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Resilience to flooding

Seventh Report of Session 2023–24

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Summary

There are 5.7 million properties in England at risk of flooding. Despite the government's ambition to create a nation more resilient to flooding, it has not defined what this means: it has no measure of resilience to measure progress against. While the ongoing capital programme expects to improve protection for 200,000 properties by 2027, some 203,000 properties are currently at increased risk of flooding due to the deterioration of existing flood defences. The properties better protected measure is a poor indication of overall progress in tackling overall flood risk because it does not take account of properties that have become less well protected due to factors such as housing development, climate change or any deterioration in the condition of flood defence assets. The Government does not take the net change in the number of properties at risk into consideration – its failure to do so could be perversely distorting its actions and priorities.

The government's six-year, £5.2 billion capital programme running to 2027, originally intended to provide better protection for 336,000 properties in England, started slowly. The Environment Agency (the Agency) underspent by £310 million in the first two years yet the Department for Environment, Food & Rural Affairs (Defra) still expects to spend all £5.2 billion on building flooding defences. However, with the slow start and additional challenges such as inflation, the Agency will fund only 1,500 of the 2,000 flood defence projects originally planned in this investment period. It expects these projects will protect only 200,000 properties by 2027, a reduction of 40% on the government's original commitment, but the final number could be even lower.

The Agency is responsible for maintaining existing flood defence assets but its funding to do so was £34 million short in 2022–23. The Agency was therefore only able to keep 94% of its assets at the required condition against its target of 98%. As a result, the Agency estimates that, as noted above, 203,000 properties are at increased risk of flooding, more than the 200,000 additional properties that are due to be better protected through the capital programme. These two figures are not directly comparable, but do illustrate that poor maintenance is undermining progress on the capital programme and that Defra has not yet got the balance right between building new defences and maintaining existing ones.

There is some flexibility to use money from the capital programme to fund maintenance, but Defra did not consider using some of the £310 million that was not spent in the first two years of the capital programme to meet the £34 million shortfall in its maintenance budget. Instead, all the capital underspend was deferred to the remaining years of the programme. Defra and the Agency did not assess whether using part of this underspend to meet the shortfall in its maintenance budget in 2022–23 would provide better value for money and did not ask HM Treasury for this flexibility.

The Agency is reliant on local authorities to help improve the country's resilience to flooding, particularly for surface water flooding and ensuring new housing developments do not add to the problem. Yet local authorities suffer from a lack of clarity from Defra on when they will have to take on additional responsibility for approving certain construction activities, as well as a lack of funding. Because of slow progress on the capital programme and the Agency's poor maintenance performance, it is unlikely the government will be able to close Flood Re in 2039, as currently planned.

Introduction

In October and November 2023, heavy, persistent and widespread rain affected much of England when Storms Babet and Ciaran struck. The Environment Agency reported that, by the end of October, Storm Babet alone had caused 2,200 homes to be flooded. Surface water flooding is a growing issue with 3.4 million properties at risk in England. In July 2021, parts of London received a month's rainfall within a couple of hours and over 1,500 properties were flooded from surface water as a result.

The government announced a new six-year capital investment programme (capital programme) for flood and coastal defence for the period April 2021 to March 2027. It committed to better protect 336,000 properties and help avoid £32 billion of wider economic damage by investing £5.2 billion in around 2,000 new flood defence projects. Government announced a further £370 million of capital funding for 2021–2027 in 2020 for innovative projects and to accelerate work on projects, taking the total capital funding for 2021–2027 to just under £5.6 billion. To monitor delivery of the programme, Defra and the Agency have developed a set of 18 metrics with the primary focus on the 'headline' metric of the number of properties better protected. In addition to central government funding, there is a range of other funding sources for flood risk management. Partnership funding is an important source of funding, where risk management authorities raise funds from the public and private sectors towards a flood defence project. the Agency estimates that £2.3 billion of partnership funding is needed to supplement central government funding for the period 2021–2027.

Conclusions and recommendations

1. **Government has no overall measure of the resilience it expects to achieve and so does not know if it is making progress towards its ambition of a nation more resilient to flooding.** The government's 2020 policy statement sets out its ambition to create "a nation more resilient to future flood and coastal erosion risk". Both the National Infrastructure Commission and the Committee for Climate Change call for long-term targets for the level of flood resilience and flood risk the government is seeking to achieve. However, Defra does not have an overall numerical target for the level of flood resilience in the long term. Defra committed to introduce a national set of resilience indicators by spring 2022 but has not yet done so. To monitor delivery of the programme and support its expenditure on the £5.2 billion capital programme, Defra uses a set of 18 metrics. The headline metric of "properties better protected" is a simple and easy-to-understand measure of progress but does not take account factors that undermine progress. Flood defence assets in poor condition and climate change reduce overall resilience but Defra does not report the net number of properties better protected.

