve it. Chair, that is all I have got at the moment. Thank you.

Q11 **Chair:** Thank you, Sir Geoffrey. I want to move on briefly, Ms Finkelstein, to clarify something that arose yesterday. The Prime Minister, in Prime Minister's questions, referred to a £100 million programme to support the fishing industry, but in the Liaison Committee, in response to a question, he talked about compensating fishing businesses that are struggling to get their goods from GB to Northern Ireland. I wonder whether that compensation is in addition to the £100 million package; if so, can you clarify exactly what pots of money are available to fishermen?

Tamara Finkelstein: The announcement on support for modernisation and improvement in the fisheries industry was one that the Prime Minister made just before Christmas as well.

Q12 **Chair:** To be clear, that is the £100 million?

Tamara Finkelstein: Yes, that investment in modernisation and improvement. On the impact on fisheries and export, I will say that the focus at the minute is on trying to get exports going, and it is—

Q13 **Chair:** We know that a few days' delay can have a huge impact, so what other money is available? The Prime Minister seemed to be announcing extra money—was he, and if so, can you explain?

Tamara Finkelstein: The work we are doing is to monitor and get a clear understanding of the situation and work with the sector on what the impact is. That is the work we are doing at the minute, looking exactly at ways in which compensation or support is in place.

Q14 **Chair:** To be clear, there could be extra money on top of the £100 million?

Tamara Finkelstein: The work we are doing is to look at the impact, so it is very difficult to tell at this stage, but we will monitor the situation.

Q15 **Chair:** To quote the Prime Minister, he said to the Liaison Committee, "we will compensate those fishing businesses".

Tamara Finkelstein: Our first step—as it is, to be honest, with any of our sectors—is to look at and monitor the impact and to understand the situation and what any compensation might look like.

Chair: That sounds like a bit of a row-back from the Prime Minister's



statement; I will ask Mr Barry Gardiner to follow up.

- Q16 **Barry Gardiner:** The Scottish Fishermen's Federation has said that the environmental health certificates are taking up to five hours to quantify the inspections on the lorries, and also that they have had to dump hundreds of thousands of pounds' worth of fresh fish because of these delays. Are those figures that you recognise, and, if they are indeed substantiated by your investigation, will the Department put forward the package that the Prime Minister promised at the Liaison Committee?

Tamara Finkelstein: There are two parts to that. First, it is taking a long time to put the processes in place and to ensure that the certificates are properly completed. We are working really hard with the sector to speed that up, because it is partly about familiarity and getting exactly the right slickness of processes in place—

- Q17 **Barry Gardiner:** In fact, that is not the case, is it, perm sec? They said that, instead of simply inspecting a lorry-load, they were taking every box off the lorry and having to check that. Is that something you recognise, and if so, how are you dealing with it?

Tamara Finkelstein: What I recognise is the need for every separate consignment that is on a lorry to have an export health certificate. The question is what is the best process via which a lorry that has a number of consignments can get that full set of certificates: is it for it to get that at the place it starts, and how best should it do that?

We are working to speed up that process. These are requirements that need to be met, so we are working really hard to work out the best, slickest, fastest way to do it.

We are absolutely trying to gather the intelligence about what is happening now and how that can be improved. I do recognise that that is a challenge and an issue, and we are on it and working very hard together—as this is in Scotland—with the Scottish Government and Food Standards Scotland.

In terms of the numbers you suggest on waste, we have not picked up the full details on that. I have heard that, but our conversations have not yet picked up the evidence around that. That is why I am saying that in order to look at any issues around compensation, we need to get a really good picture of that. That is what we are prioritising.

- Q18 **Sir Geoffrey Clifton-Brown:** Just a quick one on this borders stuff: can you give us an update on animal and plant health certificates and vets? Is there a sufficiency of people who are not necessarily vets—you have talked before about people who are less qualified than vets doing that work—to make sure that the flow of those products is not being held up because of the inspections?

Tamara Finkelstein: As ever on this, I am not complacent because it is very challenging and, as you know, the numbers have grown. We have now put in place additional surge capacity and availability from the Animal and Plant Health Agency, and we are building a bench of locum vets as



HOUSE OF COMMONS

well who we might be able to use if people are needed in a particular place and that is required. **We** have seen a growth of the certifying support officers who you described. When I talk to people about how they can run the process better, sometimes that is about using and deploying those certifying support officers.

One bit of good news is that we work very closely with the suppliers of vets for these processes. They say that there has been quite a lot of additional interest since the new year, with more people being interested in doing this work and in qualifying. That is very good news.

We have not seen a problem at the moment, but as we have talked about, the flows are not at the levels we expect. I think we are doing as much as we possibly can. As I say, we are not seeing challenges yet, and I think we have ways in which we can manage specific challenges.

- Q19 **Sir Geoffrey Clifton-Brown:** **Just** to press you on that—this is my last question on the subject—as the economy starts to open up, clearly more plant and animal products will be required because the hospitality industry will be open and the public will want to buy more plants and so on. Will the build-up of your inspectors be enough to meet the demand so that there will not be a hold-up of those products?

Tamara Finkelstein: At the moment, the need for this is really for our exports, but I understand that as exports increase, there will be a greater need for them. We are basically trying to grow the sector as much as we can. As I say, there is greater interest in people doing this work. We have also done work with the Food Standards Agency, not just about some of their vets being contingency, but about how we can use that part of the process to do some of the certification. I think there will be a continued increase in the number of people willing to do the work and also improvements in the process so that we, as I say, use support officers, FSA inspectors and so on at appropriate points. I think we are doing the right **things**.

- Q20 **Sir Geoffrey Clifton-Brown:** I recognise the ambition, but the question was really very clear. Is there going to be a sufficient build-up of those inspectors so that when the economy, both sides of the EU border, opens up, we will not have a hold-up in getting those products exported to the EU because there are not enough inspectors?

Tamara Finkelstein: It is **very** hard to give a guarantee, particularly if we do not know what the numbers will be. There is an uncertainty around it. I do feel very confident that we are pushing at all the elements that will give us the best chance of that being **true**.

Sir Geoffrey Clifton-Brown: Thank you.

Chair: Sir Geoffrey, do you want to come in to Sir **James**?

- Q21 **Sir Geoffrey Clifton-Brown:** Sir James, I am afraid this is a question that I have asked you before. We have not seen you since the new year, so a happy new year to you. Can you give us any update on the work



HOUSE OF COMMONS

that your agency is doing on chalk and limestone streams? My constituents are still writing to me and contacting me about those problems in quite significant numbers.

Sir James Bevan: Of course, Sir Geoffrey. I think I said to Dame Cheryl last time that I consider myself a chalk stream activist, so just to reassure you that I care about them. I live near chalk streams and monitor their state myself.

Yes, there are a few things to update you on. With our support, the Chiltern Society had a chalk stream summit in the late autumn, which the Minister attended, and that is developing the chalk stream action plan, which I think we have discussed already.

We have subsequently set up a national chalk stream restoration group, which brings together DEFRA, the Environment Agency, other partners, the water companies and The Rivers Trust, to develop that plan. The first meeting of that body took place on 10 December and focused on water resources. It was very positive from all the parties. Agreement? I think we all agree on the size of the unsustainable abstraction problem. We need to carry on bearing down on that, because it is harming chalk streams. There was agreement that we need to take further action to address it.

There was broad agreement that we should agree a long-term goal for abstraction in all chalk streams; I think that would be very good. The suggestion was that it should not exceed 10% of natural flow, at low flows. We will need to check that figure, but it seems sensible to me to have a target.

We have got the next meeting of that body coming in January and, as I said, I will continue to take a personal interest in progress.

