

Seventh report of Session 2023-24

Department for Environment, Food and Rural Affairs

Resilience to flooding

Introduction from the Committee

In October and November 2023, heavy, persistent and widespread rain affected much of England when Storms Babet and Ciarán 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.

Based on a report by the National Audit Office, the Committee took evidence on 27 November from the Department for Environment, Food and Rural Affairs and the Environment Agency. The Committee published its report on 17 January. This is the government's response to the Committee's report.

Relevant reports

- NAO report: [Resilience to flooding](#) – Session 2023-24 (HC 189)
- PAC report: [Resilience to flooding](#) – Session 2023-24 (HC 71)

Government response to the Committee

1. PAC conclusion: 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.

1. PAC recommendation: 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.

1.1 The government agrees with the Committee's recommendation.

Target implementation date: end of 2025

1.2 The Environment Agency (the Agency or EA) has been working with the Department for Environment, Food and Rural Affairs (DEFRA, the department) to develop a methodology for measuring and reporting 'net' change in flood risk at a national level, examples of which include (but are not limited to) climate change, asset deterioration and development in the flood plain (for increasing risk) and new defences (for decreasing risk). The new National Flood Risk Assessment (NaFRA2), due for publication by the end of 2024, will introduce this capability and will establish a new risk baseline against which change can be measured. The Agency expects to be able to report "net" change in risk from 2025 onwards, in line with the timescales agreed with the National Audit Office following their 2020 report [Managing Flood Risk](#).

1.3 The government will undertake further work by the end of 2025 to assess the most appropriate measure for flood risk reduction from rivers, the sea and surface water and the merits of setting a target. Any metrics used will need to reflect wider resilience options and not just the provision and maintenance of infrastructure.

1.4 This work will be informed by NaFRA2 and the Agency's next Long Term Investment Scenarios for flood and coastal erosion risk management due at the end of 2025. The government set out the aim to conclude this work by end 2025 in its recent [response to the National Infrastructure Commission's study into surface water flood risk](#).

2. PAC conclusion: The Environment Agency is forecasting that it will provide protection for at least 40% fewer properties than planned.

2a. PAC recommendation: 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 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.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The Agency has undertaken a detailed assessment of deliverability of the capital programme. This involved getting the latest project information from local teams within the Agency, other risk management authorities and supply partners. From this, the Agency has undertaken an assessment based on project forecasts, confidence levels, and previous experience. Based on this assessment, the Agency's current forecast is that a target of 200,000 properties better protected would be a robust forecast for the programme by the end of March 2027.

2.3 At the end of the third year of delivery (March 2024), the Agency forecast that it will have achieved approximately 90,000 properties better protected, which would mean it has delivered 45% of the target half-way through the programme. The Agency forecasted by March 2025 it will have achieved 114,000 properties better protected and will also have over 60,000 properties linked to projects that will be in construction.

2.4 In the previous programme, between 2015 and 2021, the Agency and its partners completed more than 850 projects to better protect more than 314,000 homes as well as nearly 600,000 acres of agricultural land. The government's £5.2 billion flood programme between 2021 and 2027 benefits both urban and rural communities, with approximately 40% of schemes, and 45% of investment expected to better protect properties in rural areas. The investment in projects around the country is in line with government's partnership funding policy that values a range of benefits including properties protected, environmental

improvements and economic benefits. Decisions on future capital spending on flood risk management will be subject to the next Spending Review.

2b. PAC recommendation: 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.

2.5 The government agrees with the Committee's recommendation.

Recommendation implemented

2.6 Policy choices and delivery improvements made in the £5.2 billion floods programme support smaller and more rural schemes. The Frequently Flooded Allowance ringfences £100 million in the programme to address some of the specific challenges faced by communities that have suffered repeated flooding, particularly those that are smaller and have struggled to secure necessary funding.

2.7 The Agency has also developed multiple measures to improve the delivery of smaller projects. The Agency has simplified the business case process for projects under £3 million including clearer business case templates (launched in November 2023). It has also increased delegations to enable local assurance and approval of projects with appropriate controls and introduced simpler evidence requirements for small projects where the case for action is clear (since June 2023).

2.8 The Agency is preparing further improvements to approvals processes to support smaller projects. For example, a new business case and appraisal approach for surface water projects is being considered which could allow multiple small projects in the same drainage area to be packaged together, reducing the average cost of producing a business case. The £25 million Natural Flood Management Programme is also streamlining business case and appraisal approaches for natural flood management which will make investment easier in future. The National Flood Risk Assessment (NaFRA2) will be available across England by the end of 2024 which will reduce the future costs and time incurred in the early stages of business case development by reducing the need for modelling studies.

2.9 The government and Agency's approach shows a continued commitment to deliver value for money for the taxpayer and to deliver schemes that reduce flood risk across the country.

3. PAC conclusion: Defra has not established what the appropriate balance is between building new defences and maintaining existing ones.

3. PAC recommendation: 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.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2025

3.2 The Agency is working on improved evidence to help identify the optimal balance of capital and maintenance in order to maximise value for money. The department agreed with HM Treasury to move £25 million from the capital budget into its maintenance budget for 2023–24.