   Recommendation 1: ***In its next annual report (for 2023–24), the Agency should provide a more holistic assessment of net progress towards a "nation more resilient to flooding", taking into account properties less well protected as well as those better protected. Defra should develop a measure which shows the net change in the number of properties at risk from flooding in order to give the true picture of England's resilience to future flood and coastal erosion risk and set a target for the net change it aims to achieve.***

2. **The Environment Agency is forecasting that it will provide protection for at least 40% fewer properties than planned.** When the programme was launched in 2020, the government committed to provide better protection for 336,000 properties by 2027 by investing £5.2 billion in new flood defence projects. The programme got off to a slow start and the Agency has now reduced its forecast for the number of properties that will be better protected by the end of the programme to 200,000. While inflation has been a major factor, the bureaucracy associated with approving projects, particularly for the increased number of small projects, seems to be another significant factor, and this could affect the viability of schemes in smaller rural communities. Defra is yet to complete a formal reset of the programme, and the Committee is concerned that the number of properties protected could turn out to be even fewer than 200,000. The programme's success relies on local authorities and other risk management authorities, and also on completion of many large projects where the Agency has only medium or low confidence of delivering by 2027.

   Recommendation 2:

   a) ***In the Treasury Minute response to this report, the Agency should include a robust forecast of the number of properties that will be better protected under the current capital programme by 2027, including how many properties in rural communities, taking into account all the risks that have been identified. It should also set out the best and worst case scenarios for these figures.***

b) ***In the Treasury Minute response, Defra and the Agency should also set out what further changes are under consideration to make it easier to get smaller projects approved.***

3. **Defra has not established what the appropriate balance is between building new defences and maintaining existing ones.** The Agency is responsible for maintaining its existing assets and has assessed that optimal value for money is achieved when 98% of its high consequence assets are maintained at their required condition. A lack of funding means the Agency has not been able to maintain assets at this level. 203,000 properties are at increased risk because assets are below their required condition, more than the 200,000 better protected through the capital programme. Because of the slow start to the capital programme, the Agency spent £310 million less than planned in the first two years. Neither Defra nor the Agency considered whether to use some of this underspend to meet the shortfall in maintenance funding and instead agreed with HM Treasury to defer it to the remaining four years of the programme. For 2023–24, Defra has provisionally agreed with HM Treasury to transfer £25 million from the capital programme to maintenance. This is only enough to get to 94.5% of assets in target condition, still well below the Agency's target of 98%.

   Recommendation 3: ***For the remaining years of the capital programme, the Agency should set out the value for money of different options for the balance between capital and maintenance budgets, and whether there is a case for transferring funds between the two. This should be reviewed annually. The results of the review should be reported to the Committee as soon as completed and used to inform Defra's and HM Treasury's funding decisions.***

4. **The risks from surface water flooding are increasing, but Defra is not providing the necessary leadership and support for local authorities on how this will be addressed.** Surface water flooding is a growing issue with 3.4 million properties at risk in England. In July 2021, parts of London received a month's rainfall within a couple of hours and more than 1,500 properties were flooded as a result. An increase in non-permeable surfaces (such as paved driveways) adds to the problem and action to tackle surface water flooding is hampered by a lack of local authority resources. Under Schedule 3 to the Floods and Water Management Act 2010, any construction work that has drainage implications requires approval before it starts. But this has not yet been implemented in England. Defra expects it to be implemented by the end of 2024. Section 3 will require lead flood authorities to oversee the correct design and implementation of sustainable drainage systems (SUDS). This is important in preventing flooding and pollution from mainly new developments. Surface water flooding cannot be predicted as reliably as other types of flooding, but the Agency's new national flood risk assessment model (NaFRA2) will improve the data on surface water flood risk. The Agency says that there are some local authorities that do excellent work on surface water flooding but there are others that do not have the expertise needed in hydrology or the resources to plan appropriately.

   Recommendation 4a: ***Defra should urgently work with DLUHC to identify the skills and resources local authorities will need to implement Schedule 3 and where there are likely to be gaps particularly relating to the proper installation of sustainable drainage systems (SUDS).***

b) ***The Agency should prioritise its work to provide guidance and training for local authorities on surface water flooding, including sharing examples of good practice.***

5. **Defra does not have sufficient understanding of the impact of its capital investment decisions on geographical distribution and we are concerned that smaller communities are losing out.** In response to a prior Committee recommendation, Defra undertook by July 2021 to identify areas which are likely to lack enough local authority resources and private sector contributions to manage flood risk, but Defra still has not done so. Defra is insistent that the level of investment in an area is determined by the level of flood risk, but we are concerned that some parts of the country and some location types may be losing out on funding for other reasons, for example because they are less able to secure partnership funding. Defra published guidance for government on rural proofing in 2017 (updated in 2022) to help departments to ensure that rural areas receive fair and equitable policy outcomes. The guidance states that policy makers should be considering the effect of their policy on rural areas and how it might need to be implemented differently. However, the Committee understands that the current method for prioritising projects favours the more population dense urban locations, and that there is a lack of provision for smaller communities of fewer than 100 houses that can nevertheless be devastated by the impact of flooding. Defra highlighted how it believes its £100 million Frequently Flooded Allowance would mitigate some of this, but we consider this a drop in the ocean.