Q22 **Sir Geoffrey Clifton-Brown:** Are there any provisions in Philip Dunne's private Member's Bill that could usefully be adopted in the Environment



Sir James Bevan: Philip Dunne's Bill, as you know, is essentially about addressing sewage discharges from combined sewage overflows into rivers. We support it, and we are working with him and with the Government to consider how best we can take that Bill forward, and indeed are continuing to take action on the issue.

I am not sure that it will have direct implications for chalk streams because, almost by definition, we are not allowing people to discharge sewage into chalk streams, but I will check whether there is any direct read-across.

Q23 **Sir Geoffrey Clifton-Brown:** Finally, just to check, you used the term "chalk streams" euphemistically, but "chalk streams" definitely includes limestone streams in the Cotswolds.

Sir James Bevan: Indeed. There is a whole range of watercourses, chalk streams, limestone streams and other streams that are under threat, and part of the solution is reducing abstraction and part of the solution is



HOUSE OF COMMONS

better enforcement of the regulations that prevent them from being polluted in the first place, and we will take forward all those measures.

Sir Geoffrey Clifton-Brown: Thank you very much.

Chair: Thank you very much, Sir Geoffrey—a little geological canter through the Cotswolds and beyond.

Now we move to Barry Gardiner MP, who will kick off on the subject that is in front of us today, really: the overall management of flooding risk by the witnesses we have in front of us and their teams.

- Q24 **Barry Gardiner:** Permanent secretary, the Report says that before the new investment period in April 2021 you must “provide a clearer sense of direction to all the bodies involved on what government aims to achieve, and what the measures of success will be”. Can you set out for the Committee the areas where you think the Department has failed to do that up to now and can you articulate that new sense of direction very succinctly for us as we start this hearing?

Tamara Finkelstein: We are not yet at the point at which we are setting those out; what we are working on is a wider set of measures of success for the next programme. Clearly, for the current programme we have been tracking the number of homes protected—and have been successful, with the Environment Agency, in meeting that—and also of the benefits. Again, we are seeing an 8:1 benefits to costs ratio.

However, as pointed out in the NAO Report, there is a need for, and we wish to see, a wider set of indicators of success. We are working on those and we will be publishing those ahead of the new—

- Q25 **Barry Gardiner:** Indeed—ahead of April, you will do that. But what I am concerned to hear from you is where you can point to the areas where you feel that the criticisms levelled by the NAO have been justified. What are the areas where you have failed to give that sense of direction to all the bodies involved—not just the Environment Agency, but all the bodies that are involved—about what the Government aim to achieve?

Tamara Finkelstein: In terms of giving direction, and clear strategic direction, we feel that we have actually set that out very clearly in the Government’s policy statement, and then the Environment Agency—

- Q26 **Barry Gardiner:** Sorry, this is an agreed Report that says you haven’t done that.

Tamara Finkelstein: There are two things. I think the Report is clear that we have set out our policy framework and approach, including 40 actions, and clarity about our focus around a holistic approach to resilience, and that does provide a quality framework, which is important for the lead local flood authorities that want to do their planning, and also provided a framework for the Environment Agency to do their planning. I don’t think it was denied, in terms of the Report, that we have done that.



HOUSE OF COMMONS

Rightly, there was the concern that we need to have a wider set of indicators of performance on the investment programme than we currently have, and that is what we have been working on for **the**—

Q27 **Barry Gardiner:** Okay. Sir James, your target for high-consequence assets is that 98% should be compliant; at the moment, I think, it is 96%. The Report said that, of the 610 projects whereby you hope to be able to remediate assets, 151 had been done, with 80% expected to be delivered by the end of 2020. Can you give us an update on where we are now and, with the assets in less than target condition, what will happen if we have severe weather this winter that causes **floods**?

Sir James Bevan: The first thing to say is that our flood defence assets are getting more of a kicking, as the years go on, with climate change. We also, of course, have more of them now, because the EA and others have built more, so there is a greater maintenance burden. That is worth bearing in **mind**.

The answer to your question is that they got a particular kicking last winter, as we know. We did have record river and rainfall levels in many places. That did damage several of our defences. I think it is worth saying that the defences themselves performed well during the winter floods. We did have 4,500 or so properties flooded. Every one of those is a tragedy, but we had about 130,000 homes protected, and we just need to remember that. So they performed well during the flood events of last winter, but they were badly **damaged**.

The Government gave us another £120 million last March to help with repairs. You got the figure right: we identified 610 assets that needed work. Right now, the latest number I have is that nearly half of those—262—have had the standard of protection fully restored; 189 have temporary fixes or contingency plans in place so that they will provide the necessary protection if needed; and we have concluded the balance, 159, do not need any particular contingency **arrangements**.

Q28 **Barry Gardiner:** Just for clarity, Sir James, that means that you are well below what you had predicted at the time of the Report, in terms of having 80% completed and back up to **condition**.

Sir James Bevan: Where we are is in a position that means that there is no greater flood risk now to any of the properties that were protected by those defences before they were damaged, because effective mitigations are in place. It has been a tough autumn, for all sorts of reasons. Covid. Weather has also made it **difficult**—

Q29 **Barry Gardiner:** I am not apportioning blame; I am just trying to get **clarity**.

Sir James Bevan: The clarity is this. I have given you the figures on where we are in terms of that 610. We are now pressing ahead to fix outstanding repairs permanently. Again, the defences performed well over Christmas: 400 properties flooded, but 9,000 protected. That gives me and, I hope, you some reassurance that they are in decent order. And we



HOUSE OF COMMONS

are, where necessary, bringing in additional colleagues from our supply chain, like asset inspectors, to ensure that we crack on and finish the repair programme as soon as we **can**.

- Q30 **Barry Gardiner:** There is a sort of tension in what you do between flood management and flood response. I appreciate what you said about the constant cycle of damage and repair to your defences. How can you best overcome that sense that you are taking two steps forward but always one step or sometimes three steps **back**?

Sir James Bevan: Part of it is continued high levels of investment, and we have had that for the last several years, both in terms of building new flood defences, and we are about to successfully complete the current six-year programme to better protect 300,000. I will just say that although the NAO just referred to it in a glancing way, the successful completion on time, on budget and on target of a major national infrastructure programme is something that we should celebrate; it does not happen very **often**. We need investment in new defences and we will carry on with that over the next six-year period, as you know. As we have already talked about, we also need **investment** in maintaining the flood defences that we have.

However, in response to your earlier question to the permanent secretary, I also think that we need investment in a different strategy. The EA's flood strategy, which complements the Government's policy statement, is very clear that the solution for the future is not just protection of homes and properties, although that will remain a core part of our approach, but resilience, so that we are better able to come back from flooding when it **happens**.

- Q31 **Barry Gardiner:** Perm sec, given the huge impact that Covid-19 and, of course, Brexit and the preparations for it have had on your resources in the Department, do you believe that the Department is well prepared if there is more severe flooding this winter?

Tamara Finkelstein: I do. I mean, you are right in saying that Covid has obviously had an impact, as it has on every organisation, on the Department. We have had to respond to it and move people to focus particularly on some of the food supply issues and so on. However, we have been agile in moving people and ensuring that we are continuing to resource priorities. I do feel confident that we are resourcing the people working on floods within the Department. That side is adequately **resourced**.

- Q32 **Barry Gardiner:** Your framework agreement with the EA is now three and a half years old; that means it should have been renewed last August. When will you renew that framework agreement and what are you doing to improve your understanding of the delivery risks in the investment **programme**?

Tamara Finkelstein: Sir James and I are in conversation around exactly looking at and refreshing the framework agreement, so we will be working on **that**.



