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Meg Hillier MP, Chair
Public Accounts Committee
House of Commons
London, SW1A 0AA

28/06/2021

From Tamara Finkelstein CB
Permanent Secretary

Dear Meg,

Forty-fifth Report of Session 2019-21: 'Managing Flood Risk'

In February 2021, the Public Accounts Committee (PAC) published a report on 'Managing Flood Risk'. This letter responds to Recommendation 1 of the report: 'The Department should immediately strengthen its scrutiny of the Agency so that its new approach is in place for the new investment period starting in April 2021 and should report to us by July 2021 on how the new scrutiny arrangements are operating.' This letter follows on from the response provided in the Treasury Minute.

As you know, Government has committed to invest £5.2 billion in a six-year capital investment programme for flood and coastal erosion risk management to build over 2,000 new flood defences. This investment will better protect 336,000 properties, including 290,000 homes, from flooding and coastal erosion by 2027.

Defra and the Environment Agency already undertake dedicated and robust assurance of the individual projects and schemes within the programme, as set out in both Defra's and the Environment Agency's Integrated Assurance and Approvals Strategies (IAAS). This approach ensures compliance with both HMT guidance on 'Managing Public Money' and the Infrastructure Projects Authority's 'Guide for Effective Benefits Management in Major Projects'.

Business cases for the larger flood schemes (more than £10 million value) are assured and approved by a Large Project Review Group (LPRG, with representatives from Defra and EA), with the very largest (more than £100 million value) also subject to review and approval by Defra's Investment Committee and by HM Treasury.

As part of monitoring the delivery and impact of the new 2021 to 2027 programme, Defra and the Environment Agency have developed a comprehensive suite of Key Performance Indicators (KPIs) that will track the programme’s outcomes and benefits, expenditure, asset condition and maintenance, and programme delivery risks.

Alongside the revised KPI suite, Government is working to implement strengthened and enhanced oversight and assurance of programme delivery. This will be overseen by a Defra FCERM Capital and Asset Management Investment Portfolio Board with a remit covering both the capital programme and asset maintenance. The board will undertake quarterly monitoring and assurance of performance against the KPI suite, as well as taking an independent view of programme risks, with the ability to commission external evidence as required to support assurance. Defra will hold the first Portfolio Board meeting this summer.

I hope you find this information and update helpful.

Yours sincerely,

Tamara Finkelstein

TAMARA FINKELSTEIN
Permanent Secretary