

# Forty-Fifth Report of Session 2019-21

## The Department for Environment, Food & Rural Affairs

### Managing flood risk

#### Introduction from the Committee

The Agency estimates that 5.2 million properties in England are at risk of flooding. There are different types of flooding: river, coastal, surface water (when rainfall cannot drain away), sewer flooding and groundwater flooding (where the water table level rises above ground). Flood risks are managed in a number of ways ranging from early warning systems to building flood defences. The Department has the policy lead for flooding. The Agency is an executive non-departmental public body, sponsored by the Department. It has a strategic overview role and an operational role to manage the risk of flooding from main rivers, reservoirs, estuaries and the sea. Other bodies are responsible for managing local flood risks. The Agency is on track to achieve its target to better protect 300,000 homes through its £2.6 billion capital investment programme (2015–16 to 2020–21)<sup>1</sup>. Government has increased future capital investment to £5.6 billion between 2021–22 and 2026–27.

Based on a report by the National Audit Office, the Committee took evidence, on Thursday 14 January 2021 from the Department for Environment, Food and Rural Affairs (the Department) and the Environment Agency (the Agency). The Committee published its report on 26 February 2021. This is the government's response to the Committee's report.

#### Relevant reports

- NAO report: [Managing flood risk](#) – Session 2019-21 (HC 962)
- PAC report: [Managing flood risk](#) – Session 2019-21 (HC 931)

#### Government response to the Committee

**1: PAC conclusion: *The Department is not doing enough to challenge the Agency's performance and hold it to account.***

**1: PAC recommendation: *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.***

1.1 The government agrees with the Committee's recommendation.

#### Recommendation implemented

1.2 The Department for Environment, Food and Rural Affairs (the department or Defra) and the Environment Agency (the Agency) already undertake robust assurance of the individual projects within the capital programme, as set out in both the department's and the Agency's Integrated Assurance and Approvals Strategies (IAAS). The rigour of these arrangements is evident in the recent successful completion of the previous six-year capital programme, on time and on budget.

1.3 In line with the Committee's recommendation, the department is implementing enhanced oversight and assurance of programme delivery. This work will be overseen by a dedicated new Defra board with a remit covering both the capital programme and asset maintenance. The board will undertake quarterly monitoring and assurance of performance against a new suite of key performance indicators (KPIs) as well as taking an independent view of programme risks, with the ability to commission external evidence as required to support assurance.

<sup>1</sup> The Environment Agency and partners have now completed more than 700 projects to better protect more than 300,000 homes since 2015, exceeding the target. [Press release](#)

1.4 The KPIs will track the programme's outcomes and benefits (including properties better protected and relevant environmental and economic benefits and nature-based solutions) to ensure that the department and the Agency can identify new or ongoing issues in delivering the capital programme and allow for greater scrutiny and accountability.

1.5 The headline metrics will be detailed in the Investment Plan published in Spring 2021 and the broader, full suite of KPIs (including financial metrics) will be included in the new investment programme. An initial set of changes have been put in place for the start of the new programme and further work is planned to build on this during 2021-2022, drawing on external expertise to inform Defra's independent approach.

**2: PAC conclusion: Scarce local authority resources and low levels of private sector investment are barriers to the effective management of flood risks, especially given the impact of Covid-19.**

**2: PAC recommendation: The Department and the Agency should identify areas where there is likely to be a shortfall in local authority resources and private sector contributions to ensure the effective management of flood risk in local areas. They should report to us on their assessment by July 2021.**

2.1 The government agrees with the Committee's recommendation.

**Target Implementation date:** alongside Spending Review 2021

2.2 The Agency tracks partnership funding for the capital programme monthly to identify what contributions need to be secured. The Agency also monitors those schemes that most reduce flood risk but are at highest risk of not delivering to focus on viable schemes where shortfalls in funding are preventing their progression. The government's policy statement of June 2020 on flood and coastal erosion risk management (FCERM) sets out a number of actions that will further strengthen incentives for generating partnership funding.

2.3 Funding for flood risk management is part of the overall Local Government Settlement. Depending on local decisions, the settlement for 2021-22 will see councils' core spending power in England rise from £49 billion in 2020-21 to up to £51.3 billion in 2021-22, a 4.6% increase in cash terms. The majority of local government funding is un-ringfenced, recognising that local authorities are best placed to decide how to meet the major service pressures in their local areas.