HOUSE OF COMMONS

In terms of our work with the EA, we both have the kind of collaborative relationship that we use to deliver all our work, including this, but we have a role in scrutinising and ensuring that there is spare—

Q33 **Barry Gardiner:** You pre-empt me, perm sec, because I was just going to say that the Report found that you are not carrying out effective risk management in relation to the EA. Please identify for the Committee what those failings have been in carrying out effective risk management, and say how you seek to address them and by what **dates**.

Tamara Finkelstein: Let me start by saying that we have a process by which we do some of that assurance. We have quarterly meetings with the Environment Agency on the flood programme, and we also have quarterly meetings in which we involve the Infrastructure and Projects **Authority**—

Barry Gardiner: You are giving me process. Sorry—

Tamara Finkelstein: I know—I will get to that. I will. And involving the Treasury.

To be honest, the conclusion of the NAO, which we absolutely recognise, is about having the right processes and using them effectively. What I would say is that we have some of those in place, and I think that what we have to do is to dial up how effectively we are using those, and gaining the assurance that we need to get from those scrutiny sessions.

There is also what we talked about before, which is ensuring that we have a stronger suite of performance indicators to use in that conversation, and that is what we are shaping. The team that I have described, which we have prioritised resources on, is to shape a stronger set of indicators, as the NAO suggested, and using the processes that we have effectively, and we will also refresh the framework agreement.

Basically, we recognise it, we are on it, and when you ask about timeline, that will be in time for the new flood **programme**.

Q34 **Barry Gardiner:** **And** you are hoping that those processes and targets will enable you to use your attendance at the EA boards to more effectively challenge and support the agency's performance, because, again, the Report said that you are not doing that at the moment. How will the new targets and criteria that you are setting enable you to do that?

Tamara Finkelstein: Having a clear set of targets, the right processes in place and the right people around the table will do that. It is a commitment from us that we will dial up the scrutiny and assurance that we put in place. We look to get the balance right, because we rightly do rely on the Environment Agency for the information that they provide, the work that they do and the progress that they make; and that is not wrong, but we do recognise that we need to dial up the scrutiny. I have confidence that the right people, the right processes and the right indicators will enable us to do that.



Q35 Barry Gardiner: I recognise that it is difficult when much of the information that you as a Department receive is actually from the Environment Agency. In a sense, the Environment Agency is the tail wagging the DEFRA dog here. But it is about how you begin to change that dynamic so that you are holding them more effectively to account. Ms Randall is now on the call. Am I right in thinking that she attends the EA boards, and perhaps would like to comment on my question to you about where the failures have been and why those failures have been in challenging at those boards?

Sally Randall: Thank you, and I am sorry for being slightly late in joining; I had some technical issues.

You are right that it is my team that is responsible for the immediate relationship between DEFRA floods policy and the Environment Agency's delivery, and it is members of my team who attend some of those boards, although input also comes from more specialist parts of DEFRA and our commercial group, who are the right people to be involved, particularly in project assurance.

On the difference between what we do now and what we might do in the future, as Tamara has said, we do not think that we necessarily need to be in different rooms. We think that we are in all the right rooms and all the right conversations with the Environment Agency, but we would agree with the NAO that in order to give the right degree of challenge, we sometimes need to be equipped with better information and ensure that, as we go into the future programme, we have that information at our fingertips. That does not mean that we do not have good information at the moment, but particularly with the scaling-up of the programme, we feel that it is the right moment to review that, and to ensure that we have the full set of information and insight available to us as we go into the future programme. That insight does not just come from members of my team. As Tamara said, there is a particularly important contribution that comes from the IPA as Government specialist advisers on infrastructure delivery, which makes sure that our policy insight is balanced by that infrastructure expertise.

Q36 Barry Gardiner: I wonder whether one of the things that might help is looking back to the 2014 report that this Committee did. In that report, the Committee made a recommendation that there should be a streamlining of the number of local plans and strategies. There was a profusion of plans—often a duplication across geographical or administrative boundaries—which was obfuscating. But you have not done that over the past six years, have you? There has not been that streamlining. When is that going to happen? Can you actually give us some firm timescales for that?

Sally Randall: You are right that we have not changed the structure of local planning over the last six years. Our focus, together with the Environment Agency, who have those local relationships, has been making sure that every lead local flood authority has a good-quality plan in place—which we are now satisfied that they do—and improving the sub-regional



level planning that is led by the Environment Agency. Now that we are satisfied that those are in place and we believe that we have set a clear direction through our national policy statement, we will review whether there is an opportunity to streamline local planning, and we will have that in place by the next review of plans in 2026. That does not mean that we will not do anything until 2026—we will start that review this year—but any changes, which might include changes to legislation, would be in place in time for the next cycle of plans to turn over.

It is probably also worth saying, and I am sure the Environment Agency will want to comment on this, that there will always be a degree of complexity and a degree of overlap in the spatial planning for flood risk management because of the complexity of the local geography and the local situation. We absolutely agree that we should get on with the work now, to see whether we can streamline that and make it easier for local partners to operate, while accepting a degree of ongoing complexity.

Q37 Barry Gardiner: Sir James, how do you feel that DEFRA could provide you with the most useful challenge and assurance? We do not want to make this overly bureaucratic, but what are the ways in which you feel that it could hold you to account better, to improve what you do?

Sir James Bevan: Good governance in risk management is important; it is vital. It is ultimately about delivering results. As I said, the fact that we have managed to deliver the current six-year flood investment programme demonstrates that the governance of the flood defence investment arrangements is not broken, so I do not think that we need to entirely reinvent it. I do think, as the permanent secretary and the NAO have said, that we can and must improve it. There is already a lot of governance within the EA that manages risk. There is a lot of governance between the EA and DEFRA, and I do not feel any lack of challenge from my DEFRA colleagues, although I feel a lot of comradeship as well. There is a lot of governance between the Environment Agency and the regional flood and coastal committees that approved the programme. So there is quite a lot of governance already.

The test for me is: what will deliver better outcomes? If we can devise governance arrangements that better manage risk and enable us to deliver quicker and better, at better value for money for the people who pay our wages, that is of course what we want, and that is the focus that the permanent secretary and I have in thinking about the new arrangements. What we do not want, as you said, Mr Gardiner, is anything that duplicates, delays or degrades the quality of our delivery. I agree with the NAO that the first step should be for the EA and DEFRA to make sure that they are using to the full the current arrangements before we invent new ones.

Q38 Barry Gardiner: Permanent secretary, you are about to embark on a review of the local government funding for flood risk management. When do you plan to complete that review? Will the review look at those local authorities that are not spending the money that they have been allocated for flood management, which is not ring-fenced? If all the



HOUSE OF COMMONS

money that had been allocated by Government to local authorities was being spent on flood defences, what difference would that make?

Tamara Finkelstein: We have committed to look, together with MHCLG, at exactly what you describe—the allocation and spending within local authorities—to give us a better sense of that. My understanding is not actually that they are spending less than they are allocated, but we need a much better understanding of what they are spending and where and how that varies. You asked me about a timeline. We are looking to do that work with MHCLG before the next spending review, which we would expect in the autumn. I do not know whether Sally wants to add to that.

Sally Randall: As Tamara said, it is un-ring-fenced funding. Nationally, we know that local authorities spend more on their flood risk management activities than the local government formula assumes, but obviously that will reflect a very varied picture across the country. The review and the work that we will do with MHCLG colleagues this year will help us to understand whether the formula is targeting the right areas in the right ways and in the right way reflecting different types of local risk and the responsibilities that different areas have.