3.3 Rebalancing budgets is best done in a managed way. Longer term fixed budgets provide stability and certainty, which allows costs efficiencies and productivity improvements through packaging of delivery. However, unexpected events or fluctuations in project delivery, such as storm damage and inflation, means that rebalancing midway through an investment programme can increase value for money. Such switches are always done on the basis of a rigorous assessment between the Agency, Defra and HM Treasury of the value for money, and outcomes achievable.

3.4 The department and the Agency will continue to work together to identify the optimal balance of capital and maintenance, and, following the next spending review, will write to the Committee by Spring 2025 with an updated assessment of value for money and impacts for the remainder of the 6-year programme.

4. PAC conclusion: 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.

4a. PAC recommendation: 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).

4.1 The government agrees with the Committee's recommendation.

Recommendation implemented

4.2 The government committed in the Plan for Water (April 2023) to requiring standardised sustainable drainage systems (SuDS) in new developments, subject to final decisions on scope, threshold, and process, following consultation that will take place shortly.

4.3 The government recognises that there needs to be sufficient skills within the public and private sectors to support government ambitions to ensure that SuDS are an integral part of development, as well as expertise in their construction and maintenance.

4.4 Defra has published the [Review of skills gap and training requirements for the implementation of SuDS and Schedule 3 to the Flood and Water Management Act \(2010\)](#), this was completed in April 2023. This report assesses the current skill set within England, what additional skills are needed and how these skills will be developed and maintained in order to deliver more and improved SuDS. It will help local authorities and the wider SuDS industry in their preparedness for the implementation of SuDS in new developments.

4.5 The department is already working with DLUHC to ensure a smooth implementation of these commitments and will continue to do so.

4b. PAC recommendation: The Agency should prioritise its work to provide guidance and training for local authorities on surface water flooding, including sharing examples of good practice.

4.6 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2025

4.7 The Agency recognises that lead local flood authorities (local authorities) are responsible for managing surface water flood risks. However, the Agency, alongside its operational role for managing flood risk from rivers and the sea have an important strategic overview/leadership role for all sources of flooding, including surface water. This is set out

within the [National Flood and Coastal Erosion Risk Management Strategy for England](#). This means the Agency is uniquely placed to convene those working on surface water, share best practice and enable training.

4.8 The Agency is already supporting local authorities with commitments included within the [Flood and Coastal Erosion Risk Management Strategy Roadmap to 2026](#). A recent example are the webinars and training delivered jointly with the Town and Country Planning Association to over 200 local planning authorities to improve planning decisions.

4.9 The Agency has recently developed a [Supporting Flood and Coast Projects](#) site. This aims to give all risk management authorities equal access to support, tools, guidance and learning materials. E-learning modules are also being made available through this platform.

4.10 The Agency recognises that the needs of local authorities differ. Therefore, it will work with local authority representatives to understand their training needs and build on the existing work to fill any gaps identified. The Agency will also collate and share best practice from across all risk management authorities to enable more efficient and effective management of surface water flood risk.

5. PAC conclusion: 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.

5a. PAC recommendation: 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.

5.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2025

5.2 By the summer of 2025, the Agency will conduct analysis of the geographical distribution of investment from the floods capital programme to understand the impact of investment decisions.

5.3 Since 2021, the Agency has published annual investment levels and numbers of properties better protected by their 15 geographical regions in their Flood and coastal erosion risk management reports. Given that flood schemes take multiple years to design, plan and build, it is difficult to judge the impacts of investment decisions on geographical distribution on an annual basis. Therefore, a longer-term analysis will be undertaken by the Agency as more data are gathered, which will be completed in Summer 2025.

5.4 The investment programme distributes funding across the country wherever the risk is greatest and the benefits are highest. It is forecast that every English region will receive more investment in flood and coastal defences from the current programme than the previous (2015-2021) programme. A consistent methodology is used, using a national funding formula under the Defra partnership funding policy, introduced in 2011, to allocate funding to schemes proposed by all risk management authorities. This ensures a fair distribution of funding based on agreed priorities, principles, and needs – there are no specific regional targets.

5.5 The government recognises the important role local authorities have to manage local flood and coastal risks. DLUHC is the department with responsibility for local government funding and has set out that it will not be proceeding with the Review of Relative Needs and Resources or Business Rates Reset during the current spending review period. The government remains committed to improving the local government finance landscape in the next Parliament.

5b. PAC recommendation: 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.

5.6 The government agrees with the Committee's recommendation.

Recommendation implemented

5.7 Rural proofing aims to understand the intended outcomes of government policy intervention in a rural context. The 2021-2027 £5.2 billion floods investment programme considers impacts on rural areas, with approximately 40% of schemes and 45% of investment better protecting properties in rural communities. Funding is consistently distributed across the country wherever the risk is greatest, and the benefits are highest – determined by detailed place-based analysis of:

- all benefits arising as a result of the investment,
- households moved from one category of flood risk to a lower category,
- households better protected against coastal erosion, and
- statutory environmental obligations met through flood and coastal erosion risk management.