Recommendation 5:

a) ***Defra should set out how it intends to get a better understanding of the impact of its investment decisions on geographical distribution and on its progress in reviewing local government funding for flooding.***

b) ***Defra should also set out how it is ensuring that it is following its own guidance on rural proofing and that its investment decisions are not disadvantaging smaller communities.***

c) ***Defra must complete and publish its significantly overdue work to identify areas which are likely to lack enough local authority resources and private sector contributions to manage flood risk within three months of the publication of this Report given the importance of this to smaller communities in particular.***

6. **We are concerned that Flood Re is not providing the protection that was envisaged and that 2039 will likely be too soon to close down the Flood Re scheme given the increasing risk from flooding and slower progress on protecting properties.** The Committee has concerns over the number of high-risk households Flood Re protects. It is unclear what number of the 265,000 policies ceded to Flood Re in 2023 were from the top 2% of at risk properties nationally. Flood Re was introduced to allow enough time for properties to become more flood resilient but the Committee doubts the UK is going to be in a sufficiently strong position by 2039 for Flood Re to close. The Agency says Flood Re is working well: in 2022–23, Flood Re provided cover for some 265,000 household property policies, and more than half a million

households have benefited since the scheme was launched. Prior to Flood Re being introduced, some 9% of policyholders with a prior flood claim could obtain flood insurance quotes from two or more insurers. None could get quotes from five or more. Most can now get over 10 quotes. However, increasing flood risk and slow progress on the capital programme mean Flood Re will be needed beyond 2039. Defra told us that a transition plan was in place but that it needed to be reviewed and undertook to write to the Committee with details of the transition plan and the review.

Recommendation 6: ***Defra should write to the Committee within 12 months setting out how it is working with Flood Re to understand the implications of closing Flood Re in 2039, Defra's role in the transition plan, and where flood risk must get to in order for this to happen.***

7. **We are concerned that new housing continues to be built in areas of high flood risk without adequate mitigations.** Although the Agency is a statutory consultee for planning applications, it does not have powers in the planning process to prevent any development on flood plains without mitigation. The Agency told us that 99% of new homes' planning applications complied with the Agency advice. The problem is that the Agency only examines a proportion of planning applications to build in a flood plain due to its own lack of resources. But over half of Local Planning Authorities said they rarely or never inspected a new development to check compliance with flood risk planning conditions due primarily to a lack of resources. Despite the clear risk, the Committee believes that there is still a lot of development continuing in areas of flood risk without adequate mitigations. It is unforgivable to permit the building of houses in the flood plain without effective mitigation measures.

Recommendation 7a: ***The Agency, working with DLUHC and local planning authorities, should develop plans, including an assessment of any additional resources needed, to strengthen its follow-up process to ensure that the Agency's planning advice has been fully implemented.***

b) ***The Department should write to us within 12 months to inform the Committee of progress on plans to reduce development in areas of flood risk without adequate mitigations.***

1 Defra oversight and leadership

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Department for Environment, Food & Rural Affairs (Defra) and the Environment Agency (the Agency) about their long-term ambition and objectives for flood risk, their understanding and management of flood risk, and their progress on building and maintaining flood defence assets.[1]

2. In 2022–23, there were 5.7 million properties in England at risk of flooding from rivers, the sea, surface water (when rainfall cannot drain away) or groundwater (where the water table level rises about ground). In October and November 2023, heavy, persistent and widespread rain affected much of England when Storms Babet and Ciaràn struck.[2] During Storm Babet, over 150 rivers had record water levels and 2,200 homes were flooded.[3]

3. Defra is the policy lead for flooding and coastal erosion in England with the Agency responsible for taking a strategic overview of all sources of flooding and coastal erosion. Risk management authorities (of which the Agency is one) are responsible for aspects of local and regional flood risk management. In July 2020, the government published a policy statement on flood and coastal erosion risk management. In conjunction with the policy statement, the Agency published its National Flood and Coastal Erosion Risk Management Strategy for England. These documents set out the government's ambition to create a nation more resilient to flooding.[4]