Q39 **Barry Gardiner:** Just to be absolutely clear, are you going to be assessing whether the funding to local authorities is actually adequate to cover the risk that they face and their responsibilities for that on an individual authority basis? As you said, overall we know that more money is being spent by local authorities, but it is very patchy. What can we do to refine that, to ensure that the money is being concentrated and delivered in the areas where it is most needed?

Sally Randall: We will, as part of that work, be understanding whether the formula is picking up the local sensitivities and targeting the right areas with flood risk funding. I would probably stop short of having an ongoing responsibility in terms of ensuring that that money is spent on flood risk, given that that money is un-ring-fenced. We will want to have a general assurance that they have sufficient funds available and that our flood risk strategy requirements are ensuring that they deliver on further risk, but the funding will remain un-ring-fenced, in line with wider local government funding paths.

Q40 **Barry Gardiner:** Would you wish it to be a recommendation of this Committee that the moneys for flood-risk management to local authorities should be ring-fenced?

Sally Randall: The local authorities have a clear role in local decision making, and I do not think that we would want to overrule that from DEFRA.

Chair: Very diplomatic, Ms Randall. Good try, Mr Gardiner. Over to you, Mr Wild.

Q41 **James Wild:** I want to focus now on the impact of the programmes. My constituency in north-west Norfolk has 10,000 properties with an annual flood risk of at least 1%. Your target of 300,000 homes being better



HOUSE OF COMMONS

protected has the benefit of being very clear and easy to understand, and over 2,000 homes have been protected in my constituency, which my constituents are grateful for. How confident are you that you have a good understanding of how far the overall flood risk has been reduced as a result of the capital investment programme?

Sir James Bevan: Pretty confident would be the answer, I think. We do know that we are about to successfully reduce flood risk for 300,000 homes up and down the country, including in your constituency. We can measure that. We know the extent to which we have reduced risk in individual schemes, so we have what we call a measure of annual exceedance probability, of which one in 100 would be a good example. That would mean that there would be a 1% chance every year that the specifications in the scheme would be exceeded, so we can measure individual levels of protections. We do have what we call our national flood risk assessment, which measures flood risk for the country as a whole and which we are updating in 2024 to bring in a more sophisticated analysis of overall flood risk.

Q42 **James Wild:** What comes through from the report is that it is not clear how you take account of properties that are less well protected throughout this period, whether through housing or other developments. How do you capture that within your figures?

Sir James Bevan: For each proposed flood defence scheme that we build, we need to calculate how much Government funding we are entitled to spend on it, according to the Government's policy. As you know, a key element of that is how many homes will be better protected. One of the first questions that we ask as we are designing a scheme is how many homes we can protect and at what cost. That will be clear for every one of the schemes, so we will be very clear from the outset as to the number of properties that we can protect by the scheme. We would be very clear at the outset as to what the level of enhanced protection will be from that scheme.

In aggregate, although it is very difficult to put a single figure on the overall improvement in flood protection from the current six-year programme, our calculation has been—if you aim off all the other factors like climate change, population growth and so on—that, overall, in the current six-year investment programme, which we are about to complete, there will be 5% less economic damage from flooding in an average year as a result of that programme. We have used that same method to estimate that, for the future six-year programme that we are about to embark on, it would be better—there would be up to 11% less economic damage in an average year as a result of the net investments that we are making.

Q43 **James Wild:** Picking up on paragraph 14 of the report, on page 8, what has happened during this period of flood risk in non-residential buildings, agricultural land and other infrastructure?

Sir James Bevan: We do not measure that unless that is part of a particular flood scheme. It is very hard, obviously, to measure an overall



HOUSE OF COMMONS

flood risk in relation to, say, agricultural land. How do you define the land that you are measuring? How do you find the patterns that are affecting flood risk? What we do, and this is part of the present Government policy that we give effect to, is take account of the benefits of protecting agricultural land, infrastructure and the environment. We will always try to include those benefits in flood schemes that we design and many of them do include those benefits. The current policy allows us to spend some Government grant as part of flood schemes to protect agricultural land and other factors, but, as you know, that policy deliberately focuses most Government funding on the protection of **homes**.

Q44 **James Wild:** So, you don't measure it, so you can't say to the Committee whether the flood risk for agricultural land has gone up, stayed the same or **reduced**.

Sir James Bevan: I could probably tell you if I asked my experts to give you an estimate of flood risk for a particular piece of agricultural land—a particular piece in your constituency, for example. We may well know that, not least because we work with farmers on the borders of our schemes; sometimes they are part of our schemes because, with farmers' consent, we will sometimes use agricultural land as a flood storage reservoir when flooding happens. I can't give you a figure for agricultural land in the UK and the overall risk to **that**.

Q45 **James Wild:** Turning to Ms Finkelstein, in the DEFRA flood statement there is "an ambition to create a nation more resilient to future flood and coastal erosion risk." How will you know, and, more importantly, how will we know if you have achieved that **ambition**?

Tamara Finkelstein: The policy statement sets out 40 actions that we are seeking to take in order to achieve that ambition. They range in things that are more or less measurable. The intention is to act on a wide range of areas. That picks from what Sir James was saying earlier: part of that is around delivering the new scheme. There are a whole range of other ways in which to make us more resilient in **future**.

Q46 **James Wild:** The NAO Report comments on the lack of SMARTness in the vast majority of the targets and the actions in the report. How can we judge you when so few of them are time-limited and **measurable**?

Tamara Finkelstein: It is not part of the policy statement, but a number of these are strategic directions that we want to take. A number of them have measures, so it is a combination of things. Beyond it, we will be doing things off the back of a policy statement that will have further measures associated with **them**.

Q47 **James Wild:** Okay. The Environment Agency strategy document and your document talk about resilience and adaptation going together. This question is probably for Sir James. There are projects in my constituency at salt marshes along the coast and other projects. How do you see the balance between hard and natural defences in delivering that **resilience**?

Sir James Bevan: I will answer the question, Mr Wild, but just to add to what the permanent secretary said in response to your last question, our



HOUSE OF COMMONS

national strategy, which will implement the Government's policy, has, as the NAO acknowledged, a whole bunch of SMART objectives, goals and timelines. We will publish an action plan in April to tell you how we will deliver those, and you are very welcome to hold us to account for them.

On the strategy itself, there is some really new stuff in that strategy. I have already mentioned the shift to resilience as well as protection; you just picked up on it right there. There is also greater emphasis in the new flood strategy on using not just hard defences, but nature-based solutions that slow the flow of water. I think we can all agree that that is a sensible thing to do. There is greater emphasis on growth. We are very clear now that part of the objective, as we manage flood risk in the country, needs to be ensuring that the spending on that management contributes to job creation and sustainable growth in local places.

The final element that is worth underlining is that we are being clear now that flood defence is everyone's job. It is not just the job of the Environment Agency or the Government, although we have key roles to play in that. If we are going to really protect the country and make ourselves more resilient in the future, with the climate change that we are experiencing, we need everybody to understand their flood risk, their responsibility and how they can take action. That is just as important part of the future strategy as building hard new defences over the next six years.

Q48 James Wild: In your strategy, you talk about one of the schemes that runs along the coast from Snettisham and around bits of the coast in my constituency—the East Wash community investment company on the coastal management scheme. I speak regularly to Mike McDonnell who has done a lot of work for that. That scheme essentially runs from the hard defences in Hunstanton round to Wolferton and is a recharge and recycle scheme. What is the EA's view on the merits of harder defences versus some of the natural alternatives?