In the previous programme, over half of the funding allocated was for wider economic benefits, including better protecting businesses, agriculture, schools, hospitals, and transport links.

5.8 Furthermore, in 2021, government announced the £100 million Frequently Flooded Allowance, ringfenced from the £5.2 billion floods investment programme. This was designed to address some of the specific challenges faced by frequently flooded communities, particularly those that are smaller and more dispersed and struggle to secure the funding they need to improve their resilience to flooding. Wider support also includes £25 million of funding to improve flood resilience through a new Natural Flood Management programme and Catchment Sensitive Farming advice and support for farmers.

5.9 Investment in England's flood and coastal erosion risk management is not limited to the floods investment programme. The government is investing in other actions that support flood and coastal erosion risk management, including the £200 million Flood and Coastal Resilience Innovation Programme - where 13 projects are specifically working to improve resilience in rural communities.

5c. PAC recommendation: 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.

5.10 The government agrees with the Committee's recommendation.

Target implementation date: March 2024

5.11 The department has completed an assessment of local flood and coastal risk and local authority spend which has been shared with the Committee and will be published shortly.

5.12 In the current capital programme (2021-2027) around £347 million of partnership funding has been secured so far – including approximately £128 million in private sector contributions. This more than doubles the £55 million in private sector contributions secured across the whole of the previous six-year programme (2015 to 2021). The government continues to consider measures it can take to mitigate the impact of inflation and other challenges on project delivery in the current programme, including private sector contributions

and local authority resources. The actions that the Agency are already taking referenced in response to recommendations 2b and 4b will support local authorities and other risk management authorities to better deliver flood schemes in this flood investment programme.

5.13 In addition to the partnership funding secured, communities suffering repeated flooding can benefit from the £100 million Frequently Flooded Allowance, designed to help schemes that already qualify for Defra's Flood Defence Grant in Aid funding under the current capital programme, and meet the department's eligibility criteria of better protecting a frequently flooded community, but have not been able to secure the funding necessary to progress their scheme. The government has already provided over £900 million of the total Partnership Funding requirement for this programme.

5.14 Partnership funding figures are published annually in the Agency's annual flood and coastal erosion risk management reports, this will enable the department to continue monitoring private sector contributions moving forwards.

6. PAC conclusion: 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.

6. PAC recommendation: 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.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: January 2025

6.2 The department will write to the Committee by January 2025.

6.3 Regulation 27 of the Flood Reinsurance (Scheme Funding and Administration) Regulations 2015 sets out that Flood Re must produce a report at least every five years which reviews the scheme, considering total levy and reinsurance premium thresholds and the need to manage transition by 2039. Flood Re intend to publish their next Quinquennial Review in July 2024 making recommendations, which the Secretary of State will consider.

7. PAC conclusion: We are concerned that new housing continues to be built in areas of high flood risk without adequate mitigations.

7a. PAC recommendation: 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.

7.1 The government agrees with the Committee's recommendation.

Recommendation implemented

7.2 The Agency is a statutory consultee on flood risk matters. In the vast majority of cases, Agency flood risk advice is followed by Local Planning Authorities (LPAs) when determining planning applications. Between April 2022 and March 2023, 96.3% of all planning decisions were in line with Agency advice on flood risk. This increases further when considering planning applications for new homes where 99.3% of applications complied with advice on flood risk.

7.3 DLUHC has responsibility for setting national policy on planning, compliance and enforcement. DLUHC has given LPAs a wide range of enforcement powers with strong penalties for non-compliance. However, it is the role of LPAs and not the Agency to decide what, if any, action to take depending on the particular circumstances of each case. DLUHC has also introduced a new package of enforcement measures through the Levelling Up and Regeneration Act, which will be implemented in due course. This includes extending the time limits to take enforcement action, increasing maximum fines and reducing loopholes to appeal against enforcement action.

7.4 In July 2023, government launched the £29 million Planning Skills Delivery Fund to help LPAs clear planning backlogs and get the skills in place that they need to respond to changes in the planning system. The wider Planning Capacity and Capability programme is also providing around £3 million in funding to support the pipeline into the profession across England.

7.5 In December 2023, the government increased planning fees by 35% for major applications and 25% for other applications. The government made clear that it expected LPAs to invest the additional income received from the fee increase into their planning services.

7b. PAC recommendation: 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.

7.6 The government agrees with the Committee's recommendation.

Target implementation date: January 2025

7.7 The government's National Planning Policy Framework (NPPF) is clear that inappropriate development in areas at risk of flooding should be avoided by directing development away from areas at highest risk, including floodplains. Where development needs to be in locations where there is a risk of flooding as alternative sites are not available, local planning authorities and developers should ensure development is appropriately flood resilient and resistant, safe for its users for the development's lifetime, and will not increase flood risk elsewhere.

7.8 As a result of the Levelling Up and Regeneration Act 2023, work is also underway to elevate the legal status of national planning policies on flood risk through the introduction of National Development Management Policies. The government has committed to keep flood risk and planning policy under review to ensure it is sufficiently robust to keep future development safe from floods and to not increase risk elsewhere.