4. The government announced a new six-year capital investment programme (capital programme) for flood and coastal defence for the period April 2021 to March 2027. It committed to better protect 336,000 properties and help avoid £32 billion of wider economic damage by investing £5.2 billion in around 2,000 new flood defence projects. Government announced a further £370 million of capital funding for 2021–2027 in 2020 for innovative projects and to accelerate work on projects, taking the total capital funding for 2021–2027 to just under £5.6 billion. In addition to central government funding, there is a range of other funding sources for flood risk management such as partnership funding, where risk management authorities raise funds from the public and private sectors towards a flood defence project.[5] This followed a previous six-year programme from 2015–2021 that provided £2.6 billion of funding for capital schemes with a target to provide better protection for 300,000 homes.[6]

Measuring success

5. The government's 2020 policy statement set out its ambition to create "a nation more resilient to future flood and coastal erosion risk". However, Defra has not yet set a target for the level of flood resilience it expected to achieve. Both the National Infrastructure

1 C&AG's Report, Resilience to flooding, Session 2023–24, HC 189, 15 November 2023
2 C&AG's Report, para 1–3
3 Q 8
4 C&AG's Report, paras 4–5
5 C&AG's Report, paras 6–7
6 National Audit Office, Managing Flood Risk, HC 962 2019–21, 27 November 2020, p5, para 2

Commission and the Committee for Climate Change have called for long-term targets for the level of flood resilience the government is seeking to achieve. Defra committed to developing a set of national resilience indicators by spring 2022, but it has not yet done so.[7]

6. Defra told us that it would need to reflect on recommendations from both the NAO and from the National Infrastructure Commission as to what might be measures of resilience that would be helpful, including more long-term measures. It said that both the flood risk assessment work and long-term scenarios work that the Agency is doing would be useful context to consider which improved measures it could use.[8]

7. To monitor delivery of the capital programme, Defra uses a set of 18 metrics. It uses a primary metric of "properties better protected" which is an easily understood measure of progress. However, while the Agency is building flood defences to protect properties, other factors are placing properties at risk elsewhere. Factors such as climate change and the poor condition of some existing flood defence assets increase the risk of flooding for some properties and reduce the country's overall resilience. Defra does not report the net change in the number of properties at risk.[9]

Balance of maintaining existing flood defences with building new ones

8. The Agency is responsible for maintaining existing flood defence assets that it owns. Its modelling showed that it is best value for money to have 98% of its high consequence assets at required condition. Timely maintenance is important because if an asset fails it is then more expensive to repair.[10] The Agency divides flood defence assets into high, medium and low consequence asset systems depending on the number of properties they work together to protect, with high consequence systems protecting the most properties. Flood risk management assets are assigned a condition grade on a scale from one to five using a visual asset inspection. Most of the Agency's assets are set a target condition grade of 3 (Fair). 'Below required condition' means the asset is in condition 4 or 5, or below its target condition.[11]

9. Maintaining assets at the required condition needs funding: in preparing for the 2021 Spending Review, the Agency estimated it needed funding of £235 million a year to keep 98% of its assets at their required condition. Defra decided not to fund the Agency to maintain assets to 98%, instead it set the Agency's maintenance funding at £201 million which should have allowed it to maintain 94.5% of these assets at required condition.[12] The Agency told us it prioritises maintenance of assets based on those which are most risk for the public or those which are more critical.[13]

10. The Agency has not been able to reach even the 94.5% level. In summer 2023, only 93.5% of the Agency's high consequence assets were at the required condition.[14] 203,000

7 Q 65; C&AG's Report, para 11
8 Q 65
9 C&AG's Report, paras 6, 1.8
10 Q 43
11 C&AG's Report, footnotes 2 & 3
12 Q 51
13 Q 43
14 C&AG's Report, para 22

properties are at increased risk of flooding because of the assets which are below required condition.[15] The Agency explained that inflation affects maintenance costs as well as building costs and the recent storms have damaged assets further.[16]

11. HM Treasury gives departments some flexibility to switch money between the capital programme and maintenance funding, for example if capital spending is delayed. Because of the slow start to the capital programme, the Agency spent £310 million less than planned in the first two years. Defra and the Agency did not assess the value for money of using part of this underspend to meet the shortfall in its maintenance budget. Instead, they deferred the spending to the last few years of the capital programme when it will need to spend around £1 billion per year.[17] Defra has provisionally agreed with HM Treasury to move £25 million from the capital budget into its maintenance budget for 2023–24. The Agency expects this additional funding will allow it to reach its target of 94.5% of assets at required condition, whereas the Agency's own target was 98%.[18]

Building in flood risk areas

12. We have reported previously on the government's current strategy not to build houses on flood plains unless there was no alternative and that any development on flood plains should not increase the risk of flooding.[19] The Agency is a statutory consultee on planning applications that may increase flood risk.[20] However, it does not have powers in the planning process to prevent building on flood plains without mitigation.[21]