Sir James Bevan: My view is that the best flood defence is the one that you cannot see—either that is invisible, because it is designed in such a way that it does not cause any damage to the environment and people's surroundings, or that is a natural flood defence. You have mentioned a good example of where we use sand recharge and help to steer the way in which the sand spreads itself around the shoreline to reduce flood risk.

We will use whatever is most effective to protect the maximum number of people and keep them safe. In some parts of the world—many parts of the world—that will mean concrete, and in some places it means higher walls, but I think we would always rather design and deliver schemes that work for the local community, that are beautiful as well as practical, and that help to ensure growth as well as protecting people against flooding. The default should be working with nature rather than against it.

Q49 Chair: Thank you. I am going to bring in Ms Finkelstein on this point as well, and then go back to Mr Wild.



HOUSE OF COMMONS

Tamara Finkelstein: I realise that I should have given some greater clarity to Mr Wild, because one of the actions in the policy statement is the work that we are doing to develop a national set of indicators on risk. That will give you a better set of indicators to hold us to account on.

Q50 **James Wild:** On that scheme around Snettisham, Sir James, at the moment it is the individual caravan owners who pay an annual levy to provide the bulk of the funding. A question that I have been asked to ask is whether parish councils have the ability to use a precept for flood defences. The community interest company has been given different advice on that. I wonder if you or DEFRA could come back with your view on whether parish councils have that power.

Sir James Bevan: My answer is that we will always look to maximise the sources of funding for any flood defence, even if the policy would allow us to fund it fully from the Government. Obviously, the more funding we can get from local sources, the better, because then the more flood defence schemes we can deliver. We do have schemes where parish councils have contributed in cash or in kind. Local authorities obviously contribute, and lots of other public sector and some private sector organisations do too. The more the merrier would be my approach.

Q51 **James Wild:** The specific question is whether they have the power to use precepts. Conflicting advice has been given to the CIC previously. If you or DEFRA could come back in writing on that specific question, that would be helpful.

East Anglia has some of the most productive agricultural land in the country. Protecting property is obviously important and that is the main metric you go on, as we have discussed a bit, but some people in my area and around East Anglia are concerned that there is a plan to let some of that agricultural land go. Are you doing enough to protect that valuable land as well as people's homes, which are incredibly important?

Sir James Bevan: As I said, the current policy focuses on protecting people's homes, but it does allow us to, and we seek to ensure that we do, take account of the ability to protect agricultural land where we can. As I said, we already use some agricultural land by agreement with farmers as part of our flood defences. Farmers, in those cases, are usually compensated for that.

It is a debate that we need to have. Ultimately, we can spend our money however we like, but we can only spend it once. There is a legitimate debate to be had about how much we want to spend on protection versus resilience, and about how much we want to spend in future on homes versus farmland, infrastructure or other assets.

Q52 **James Wild:** I am aware that there is a lot of work going on as part of the future fens study, but that is an important question for farmers. If we want to build up our sufficiency in food, retaining agricultural land as far as possible is going to be very important. To come back to one of your earlier points on economic damage, why is that considered a great measurement when it means that, if you look at a flat in Chelsea, the



protection for that would be 20 houses somewhere else?

Sir James Bevan: The main metric we use is the benefit-cost ratio of the scheme: for every pound we spend on each individual scheme, how many pounds of damage will it avoid? You are right, Mr Wild. The answer to that will depend on in which part of the world you are asking the question, but the overall benefit-cost ratio of our flood defence scheme programme is a very good one. The current six-year programme that we are about to finalise is 8:1. For every pound we spend, on average £8 of damage is avoided. Although it will be slightly lower in the future six-year programme, it will still be over 5:1. Those are just the economic benefits. The non-economic benefits of flood defences, the mental health benefit of not being flooded, the security of being able to go to bed at night knowing that you don't have to worry, and the ability for businesses to invest with confidence are just as important as calibrating the actual damage of a particular set of houses.

Q53 **James Wild:** Coming back to your strategy, it talks about a vision for today, tomorrow and the year 2100, which seems a bit distant at the moment, in December I went out on a winter exercise with the team in King's Lynn and I was very impressed by the efficiency, the organisation and the floodgate system that is in place. In 2013, the water came pretty close to breaching those gates; if the wind had not turned course, that is what the EA expected would have happened. Given that, and looking to 2100, can you give a commitment that places such as King's Lynn will be properly protected throughout that period?

Sir James Bevan: The first thing to say about 2100 is that it is a long way away. Neither us might be here to debate it when it arrives, but we are already planning for 70 years away. For example, the Thames barrier will come to the end of its design life sometime around the 2070s. We already have a clear idea about where we might build the next one. We are already taking action to ensure that we have the capacity and, if we need it, the land to build it on. We have to think very long term if we are to do the best we can for the people who come after us.

On your question, I can give you an absolute commitment that we will do everything we can, not just for King's Lynn but for every community in the country, to protect communities against flood risk and make them more resilient in the face of climate change. That does not mean we can give anyone in King's Lynn or anyone else in the country a guarantee, as you know, that they will never flood, because nature will always be stronger than us. We can give them a commitment that we will do everything we can to reduce their risk.

Q54 **James Wild:** That is reassuring. Finally, I want to turn to the overall impact of the investment programme over the next six years. How meaningful is the estimate of reducing flood risk by up to 11%? What does that mean for one of my constituents?

Sir James Bevan: That is a good question. Our experience is that probabilities do not really work. People do not really understand them. Frankly, I find some of the probabilities quite difficult to understand. What



people do understand and care about is the basic question: am I at risk? Am I protected? So we have shifted our messaging when we talk about flood risk to communities so that it is not in terms of probabilities, but in terms of: "You are at risk if you live in this area. You can find out whether you are at risk by putting your postcode into gov.uk. If you are at risk, here are the things that you need to do. You need to be ready to do these things if flooding happens." That is a deliberate decision on our part to be much simpler and clearer with people, so we say, "Let's not worry about the level of risk; let's just be clear that if you are at risk, here are the things that you need to do."

For constituents where we build flood defences—I have listened to lots of constituencies and tried to make sure I understand how local people feel—my experience is that when people know that they have a new, stronger flood defence, it contributes hugely to their mental and physical wellbeing, and it contributes, as you will know, to business confidence, too. So there are a bunch of intangible benefits as well as that very clear risk protection.

Q55 **James Wild:** Ms Finkelstein, you are planning to publish a set of indicators by spring next year, I think. Are they going to be specific and measurable targets on the overall flood risk in the future?

Tamara Finkelstein: This spring we will publish, ahead of the programme, a set of key indicators of performance around the new investment programme. What we are going to do by next spring is develop that national set of indicators on risk. That is what we are working on.

Q56 **James Wild:** Okay, and they will be measurable targets.

Tamara Finkelstein: They will be measurable indicators to track, absolutely.

Chair: We look forward to tracking those. We like measures.

Q57 **Barry Gardiner:** Ms Finkelstein, Sir James spoke eloquently about his in-principle preference for soft green infrastructure, as long as it delivers. Will DEFRA link flood targets and indicators to the national biodiversity strategy and the 25-year plan targets, and then use those to hold the EA to account, so that you are looking at this from a perspective of natural capital as a whole, not simply the economic benefit?

Chair: A quick answer, Ms Finkelstein.

Tamara Finkelstein: I do not remember that precise linkage, but we are absolutely supporting the development of natural approaches to flood management and looking at flood management in the context of some of our other programmes, including environmental land management and so on, so—

Barry Gardiner: Biodiversity targets.

Tamara Finkelstein: Yes, we are developing—

Chair: The issue of natural capital is something that this Committee,



HOUSE OF COMMONS

working with the Environmental Audit Committee, is keen to keep watching and working with you and the Treasury on, so that is a good hint that you are moving in the right direction.