2.4 The government has committed to review local government funding for statutory flood and coastal erosion risk management functions, and as part of Spending Review 2021 (SR21) is considering the priorities for local government finance reform, including how funding is allocated to councils.

**3: PAC conclusion: In 2014 the NAO report on strategic flood management found there was a profusion of plans that often duplicate across geographical or administrative areas.**

**3: PAC recommendation: Defra should write to the Committee within 6 months with an update on the opportunities to streamline local planning and with a timeline for implementation of any reforms.**

3.1 The government agrees with the Committee's recommendation.

### **Recommendation implemented**

3.2 The department is exploring opportunities to streamline local flood risk planning and has committed to transform the current approach to local flood and coastal erosion risk planning so that every area of England will have a more strategic and comprehensive plan that drives long-term local action and investment by 2026. The department will consult on these reforms in due course and intends to implement the updated approach to local flood risk planning ahead of the start of future capital programmes to enable stronger links between plan making and investment.

3.3 Ahead of these longer-term changes, and by example, the Agency is working closely with Lead Local Flood Authorities to update existing Flood Risk Management Plans and aims to consult on updated draft plans in Autumn 2021.

**4: PAC conclusion: *Short-term funding cycles are impacting on the Agency's ability to manage flood risks effectively.***

**4a: PAC recommendation: *The Department and the Agency should work with HM Treasury to reduce the adverse impacts of short-term funding cycles.***

4.1 The government agrees with the Committee's recommendation.

**Target implementation date:** ongoing ahead of Spending Review 2021

4.2 The government recognises that there can be benefits to setting budgets for key priorities on a multi-year basis. This is why the government has taken a multi-year approach to flood and coastal defence investment, now commencing its second six-year floods programme. Between 2015 and 2021, £2.6 billion has been invested across six years and starting in April 2021 a record £5.2 billion will be invested in the next six-year capital investment programme for flood defences. This investment will deliver around 2,000 flood schemes and will better protect 336,000 properties from flooding.

4.3 Defra and the Agency recognise the need to ensure a smooth transition across programmes. That is why they have worked jointly with HM Treasury to bring forward £100 million of capital development funding into the final year of the 2015-21 programme.

4.4 Between 2015 and 2020, the government significantly increased funding for the maintenance of flood defence assets and wider maintenance, for example river conveyance work. The government will continue to review future budgets as part of SR21.

**4b: PAC recommendation: *The Government should also undertake a cost benefit assessment of the level of funding needed to maintain flood defences and flood risk management assets both at and above current Environment Agency target condition.***

4.5 The government agrees with the Committee's recommendation.

#### **Recommendation implemented**

4.6. In 2018, the Agency undertook a detailed review of its flood and coastal risk management maintenance investment to better understand the optimum maintenance approaches and cost benefit of maintenance work for assets owned by the Agency. The review found there is a strong economic case backed by evidence, to maintain or increase investment in maintenance and that maintenance delivers an average return on investment of over 11:1. This review is updated regularly and the next full review of maintenance investment is scheduled to take place in 2023. Defra, the Environment Agency and HM Treasury will continue to review the costs and benefits of maintenance investment to inform future spending reviews.

4.7 The Agency operates, maintains and replaces national flood and coastal defences with a value of £26 billion; 7,000km of river and coast defences, 20,000 structures such as pumping stations and tidal barriers including the Thames Barrier. These assets reduce the risk of flooding to 1.8 million households and provide to the nation an estimated reduction in annual average flood damages of £2.8 billion.

4.8 The Agency's maintenance programme works to makes the most effective use of its resources. Its assessment is that the optimum target for its highest risk assets is that 98% of them are at the 'required condition'. The 'required condition' of an asset is set so that remedial work can be planned and delivered before the asset deteriorates to a state where flood risk is significantly increased. Where there is an increased risk, the Agency will take mitigating action to manage that risk until a repair is completed and inform third party owners of actions they may need to take.

**4c: PAC recommendation: *The Environment Agency should have a duty to maintain flood defence assets;***

4.9 The government disagrees with the Committee's recommendation.

4.10 The Agency regularly inspects over 175,000 flood risk management assets on main rivers. These include assets maintained by the Agency, other risk management authorities (RMAs) and third parties.

4.11 The Agency currently operates under permissive powers for maintenance which enable it to make informed choices on prioritisation, allocation of funding, and how and when to intervene to repair or restore assets. The Agency also has an overview role of other RMA assets, such as those from local authorities or internal drainage boards (IDBs).