13. The Agency told us it comments on about 110,000 land use planning applications each year, and most of these comments are about flood risk. The Agency told us that 99% of new homes' planning applications complied with the Agency advice. However, it also told us that in recent years a number of planning applications—some quite large ones—have gone against its advice.[22]

14. In July 2021, Defra published a review of policy for development in areas at flood risk. This research found that over half of Local Planning Authorities said they rarely or never inspected a new development to check compliance with flood risk planning conditions. They described a lack of resource as the main barrier to inspections.[23]

Surface water flooding

15. The risks from surface water flooding are increasing and will continue to increase due to climate change.[24] 3.4 million properties are at risk of surface water flooding in England.[25] The increase in impermeable surfaces—such as driveways—is adding to the

15 Q 52
16 Q 53
17 Q 2; C&AG's Report, paras 21, 24
18 Qq 52–53
19 Committee of Public Accounts: Managing flood risk. 45th report of Session 2019–21, HC 931, February 2021 Para 29
20 Q 12
21 Q 59
22 Qq 11–12
23 Department for Environment, Food & Rural Affairs, Ministry of Housing Communities & Local Government, Environment Agency, Review of Policy for Development in areas at flood risk, July 2021, section 2.6
24 Q 49
25 C&AG's Report, Figure 1

problem.[26] In July 2021, parts of London received a month's rainfall within a couple of hours and more than 1,500 properties suffered from surface water flooding as a result.[27] The Agency told us how difficult it is to forecast the precise areas where heavy rain will cause surface water flooding and there is frequently not enough warning of surface water flooding to allow communities to react. Around a third of the schemes in the Agency's capital programme are to help address surface water flooding.[28]

16. The Agency told us it needed better surface water modelling and mapping and described how its new national flood risk assessment model (NaFRA2), which it expects to be completed by the end of 2024, will help. It expects NaFRA2 will improve its understanding of surface water flood risk as well as more detail for other types of flooding, for example by giving a prediction of the depth of flooding. NaFRA2 uses a different methodology from the previous assessment model, building up an assessment of risk from local models and will allow more accurate tracking of changes in risk over time.[29]

17. The Agency is not the lead risk authority for surface water flooding: this falls under the remit of a number of bodies (such as the Highways Agency) with local authorities having lead responsibility.[30] Local authorities' core budget is not ring-fenced for flooding and we have previously raised concerns over the level of revenue funding available to local authorities.[31] The NAO's survey found that 60% of local authorities did not think they had the staff capabilities to undertake their role effectively and more than half said they did not have the funding to undertake their role effectively.[32] The Agency told us that there are some local authorities that do excellent work on surface water flooding but there are others that do not have the expertise needed in hydrology or the resources to plan appropriately. It is working with local authorities to increase their capability by providing training courses and websites with guidance.[33]

18. Under Schedule 3 to the Floods and Water Management Act 2010, any construction work that has drainage implications would need approval from the local authority that its drainage met national standards for sustainable drainage before it is connected to the public sewer. This schedule has never been implemented for England. Defra told us it is committed to enacting the schedule, but does not expect this will be until the end of 2024. This additional work will add to each local authorities' burden.[34] This should now become a priority for the development as some new sustainable drainage systems are not being properly designed and installed and need to be better supervised by empowering the lead flood authority to do so.

26 Q 14
27 C&AG's Report, para 1
28 Q 49
29 Qq 17, 60–61; C&AG's Report, para 13
30 Q 17
31 Q 24; Committee of Public Accounts: Managing flood risk. 45th report of Session 2019–21, HC 931, February 2021, para 2
32 C&AG's Report, para 2.22
33 Qq 17, 37
34 Qq 55–56; Letter from the Department for Environment, Food and Rural Affairs and the Environment Agency to the Public Accounts Committee, dated 7 December 2023

2 Impact

The number of properties the programme will protect

19. When the six-year £5.2 billion capital programme to build new flood defence assets was launched in 2020, the government committed to provide better protection for 336,000 properties by 2027 by investing £5.2 billion in new flood defence projects.[35] The programme got off to a slow start and the Agency did not spend £310 million of its funding in the first two years of the programme. Reasons for the slow start include inflation, capacity and Covid, as well as completing projects from the previous programme.[36] The Agency initially planned to invest in 2,000 projects but this slow start means it has had to remove 500 of these from the current investment period.[37]