- Q58 **Shaun Bailey:** I want to drill down a bit more on the funding element of this. Ms Finkelstein, can you perhaps give me some assurances around funding for deprived areas? I am conscious that the NAO has reported that we have seen a decline in the percentage of homes in deprived areas that notice having better protection. I believe the NAO noted that it declined from 29% in 2014, to 8% in 2019. Can I get a bit more clarity from you on why that is the case? Certainly, from my reading of the report, the belief was that in more deprived areas you were looking at low-return schemes and more straightforward low-return schemes that, as a result, would see a decline. I am curious to understand why that is the case and how you reached those conclusions, given that it is my understanding that no analysis has really taken place of why that decline has happened.

Tamara Finkelstein: The first thing is to take a step back in terms of how funding gets allocated and on what basis. It is where the flood risk is highest and where it benefits the most people and property. Each scheme is considered in that way, using the funding criteria. Also, to be clear, once the funding rules are in place, it is delegated to the Environment Agency, in terms of the scheme selection.

We note that when you, post hoc, look at where flood schemes have taken place, that pattern is noted from the NAO report and work that the Environment Agency has done. It is quite lumpy, so it is quite difficult to know, when you take a cut by region or area, whether that is telling you something or not. We believe it is because some of the big schemes that were viable happened, and that meant that there was an increase and then a decline.

We do not think that there is something that is built into the funding rules; in fact, the funding rules have a higher payment rate for those in the more deprived areas than the less deprived areas. They are helped in terms of the amount of partnership funding that we look for in those areas, but we recognise the finding and we want to do more work on understanding it. We keep the funding rules under review. If we think that they are skewing things in a way that is not desirable, we keep that under review. Catherine might want to comment further on that.

Catherine Wright: The programme that we are just about to have completed delivering is a six-year programme, so when we start out, we look to plan the schemes over that six-year period. We do it on the basis of two things: the first is obviously need, which gets the schemes in the programme in the first place, and the second part of it is readiness. What we chose to do in the six-year programme was to front-end load the delivery of the schemes that most benefit the deprived communities. Schemes such as Fleetwood-Blackpool on the north-west coast, for example, were delivered earlier in the programme, and in total we will



HOUSE OF COMMONS

have better protected about 46,000 properties in the most deprived areas through the programme.

We are continuing to deliver benefits. We have the Egremont scheme at the moment in Cumbria, and the Boston barrier has just delivered, which is an important part of it. However, we know that there is an inherent inequality here: flood risk disproportionately affects more deprived communities, but we have seen a shift. There has been a shift and an improvement over the past 15 years, and the next programme will look to do the same, which is to prioritise deprived communities in the timing of the programme.

Q59 Shaun Bailey: I am grateful for your answers. I have a couple of follow-up points, if I may. I represent quite a deprived area in the Black Country, and I am slightly concerned that in August last year we had a very significant flood event that impacted on one of the most deprived parts of my community. I have two points on that. Ms Finkelstein, in your answer, you said “we think” a lot: “We think this might be why this happened.” I am curious to understand, though, why no analysis has been undertaken as to why there has been declining funding in areas and communities such as mine. I would be keen to understand that a little bit more.

Ms Wright, you talk about the six-year programme, but I am conscious that HMT has turned around and said that there is an expectation that you operate within annual yearly budgets. I am curious how that circle has been squared as part of that six-year funding programme.

Tamara Finkelstein: I apologise that I said, “We think”. Partly I said it because we do need to do more work in understanding this area, but I might have understated the analysis that we have done, which Catherine could pick up on. The Environment Agency has done some analysis, which perhaps she could pick up on.

Catherine Wright: We have looked at the issue of deprived communities. We published a report back in the autumn, which we can provide to the Committee and which sets out that research in a bit more detail than the initial analysis that I referred to when I spoke just a moment ago.

Q60 Shaun Bailey: I would certainly be grateful for that. If I may, Chair, I would like to move on and go into the funding disparities a little bit more. I am conscious about the fact that in my constituency, for example, the current funding ratio is £580 per property, whereas a nearby constituency in Birmingham has one of nearly £5,000 per property. Could you perhaps just explain, particularly for the benefit of my constituents in Tipton who are watching today, how the rationale behind that works? I do not know whether you want to take that point, Ms Finkelstein.

Tamara Finkelstein: It is probably best directed at Ms Wright. The overarching thing that it goes back to is that that isn’t the way in which we make those judgments, but I think Ms Wright would give you a fuller answer.



Catherine Wright: The way the funding is allocated is, as we explained earlier, based on risk. If you are living in a part of the country where you have the highest level of risk and where, when we look at the programme, we see that the benefits we can deliver in terms of value for money are the greatest, that is where the money gets targeted. If you are in an area with fewer total properties at risk, for example, you may see this allocation of funding per property change. But there is also another important factor, in that flood risk and how we tackle the scheme once it is in the programme is different for every location. A Boston barrier or a tidal barrier such as Ipswich is a very different scheme and cost profile to deliver from a riverine scheme, which James described, that might, with the agreement of farmers, make use of area to create a floodplain. Some of those factors, which are about how we actually build and deliver these sorts of schemes, will also play into that analysis of risk—the cost per property. That said, we recognise that there is an opportunity to have a look at this further, and, of course, in delivering an efficient programme we are keen to use things such as the modern construction techniques and learning from across the infrastructure industry to help us deliver best results for the money.

Q61 **Shaun Bailey:** I have heard that answer, but would you not think that, for example, the inability of individuals to obtain flood insurance might not also be a considerable risk to be counted in? I am conscious that in my communities many people cannot afford that. They have had these one-in-100-year events that have happened twice in four years, and as a result of that are not able to insure their home at a premium they can understand—this is particularly the case for those in social housing, which are required to get that. I am just curious as to why that would not be a metric as part of your planning or thinking.

Catherine Wright: Perhaps I could bring in one of my DEFRA colleagues—I think Sally would like to help with this one.

Sally Randall: I just wanted to say a little bit about flood insurance. In particular, the existence of the Flood Re scheme should mean that affordable flood risk insurance is available, regardless of whether a property has been flooded recently. We know that in the past people were given very high quotes for flood insurance when they had had a flood. The existence of Flood Re means that affordable insurance should now be available, including to those at very high risk. We did some work, which we commissioned from Amanda Blanc, who is an independent insurance expert, following the floods in Doncaster last year to understand why that flood insurance had not been taken up by some people in that local area. We have some recommendations, which we are considering as a result of that. It was not a very high proportion, but none the less there were enough people there who did not have that insurance in place that we are looking carefully at those recommendations, many of which are for the industry itself. Across the board, we believe that the existence of Flood Re has made a very big leap forward in the number of homeowners who are able to access buildings insurance. For tenants, of course, it is contents insurance they should be focusing on, and the building should be insured



by the building owner—this applies, for example, to those in social housing.

- Q62 **Shaun Bailey:** Ms Randall, may I bring you on to another point that you made in response to Mr Gardiner when he asked about the ring-fencing of funding that local authorities are spending on flood risk? In your response, you alluded to the fact that you would not necessarily want to dictate to local authorities how they should be prioritising their funding. My local authority is a lead local flood authority. How confident are you that local authorities, even when they have got that funding there, have the resource to actually implement the projects that they have been funded for? One of the push-backs I have had from my local authority is, “It is all well and good giving us the funding, which is appreciated, but we actually need the resource on the ground to be able to implement these projects.” Often the flood element of the lead local flood authority is tagged into another department, which at this time has other pressures. I want to understand how you can monitor whether local authorities are actually able to deliver on these projects.