4.12 Implementing a duty on the Agency to maintain assets, would require imposing a specific standard of maintenance that would need to be upheld both by the Agency and other RMAs. This would result in the Agency and other RMAs being liable for damages should this standard fail to be met. If the duty was imposed on the Agency, then all flood defence maintenance costs for local authorities, IDBs, water PLCs, highways and the rail network, as well as private and commercial asset owners would fall on the public purse. This would cut across the decommissioning and transferring of low benefit/cost assets in line with the maintenance protocol and implementing coastal retreat policies. It would also then prevent the Agency from being able to maintain assets in a way that creates climate resilient places by removing the discretion in prioritising and allocating finite funding to areas of greatest risk and taking account of climate change (2020 National Flood and Coastal Erosion Risk Management Strategy).

**4d: PAC recommendation: *and the Government should commit to maintenance funding in revenue funding settlements for longer-term security.***

4.13 The government agrees with the Committee's recommendation.

#### **Recommendation implemented**

4.14 Following Spending Review 2020, the government is increasing the amount it invests in maintenance for 2021-22. The department will continue to work with HM Treasury and the Agency to review future maintenance budgets at Spending Review 2021.

4.15 The government recognises the importance of maintaining existing flood defence assets to ensure they are delivering a required standard of protection in a changing climate. Between 2015 and 2020, the government significantly increased funding for the maintenance of FCERM assets and wider maintenance work compared to its spend in the previous five years. In addition, at Budget 2020, the government provided additional funding of £120 million for 2020-21 to repair assets damaged in the autumn and winter floods of 2019-2020 where exceptional flooding affected 4,600 properties.

**5: PAC conclusion: *The current indicators used to monitor national flood risk do not cover important elements such as risks to agricultural land, business premises, and infrastructure.***

**5: PAC recommendation: *The Department's new set of national flood risk indicators should incorporate all types of flood risk to ensure they provide a full picture of what is happening to flood risk including for homes, non-residential property, agricultural land, and infrastructure across England and should facilitate the comparison of flood risk across previous years so progress can be clearly assessed.***

5.1 The government agrees with the Committee's recommendation.

**Target implementation date:** Spring 2022

5.2 The department and the Agency are developing a framework for understanding overall flood risk. This framework uses an improved method for calculating the risk reduction achieved by the capital

investment programme alongside changes in risk due to other factors such as housing development, climate change and the condition of flood defence assets. Flood risk will be measured using expected annual damages (EAD) and changes to numbers of properties at different flood likelihood. During 2021, further work will be done to improve these measures, more accurately identifying the contribution of different factors, including the capital investment programme, to changes in overall risk. The Agency will also consider what changes could be made to the current National Flood Risk Assessment (NaFRA) to improve the interim position before a new NaFRA becomes available in 2024.

5.3 This work on understanding overall flood risk includes the development of a set of KPIs that will better track progress of the 2021-2027 capital programme specifically. By Spring 2022, the department will have in place the full suite of metrics (KPIs), agreed with the Agency, and a new oversight process that will aid in monitoring flood risk. Methods of data collection, validations and reporting will be subject to ongoing refinement once the metrics are in place.

5.4 In addition, the department has committed to develop an overall national set of indicators by Spring 2022 to monitor trends over time in tackling flood and coastal erosion in England. These will enable a better understanding of the impacts of government's policies and will inform future action. The department will set out further details in due course.

**6: PAC conclusion: *The Department has not ensured that all regions, deprived areas in particular, get a fair share of the available funding.***

**6: PAC recommendation: *The Department and the Agency should undertake and publish annual analysis of investment levels across regions and deprived areas. This should be followed up by appropriate action to reduce any funding inequality. Annual analysis and reporting should start at the end of the first year of the next investment period (March 2022).***

6.1 The government agrees with the Committee's recommendation.

**Target implementation date:** Spring 2022

6.2 The government invests wherever flood risk is highest across the country, and where it will benefit the most people and property. This is reflected in the government's Partnership Funding policy which allocates funding as grant in aid (GiA) for flood and coastal defence projects. This provides a fair and consistent basis for allocating GiA and securing wider contributions where others stand to benefit from a defence scheme. Households in the 20% most deprived parts of the country continue to qualify for funding at 2.25 times the rate than that available to non-deprived households. The government will monitor the performance of the FCERM flood defence investment programme, including regional investment, to ensure it continues to better protect and better prepare communities and properties across England.