20. The Agency's current forecast is that these 1,500 projects will provide better protection to 200,000 properties by the end of the programme, a reduction of 40% on the original commitment of 336,000. Defra is yet to agree with HM Treasury the formal reset of the programme and there are factors which could reduce the forecast further:[38]

a) To reach the forecast of 200,000 properties better protected, the Agency will rely on projects for which it has low or medium confidence of delivering.[39]

b) The Agency told us that its larger projects (those more than £10 million) are harder to deliver: they need larger teams; tend to be more controversial; take longer to get planning consent; or can be subject to more changes in the scheme design. Around half complete more than two years late and a similar proportion cost at least 25% more than expected.[40]

c) More than 50% of projects in the capital programme are to be delivered by other risk management authorities such as local authorities. The Agency considered these projects are riskier because delivery is less within its direct control.[41]

d) Due to the deferment of the underspend in the first two years of the programme, and with investment already at record levels, EA will need to invest an average of almost £1 billion for each of the remaining four years of the programme.[42]

e) More of the schemes in this capital programme are small compared to the previous programme: 1,200 of the 1,500 projects will cost less than £3 million yet these have to go through the same steps as all other projects. The Agency is looking at how it can streamline processes such as business case approvals for smaller schemes.[43]

35 Q 27
36 Q 19; C&AG's Report, para 17
37 Q 25; C&AG's Report, para 2.4–2.5
38 Q 27
39 C&AG's Report, para 16
40 Qq 33–34
41 C&AG's Report, para 2.30
42 Q 36; C&AG's Report, para 21
43 Qq 20, 36

Funding distribution

21. The level of investment in an area is determined by the level of flood risk and Defra scores its business cases against factors including number of homes, businesses and infrastructure protected.[44] Defra published guidance for government on rural proofing in 2017 (updated in 2022) to help departments to ensure that rural areas receive fair and equitable policy outcomes. Its guidance states that implementation might need to be designed and delivered differently in rural compared to urban areas and it encourages departments to overcome undesirable policy impacts in rural areas.[45] Defra told us that, of the £5.2 billion investment, 45% of it will benefit properties in rural communities, which will include some smaller villages and communities. In addition, Defra set aside £100 million of the capital investment for a Frequently Flooded Allowance which targets the communities that are worst affected by frequently flooding. However, we understand that the current method for prioritising projects favours the more population dense urban locations over rural, leaving some rural communities without any protection and there is a lack of provision for smaller communities of fewer than 100 houses that can nevertheless be devastated by the impact of flooding. It was not clear to us that Defra was following its own guidance on rural proofing.[46]

22. Some 40% of projects need to find partnership funding to be able to go ahead.[47] Partnership funding is an important source of funding, where risk management authorities (such as local authorities) raise funds from the public and private sectors towards a flood defence project. To support this capital programme, Defra has brought in £130 million of partnership funding from the private sector so far. The Agency estimates it needs £2.3 billion partnership funding in total, for the six years 2021–27, on top of the £5.2 billion grant funding. The vast majority of partnership funding comes from public sector contributions.[48]

23. Some parts of the country may have lost out on funding from the programme because they were less able to secure partnership funding.[49] In February 2021, we recommended Defra and the Agency should identify areas where there is likely to be a shortfall in local authority resources and private sector contributions.[50] Defra undertook to do this by July 2021, but has still not done so.[51] Defra is using some of the capital programme funding to mitigate the risk that flood schemes do not progress due to difficulties in securing partnership funding.[52] Defra told us partnership funding has an important role to play in building flood defence assets despite it being hard work to get money out of the private sector at times.[53]

44 Q 20
45 Department for Environment, Food & Rural Affairs, Rural proofing, November 2022)
46 Qq 4–5,20
47 Q 20
48 Q 22; C&AG's Report, para 7
49 C&AG's Report, para 2.9
50 Committee of Public Accounts: Managing flood risk. 45th report of Session 2019–21, HC 931, February 2021, para 2
51 C&AG's Report, para 1.6
52 C&AG's Report, para 2.10
53 Q 22

Flood Re

24. Flood Re, a joint initiative between the insurance industry and the government, was established to ensure affordable flood risk insurance is available to householders. It was established by the Water Act 2014, launched in 2016, and due to be in place until 2039. In 2022, Government implemented some changes to Flood Re to support improved flood resilience among householders.[54]

25. Defra told us that Flood Re is working well: in 2022–23, Flood Re provided cover for 265,000 household property policies and more than 500,000 households have benefitted since it launched. Before Flood Re was introduced, 9% of policyholders with a prior flood claim could get quotes from two or more insurers and none could get quotes from five or more. Most policyholders can now get over 10 quotes.[55] The Committee has concerns over the number of high-risk households Flood Re protects. It is unclear what number of the 265,000 policies ceded to Flood Re in 2023 were from the top 2% of at risk properties nationally.[56]

26. Flood Re's existence is due to end in 2039, by which time it was expected that insurance would be affordable to householders given the anticipated reduction in flood risk as a result of improvements to flood resilience. Defra told us it would keep under review what is the right insurance mechanism to have in place, bearing in mind progress with building flood defences and with creating greater resilience.