Sally Randall: We are conscious that delivering a flood scheme, in particular, is quite a specialist business. Where local authorities do that themselves, they need support. James or Catherine might want to say a bit about what we do at the Environment Agency. We ensure that, for example, local authorities are able to access the Environment Agency’s supply framework and specialist advice when delivering local flood schemes. That is the kind of support that they give through their local offices. James or Catherine might want to say a little more about how we support local authorities and those on-the-ground responsibilities.

Catherine Wright: We do a lot of work to support the lead local flood authorities with delivering the schemes. They have done some great schemes in the programme. It is very practical support. Our regional flood and coastal committees can raise a local levy, and they have used it to provide project support posts with lead local flood authorities. About 60 of them have been put in place during the programme. Through the monitoring, tracking and engagement that we have done with the lead local flood authorities, we knew during the programme that they wanted more support for training and building business cases, so we provided extra guidance around that. We also have a regular liaison going on between our area teams and the various public bodies that are spending the grant in aid funding. We also keep an eye on skills more generally in local flood authorities, working with the LGA and ADAPT.

- Q63 **Shaun Bailey:** That is useful to know. On the partnership model more widely, one of the things that has been noted—I don’t know whether you want to come in on this, Sir James—is that the partnership model and the funding approach that is in place has sometimes been seen as inhibiting programmes, particularly where some partners do not have the capital to put in. Given the many streams that are out there, and given the stretched funding climate due to where we are with the pandemic and where stakeholders, local authorities and private sectors partners are, what work is being done to mitigate those pressures and ensure that this



partnership funding approach and this model is still effective?

Sir James Bevan: I think it is effective. It is a policy, and it can be changed, but it is the Government's policy. The proof that it has been effective is the 300,000 homes that are now better protected that weren't five or six years ago.

You are right that there is never going to be enough money in any one source to do all the things that we would like to do, so the best solution to that dilemma is to do it together. That is why I am a believer in the philosophy of the partnership funding policy, which is about going out and encouraging the Environment Agency to build coalitions that can not just design but fund in order to deliver the flood schemes that local communities need. If you look at the programme that we are just completing, more than half the projects that we have delivered over the last five to six years have benefitted from partnership funding from local authorities, businesses, communities or elsewhere, so it works.

We are going to double that programme. It was £2.6 billion over the last six years, and it is going to be £5.2 billion over the coming six years. That means that, instead of the about 1,300 flood schemes up and down the country, we are looking at about 2,000 over the next six years, so there will be more of those flood schemes. Many of them are likely to be in some of the smaller communities that missed out under the previous six-year programme. The expansion of that programme, which is a lot more Government money, plus continued searching for not just public funding but additional private funding, is the answer.

Q64 **Shaun Bailey:** Sir James, it sounds as if there has been significant funding over that five or six years, but are you confident, given the climate that we have found ourselves in over the last 12 months, that the expansion that you talk about is still possible to the degree that you have just outlined—the doubling of funding to £5.2 billion?

Sir James Bevan: Yes. The Chancellor confirmed the £5.2 billion in the spending review last month for a multi-year settlement. We obviously need to ensure that we have the additional revenue funding, as we call it—the money that pays for people and running costs to deliver that new programme, and we are in good conversations with DEFRA about that, but, yes, it is absolutely doable. We are determined to do it. I think there is no better investment for the country.

Chair: Thank you very much, Mr Bailey. Sir Geoffrey Clifton-Brown, over to you.

Q65 **Sir Geoffrey Clifton-Brown:** Sir James, is your organisation putting its expertise into the new Government review of the planning system to prevent houses being built in the flood plain unless there are satisfactory mitigation measures?

Sir James Bevan: Sir Geoffrey, short answer: yes. Slightly longer answer: really important that we do. I have been on record as arguing against unnecessary building on the flood plain. The clue is in the name.



HOUSE OF COMMONS

Our analysis in the flood strategy suggests that we may see up to 50% more building—a doubling of properties in the flood plain—over the next 50 years, and I think that is a risk. So, yes, we are very closely engaged with MHCLG on the planning reforms and, on a day-to-day basis our teams engage with day to day, we are a statutory consultee on planning and we engage both on any plans that may enhance flood risk and any plans that may damage the environment. The good news is that in 99% of cases the advice that the Environment Agency gives on those matters is accepted by the planning authority.

- Q66 Sir Geoffrey Clifton-Brown:** In particular, the Association of British Insurers, at page 5, paragraph 20, tells us about the loophole in the guidance on the national planning policy framework, whereby, if space is provided in a flood plain for flood mitigation measures, planning permission can be obtained in that flood plain; but that is pretty useless when no obligation is put on the developer as to who should pay for those mitigation measures. Is this something you are considering?

Sir James Bevan: I think the overall strategy, as I understand it, is not changing. Point one of the overall strategy is not to build in the flood plain unless there is no alternative—and that, clearly, must be right. The second element of the strategy, which I do not think is changing, which is important, is if you do build in the flood plain, if that is judged to be necessary—and sometimes it will be, for reasons that we understand—then whatever you do must not enhance anybody else’s flood risk or put at risk any of the people who may subsequently be living in the flood plain. We will continue to make the argument for that. I think those are strong principles. I don’t think they are contested, and I think a lot of the delivery of this, the success of this, depends on the local relationships between Environment Agency colleagues and the local planning authorities, and those are pretty good.

- Q67 Sir Geoffrey Clifton-Brown:** Thank you, Sir James. We have got very little time. Can I ask you one question about methodology and something you said earlier about the one-in-100-year event—the so-called 1% factor? I have a street in Cirencester that has flooded three times in the last 14 years—the entire street. They are told that nothing can be done because they do not meet the one-in-100-year event. This is really, surely, unacceptable in the 21st century, that nothing can be done for an entire street that they know, every time there is a major event—the last one was on Christmas eve—the entire street had to be evacuated. This is surely unacceptable, isn’t it?

Sir James Bevan: Yes. I do not think we should say nothing can be done, in any circumstances. You can always do something, and we always should aspire to do what we can. I think in each case we need to know what the problem is. I don’t, obviously, know the particular street you are talking about, but in many cases—actually most cases—flooding is surface water flooding. It is too much rain for the drains. That is a local authority lead, but the Environment Agency does not fold its arms. We will work with local authorities to identify ways in which we can mitigate local flood risk, including if it is surface water flooding. If it is river flooding, then we will



HOUSE OF COMMONS

never say nothing can be done. We will say “What can we do with the community with the money that we know that we have and with the desires of the community that they express?” So we will never walk away from a community that has a flooding problem.

Sir Geoffrey Clifton-Brown: That is a really helpful statement. I will be in touch with your officials. Thank you.

Q68 **Chair:** Thank you very much, Sir Geoffrey. Earlier, Ms Finkelstein, you talked about the next spending review, expected in the autumn. You can never be absolutely certain, but is that what Whitehall is now planning for—an autumn spending review?

Tamara Finkelstein: There will need to be some sort of spending review in the autumn to set the budget for the next year. Our hope would be that it will be a multi-year review, which is important in this context of flooding and flooding revenue, but obviously I cannot rule out it being—

Q69 **Chair:** I recognise that you are constrained—it is up to the Chancellor in the end—but you are planning for that. That brings me to you, Sir James. You are living under a one-year spending review now. We do not know quite what will happen in the autumn, but obviously something will. We have been talking very long-range here. Have you had to trim or change your plans because of the one-year spending review, and what kind of length of multi-year settlement would be really useful to you in planning terms?