6.3 Going forward, the department will be working with the Agency to report on properties better protected in deprived areas and investment by Office for National Statistics (ONS) region through its KPIs to track performance against our investment policy. These reports will be reviewed by a new governance board which will be in place to review and track progress across the next investment period.

6.4 More widely, the department has committed to strengthen reporting of progress towards its goals so that it is clearer and more accessible, and to consider how the existing arrangements can be improved, by Spring 2022. The department will consider how the changes in monitoring of investment across regions and deprived areas can be incorporated as part of this wider work.

6.5 Flood and coastal defence schemes can also have local economic benefits. The department is exploring as part of the [Call for Evidence on Partnership funding policy](#), how the department can further support the resilience of lower performing local economies and small communities to flood and coastal erosion risks.

**7: PAC conclusion: *We are not convinced that the Department has yet done enough to address the difficulties those recently flooded have in getting affordable insurance.***

**7: PAC recommendation: *The Department should write to us by April 2021 setting out the findings of its research into non-take up of insurance and how it is going to ensure remaining obstacles to obtaining affordable insurance are addressed. It should include what it is doing to overcome the obstacles to households implementing property-level flood resilience measures.***

7.1 The government agrees with the Committee's recommendation

#### **Recommendation implemented**

7.2 The department [wrote to the Committee](#) on 7 April 2021 in response to this recommendation.

7.3 The Independent Review of Flood Insurance in Doncaster, published on 5 November 2020, made 12 proposals that government is considering. One of the proposals suggests the department repeats the 2018 research into the affordability and availability of flood insurance for households and small and medium sized enterprises. This research is due to commence in Spring 2021 and run until Autumn 2022. The research, the department's fourth since 2013, will identify trends in relation to the availability and affordability of flood insurance and explore the number of policies with flood exclusions.

7.4 On 1 February 2021, government published a consultation on proposed changes to improve the efficiency and effectiveness of the Flood Re scheme and to accelerate uptake of Property Flood Resilience (PFR). The government also published a Call for Evidence (CfE) on 1 February 2021 seeking evidence on key PFR enablers to inform policy development and action required to drive PFR uptake. The government will be publishing its response to these in due course.

7.5 The government further supports the installation and development of an effective PFR market through the £5.2 billion capital investment programme, the PFR recovery grant scheme, three regional Property Flood Resilience Pathfinders and through the PFR Roundtable.

7.6 At the 2020 Budget, the government announced a new £200 million 'place-based resilience programme' to run to 2027 which will help over 25 local areas to take forward wider innovative actions that improve resilience to flooding and coastal erosion, including PFR.

**8: PAC conclusion: *Despite the known risks, there are still plans to build houses on flood plains.***

**8a: PAC recommendation: *Planning policy guidance notes should be strengthened to avoid new builds in areas prone to flooding wherever possible, but in any case, the environment agency should be involved in measures to mitigate the risk.***

8.1 The government disagrees with the Committee's recommendation.

8.2 Government agrees that not building in flood prone areas is and should remain a key principle but recognises that in some parts of the country there may not be any alternative space to develop and support economic growth. The National Planning Policy Framework (NPPF) already provides a strong steer to avoid development in high-risk areas, including strict tests to protect people and property from flooding. Where these tests are not met, national policy and guidance is clear that new development should not be allowed.

8.3 Where development is considered necessary, it should be made safe for its lifetime without increasing flood risk elsewhere, while also providing wider sustainability benefits to the community. The recent consultation on changes to the NPPF clarifies some aspects of policy from the emergent findings of our review of planning policy for flood risk. The Planning White Paper is committed to ensuring that the reformed planning system will support our efforts on avoidance of flood risk. A response later this year will set out decisions on the proposed way forward.

8.4 The Agency has an important role in the planning system and is a statutory consultee for the preparation of local and neighbourhood plans. The Agency must be consulted on planning applications in flood risk zones 2 and 3, and in areas with critical drainage problems. It can also provide standing advice on flood risk assessments for certain developments. The vast majority of planning decisions are determined in

line with the Agency's advice, over 95% in 2019-20, and over 97% of new homes proposed complied with the Agency's advice.

**8b: PAC recommendation: *The Department should report to us by July 2021 on the outcome of its discussions to date with MHCLG on reforms to the planning system and how this will mitigate the risks of building on flood plains and other flood risk areas including those at risk from surface water flooding. This should consider approaches to ensure developers guarantee property can be insured and contributes to flood mitigation measures.***

8.5 The government agrees with the Committee's recommendation.

#### **Recommendation implemented**

8.6 In 2020, the government announced that it would review policy for building in areas at flood risk, to assess whether current protections in the NPPF are enough and to consider options for reform. The department is working closely with the Agency and the Ministry for Housing, Communities and Local Government (MHCLG) to undertake this review.