27. Flood Re is required to publish a transition plan every five years outlining how they plan to manage the transition. Flood Re published its most recent Transition Plan in July 2023. It sets out areas where Flood Re believe things need to change. These include limiting the risks of flooding, reducing the costs of flooding, promoting a competitive insurance market and understanding the limits of affordability. Flood Re will continue to develop its transition activities and reflect on changes in flood risk and developments in the market as the scheme continues to evolve.[57] Defra told us it had been talking to Flood Re, and that it intends to keep the Flood Re transition plan under review.[58]

54 CBP-8751.pdf (parliament.uk); Committee of Public Accounts: Managing flood risk. 45th report of Session 2019–21, HC 931, February 2021
55 Q 66
56 Q 67
57 Letter from the Department for Environment, Food and Rural Affairs and the Environment Agency to the Public Accounts Committee, dated 7 December 2023
58 Qq 66–69

Formal minutes

Wednesday 10 January 2024

Members present

Dame Meg Hillier, in the Chair

Olivia Blake

Sir Geoffrey Clifton-Brown

Mr Jonathan Djanogly

Mrs Flick Drummond

Peter Grant

Ben Lake

Anne Marie Morris

Declaration of interests

The following declarations of interest relating to the inquiry were made: 27 November 2023

Sir Geoffrey Clifton-Brown declared the following interest: That he was a Fellow of the Royal Institute of Chartered Surveyors and a practising farmer.

Resilience to flooding

Draft Report (*Resilience to flooding*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 27 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Resolved, That the Report be the Seventh Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available (Standing Order No. 134).

Adjournment

Adjourned till Monday 15 January at 3.30 p.m.

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee's website.

Monday 27 November 2023

Tamara Finkelstein CB, Permanent Secretary, Department for Environment, Food and Rural Affairs; **David Hill**, Director General – Environment, Department for Environment, Food and Rural Affairs; **Philip Duffy**, Chief Executive, Environment Agency; **Caroline Douglass**, Executive Director for Flood and Coastal Risk Management, Environment Agency Q1–69

Published written evidence

The following written evidence was received and can be viewed on the inquiry publications page of the Committee's website.

FDS numbers are generated by the evidence processing system and so may not be complete.

1 Climate Vision (FDS0005)

2 Environmental Industries Commission (FDS0003)

3 Kamau-Mitchell, Dr. Caroline (Birkbeck, University of London) (FDS0006)

4 London Fire Brigade (FDS0008)

5 National Farmers Union (FDS0002)

6 Planet Labs (FDS0007)

7 Renukappa, Dr Suresh; Stride, Mr Mark; Suresh, Dr Subashini; and English, Miss Victoria (University of Wolverhampton) (FDS0001)

8 Royal Institute of British Architects (FDS0004)

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee's website.

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1st	The New Hospital Programme	HC 77
2nd	The condition of school buildings	HC 78
3rd	Revising health assessments for disability benefits	HC 79
4th	The Department for Work & Pensions Annual Report and Accounts 2022–23	HC 290
5th	Government's programme of waste reforms	HC 333
6th	Competition in public procurement	HC 385

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3rd	The future of the Advanced Gas-cooled Reactors	HC 118
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5th	Local economic growth	HC 252
6th	Department of Health and Social Care 2020–21 Annual Report and Accounts	HC 253
7th	Armoured Vehicles: the Ajax programme	HC 259
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9th	Child Maintenance	HC 255
10th	Restoration and Renewal of Parliament	HC 49
11th	The rollout of the COVID-19 vaccine programme in England	HC 258
12th	Management of PPE contracts	HC 260
13th	Secure training centres and secure schools	HC 30
14th	Investigation into the British Steel Pension Scheme	HC 251
15th	The Police Uplift Programme	HC 261
16th	Managing cross-border travel during the COVID-19 pandemic	HC 29
17th	Government's contracts with Randox Laboratories Ltd	HC 28
18th	Government actions to combat waste crime	HC 33