Sir James Bevan: The first thing to say is that multi-year settlements are better than one-year settlements for all sorts of reasons. They are quite unusual in Government, as you know, and we should recognise that the Government have been pretty good at giving the flood world a multi-year settlement; we have had that for the last six years. We have a multi-year settlement for the capital programme for the next six years. That is really helpful. What we do not have, for reasons we all understand, is anything going beyond the next financial year on the resource money—the money that pays for people and running costs. No one will contest that now is not necessarily a great time to do a multi-year spending review, so we understand that.

We are currently working closely and well with our DEFRA colleagues on what allocation the Environment Agency will receive for the next financial year on the resource side. We have made the argument that we will need some additional money in order to deliver both the much bigger new flood defence programme that we are going to deliver next year and the much bigger maintenance programme that we now have. I think that that is well understood in DEFRA, and we will await the outcome.

Q70 **Chair:** Obviously there have been all the pledges on climate change, and we will probably get more out of COP26. Are any other aspects of the costs of maintenance increasing as a result of Government climate change policy?



Sir James Bevan: Maintenance costs are increasing, first, as I said, because of climate change. It is just doing more damage—and it is not just extreme floods and weather; it is extreme drought, which is also bad. They are increasing because we have quite an old stock. Some of our flood defences were built in the '60s and '70s. They are coming to the end of their design life. It is more expensive to maintain them, and it is more expensive because the dear old Environment Agency has built a lot more of them, and we now have a bigger stock to maintain, so the cost of doing that maintenance will rise. They need to be well maintained, because it is ultimately about protecting people's lives and livelihoods. I am convinced that the Government understand that. The Government's previous track record has been good on investing in maintenance, and I hope that that will continue in the future.

- Q71 **Chair:** You have talked about the challenge of revenue funding for a year compared with longer. You need a highly skilled workforce to deliver this. First, how are you doing on getting those skills in place? Do you have any hints to anyone out there who is looking at retraining about what they need to retrain in? Secondly, does the fact that you cannot plan ahead mean that you are finding it hard to hold on to some of those skilled staff, because you cannot give the certainty without knowing what your revenue will be next year?

Sir James Bevan: Yes. We addressed this a bit in our last session. We do have a potential skills gap in some of the highly technical areas like engineering that are critical for flood defence. That problem, as we said then, is largely down to the disparity between what the public and private sectors pay. I do not think that that is going to change significantly. We have a strategy, and it is starting to bear fruit. The first bit of the strategy is to top up the salaries of some of our people—for example, civil engineers, where there is a particularly acute risk of not being able to recruit or retain. That is helping to retain staff.

Secondly, we are trying to grow as much in-house expertise as possible, so we have apprenticeship schemes, and we will pay for people to get professional qualifications. That is working. Thirdly, if we do not have the in-house skills, we will buy them in through our contractor supply chain, and that gives us a good mix, which you need, of permanent and contractor staff. The overall number of engineers—the Report makes this point—did go down rather significantly. It is starting to come back up again. It is not yet where we need it, but we are making progress.

- Q72 **Chair:** There is a pipeline—it takes a while to train as an engineer—so how are you going to plug the gaps? As we have discussed before, you have a mix of private, agency and permanent staff. It is all very well having apprentices now, but you still have a gap along the way. How long will it take for those people who are coming through your internal processes to be in post to deliver this work? Is it putting a brake on what you can deliver?

Sir James Bevan: It is a challenge, but we all have challenges and we should not complain about that. Obviously it is a long-term process to



grow our own, but we started a while back; we have not just begun. There are already people in the Environment Agency who are now qualifying as, let's say, civil engineers, who are adding to the total numbers that we have. It is bearing fruit, but we are going to need to continue to invest. Obviously, the greater certainty that we have about long-term financing, the easier that will be.

- Q73 **Chair:** Ms Finkelstein, we all know how it works in Whitehall when the Treasury is under pressure, which, of course, it is massively. Depending on the plan for the payback—whether it is decades or the shorter term—you are now going to be in very tough negotiations with the Treasury. You have a huge number of pressures on your budget. Brexit has put pressure on it. Covid has put pressure on it. And then you have these long-term investment plans—for flooding, for example—which mean that if you have a “shove it to the right” policy, where you just delay things, or you delay or reduce funding to the Environment Agency, you are just storing up problems for the future. What are your tactics going in to discuss this with the Treasury? Do you get any sense that there is a real understanding that long-term sustained investment in tackling flood risk is a priority for Government as a whole?

Tamara Finkelstein: I would say that the doubling in the size of the investment programme is an indication of an understanding of the priority of flood risk. We will build on that in the conversations that we have with them. It is not ideal to have a one-year revenue settlement, so that obviously will be part of the conversation, if we have a multi-year spending review. We have had a conversation previously on the 25-year environment plan, at which Phil Duffy from the Treasury was present; you may have got an indication from that, and from some of the work that the Treasury has been doing on net zero and on the Dasgupta review of biodiversity, that there is an interest in and understanding of some of these long-term challenges that we need to tackle. I do think that we have a willing place to have the conversation, but the challenge, of course, as you say, is the various pressures that there are and will continue to be across the budget.

- Q74 **Chair:** We all know that it is very easy if a Chancellor just wants the money saved that year—we have seen this particularly in defence, which we look at a lot—for them often to just push back something or delay it, and that can be problematic. It obviously needs to be smoothed down.

One of the elements of this funding, as Sir James touched on, is how to get money in through local authorities from the private sector. But as the NAO points out, the private sector element of partnership funding has fallen to 7%. With Covid now putting a lot of sectors under pressure, what is your plan to increase that? Is it even possible in the current economic climate to have a plan to increase that? It is a woefully low number. I will come to you first, Ms Finkelstein, and then to Sir James.

Tamara Finkelstein: We do want to see that number grow, and we are looking at putting in our policy statement what might be the kind of incentives that support that. We will be looking at that. We are in an

environment where we are doing it through some of the other work and funds that we have in DEFRA—a world in which the private sector has a greater interest in investment in environmental and flood schemes, and where some measurements, data and expectations that were in place are shifting. That is a good base to build from, but I recognise the challenges that you set out. I know that the Environment Agency is also looking at how they develop customer relationships and so on, in order to build that on the ground, particularly through local teams and so on.

Chair: Sir James or Catherine Wright—who are we going to on this one?

Sir James Bevan: Maybe I could take this one, Chair. There are two points. The first is on the Treasury. What is the most important thing to invest in right now? It is the economic recovery and health. We are making the argument to the Treasury that, actually, the right flood defence schemes touch both those bases as well—that they will help to drive growth and to improve both mental and physical wellbeing. That is what we are saying to the Treasury.

On private funding, yes, as the permanent secretary said, our job is to go out and rattle the can, and encourage, incentivise and arm twist private companies to contribute. We find that they do when we have good conversations with them face to face, and when they can see that it is in their own interests. The Sheffield flood scheme opened a couple of years ago, partly funded by the steel companies along the river, which are protected by the wall. Most recently, I was in South Ferriby on Humberside, where there is a new scheme that was partly built with concrete from the local concrete factory, which is protected by the flood defence. Going out locally and rattling the can is a big part of the answer.

Chair: There is lots more we could discuss, but with Covid it is very difficult to predict exactly what the impact will be. It is certainly a worry that we pick up through the Report, and through what is happening in the world generally.

I thank our witnesses very much indeed for their time. This is obviously an area that we return to reasonably frequently. Not only have you gathered our global, overarching interests, but obviously some members of the Committee have raised specific points. Sir James, it would be great if you could write to them about the specific issues that they have raised. I am sure that they will take it up through the back channels. I thank you for your time. The Committee is now concluded.