8.7 In January 2021, informed by the emerging findings, the government [published a consultation](#) which set out proposals to make changes to the NPPF, including to strengthen environmental protections and some aspects of planning policy concerning flood risk. For example, the proposed changes clarify that plans should manage any residual flood risk by using opportunities provided by new development and improvements in green and other infrastructure to reduce the causes and impacts of flooding.

8.8 The government will consider what further measures may be required in the longer term to strengthen planning policy and guidance for proposed development in areas at risk of flooding from all sources when the review concludes and will set out further detail later this year.

**8c: PAC recommendation: *The Department should work with MHCLG to:***

- ***ensure mandatory reporting on planning decisions approved in flood risk areas – particularly when the Agency disagrees.***

8.9 The government agrees with the Committee's recommendation.

**Target implementation date:** to be determined as part of the implementation of the planning reform agenda. MHCLG will write to inform the Committee of the date as soon as it has been determined.

8.10 The Planning for the Future White Paper sets out government's vision for greater digitalisation of the planning systems. As set out in the White Paper, data sets that underpin the planning system, including planning decisions, need to be standardised and made open and digitally accessible. The government has proposed that a digital template for planning notices will be created so that planning application information can be more effectively communicated and understood by local communities and used by new digital services. Government will set out further detail on how this will be implemented in due course.

8.11 In advance of this, and to support the government's commitment to consider ways to boost transparency, data collection and reporting, the Agency is planning to publish more detailed information where local planning authorities have granted planning permission against flood risk advice when the Agency records the final planning decision by the local planning authority. This will increase transparency and make it easier for the public to track which applications have been granted against advice and the reasons for the Agency's objection. The Agency will start to report on this by September 2021.

**8d: PAC recommendation: *The Department should work with MHCLG to:***

- ***ensure mandatory installation of Sustainable Drainage Systems (SuDS) in new builds***

8.12 The government disagrees with the Committee's recommendation.

8.13 The government's planning policy is clear that Sustainable Drainage Systems (SuDS) are to be provided in all major, new developments, unless there is clear evidence that this would be inappropriate, and that they should be given priority in new developments in flood risk areas.

8.14 In 2018, a [government review on the application and effectiveness of planning policy for SuDS](#) found that 87% of the sample of approved planning applications explicitly stated that SuDS would feature.

8.15 The suitability of SuDS in a planning application is for the local planning authority to determine, with advice from relevant stakeholders, for example, the lead local flood authority. There is also guidance in the NPPF, including promoting the use of multi-functional SuDS, future maintenance and multiple benefits.

8.16 The government is also completing a research project on the Non-Statutory Technical Standards for SuDS investigating whether there is a case for updating the standards to include standards on multi-functional benefits.

**8e: PAC recommendation: *The Department should work with MHCLG to:***

- ***consider changes to building regulations to include mandatory flood protection measures in new builds such as raised electrical sockets, fuse boxes and sealed floors.***

8.17 The government agrees with the Committee's recommendation.

**Target implementation date:** Autumn 2021

8.18 Building Regulations 2010 cover the construction and extension of buildings and are supported by Approved Documents. These set out detailed practical guidance on compliance with the regulations for developments. Although flood resilience is not currently a requirement of Building Regulations, Approved Document C includes recommendations for developers on construction techniques for buildings in flood prone areas and signposts them to a publication called 'Improving the Flood Resilience of New Buildings' which was published by Defra and MHCLG in 2007. In 2015, the scope of this publication was updated and expanded to include retrofit and was formalised as British Standard 85500:2015. Approved Document M: Access to and Use of Buildings; recommends in new dwellings that switches and socket-outlets for lighting and other equipment should be set between 450mm and 1200mm from finished floor level.

8.19 The government has committed to review the current approach to flood resilient design to consider how to ensure quality, safe housing for all, as part of the wider commitment to support the development of high-quality buildings. On 1 February 2021, the government published a Call for Evidence. Part 2 of the Call for Evidence sought evidence about the key PFR enablers to help inform policy development and the action required to drive the uptake of PFR. It looked into a range of enablers, including building regulations. The government will now be reviewing the responses and will provide a government response in due course.