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20th	Whole of Government Accounts 2019–20	HC 31
21st	Transforming electronic monitoring services	HC 34
22nd	Tackling local air quality breaches	HC 37
23rd	Measuring and reporting public sector greenhouse gas emissions	HC 39
24th	Redevelopment of Defra's animal health infrastructure	HC 42
25th	Regulation of energy suppliers	HC 41
26th	The Department for Work and Pensions' Accounts 2021–22 – Fraud and error in the benefits system	HC 44
27th	Evaluating innovation projects in children's social care	HC 38
28th	Improving the Accounting Officer Assessment process	HC 43
29th	The Affordable Homes Programme since 2015	HC 684
30th	Developing workforce skills for a strong economy	HC 685
31st	Managing central government property	HC 48
32nd	Grassroots participation in sport and physical activity	HC 46
33rd	HMRC performance in 2021–22	HC 686
34th	The Creation of the UK Infrastructure Bank	HC 45
35th	Introducing Integrated Care Systems	HC 47
36th	The Defence digital strategy	HC 727
37th	Support for vulnerable adolescents	HC 730
38th	Managing NHS backlogs and waiting times in England	HC 729
39th	Excess Votes 2021–22	HC 1132
40th	COVID employment support schemes	HC 810
41st	Driving licence backlogs at the DVLA	HC 735
42nd	The Restart Scheme for long-term unemployed people	HC 733
43rd	Progress combatting fraud	HC 40
44th	The Digital Services Tax	HC 732
45th	Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2021–22	HC 1254
46th	BBC Digital	HC 736
47th	Investigation into the UK Passport Office	HC 738
48th	MoD Equipment Plan 2022–2032	HC 731
49th	Managing tax compliance following the pandemic	HC 739
50th	Government Shared Services	HC 734
51st	Tackling Defra's ageing digital services	HC 737
52nd	Restoration & Renewal of the Palace of Westminster – 2023 Recall	HC 1021

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53rd	The performance of UK Security Vetting	HC 994
54th	Alcohol treatment services	HC 1001
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57th	AEA Technology Pension Case	HC 1005
58th	Energy bills support	HC 1074
59th	Decarbonising the power sector	HC 1003
60th	Timeliness of local auditor reporting	HC 995
61st	Progress on the courts and tribunals reform programme	HC 1002
62nd	Department of Health and Social Care 2021–22 Annual Report and Accounts	HC 997
63rd	HS2 Euston	HC 1004
64th	The Emergency Services Network	HC 1006
65th	Progress in improving NHS mental health services	HC 1000
66th	PPE Medpro: awarding of contracts during the pandemic	HC 1590
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69th	Tackling fraud and corruption against government	HC 1230
70th	Digital transformation in government: addressing the barriers to efficiency	HC 1229
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76th	The Asylum Transformation Programme	HC 1334
77th	Supported housing	HC 1330
78th	Resettlement support for prison leavers	HC 1329
79th	Support for innovation to deliver net zero	HC 1331
80th	Progress with Making Tax Digital	HC 1333
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2nd Special Report	Seventh Annual Report of the Chair of the Committee of Public Accounts	HC 1055

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35th	The pharmacy early payment and salary advance schemes in the NHS	HC 745
36th	EU Exit: UK Border post transition	HC 746
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38th	COVID-19 cost tracker update	HC 640
39th	DWP Employment Support: Kickstart Scheme	HC 655
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41st	Achieving Net Zero: Follow up	HC 642
42nd	Financial sustainability of schools in England	HC 650
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44th	NHS backlogs and waiting times in England	HC 747
45th	Progress with trade negotiations	HC 993
46th	Government preparedness for the COVID-19 pandemic: lessons for government on risk	HC 952
47th	Academies Sector Annual Report and Accounts 2019/20	HC 994
48th	HMRC's management of tax debt	HC 953
49th	Regulation of private renting	HC 996
50th	Bounce Back Loans Scheme: Follow-up	HC 951
51st	Improving outcomes for women in the criminal justice system	HC 997
52nd	Ministry of Defence Equipment Plan 2021–31	HC 1164
1st Special Report	Fifth Annual Report of the Chair of the Committee of Public Accounts	HC 222

Session 2019–21

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4th	EU Exit: Get ready for Brexit Campaign	HC 131
5th	University technical colleges	HC 87
6th	Excess votes 2018–19	HC 243
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8th	NHS capital expenditure and financial management	HC 344
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26th	Department of Work and Pensions Accounts 2019–20	HC 681
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29th	Whitehall preparations for EU Exit	HC 682
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36th	HMRC performance 2019–20	HC 690
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40th	Achieving government’s long-term environmental goals	HC 927
41st	COVID 19: the free school meals voucher scheme	HC 689
42nd	COVID-19: Government procurement and supply of Personal Protective Equipment	HC 928
43rd	COVID-19: Planning for a vaccine Part 1	HC 930
44th	Excess Votes 2019–20	HC 1205
45th	Managing flood risk	HC 931
46th	Achieving Net Zero	HC 935
47th	COVID-19: Test, track and trace (part 1)	HC 932
48th	Digital Services at the Border	HC 936
49th	COVID-19: housing people sleeping rough	HC 934
50th	Defence Equipment Plan 2020–2030	HC 693
51st	Managing the expiry of PFI contracts	HC 1114
52nd	Key challenges facing the Ministry of Justice	HC 1190
53rd	Covid 19: supporting the vulnerable during lockdown	HC 938
54th	Improving single living accommodation for service personnel	HC 940
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