

## **Supplementary written evidence submitted by Flood Re (FLO0097)**

14 August 2020

### **Flooding Inquiry – Additional Evidence**

Dear Neil,

Following the Select Committee's request for further evidence to the current flooding inquiry please find below additional information. I hope you will find this helpful in your work to scrutinise the effectiveness of current approaches to managing flood risk.

#### **How effectively do the new Government policy statement and Environment Agency strategy meet the challenge posed by a changing climate?**

Flood Re welcomes both the Government's policy statement and the Environment Agency's strategy that, taken together, will ensure the nation is made more resilient to future flooding and tackle the risks of flooding and coastal erosion.

We believe it is important for the country to be built back better. Making homes more resilient through the uptake of property flood resilience adaptations is a key part of addressing the increasing threat of flooding resulting from climate change.

To that end, Flood Re welcomes the Government's support for specific changes to the Scheme, as proposed in Flood Re's Quinquennial Review (QQR). These changes include giving Flood Re the ability to offer discounted premiums to households that have fitted flood resilience measures to their property, such as airbrick covers or non-return valves. They will also permit the payment of claims to include an additional amount to Build Back Better, in a more flood resilient way.

Measure 2.4.1 in the Environment Agency's FCERM strategy states that risk management authorities will work with partners to mainstream property flood resilience measures and build back better after flooding. Flood Re welcomes the focus on building resilience and ensuring there is an ability to build back better; however, there also needs to be a focus on building resilience prior to flooding.

Flood Re's original submission (paragraphs 7-8) highlighted the potential use of Flood Performance Certificates (FPCs) by households at risk of flooding. We believe FPCs have the potential to be a crucial policy intervention that will be part of the solution to ensure there is a widespread and relatively rapid increase in the installation of property flood resilience (PFR) measures and can be central to realising the Government's long-term objectives of creating a more resilient UK housing stock.

If mandated at the point of sale and rent, FPCs will be an essential tool to communicate the standards set out in the Code of Practice (paragraph 5) in an accessible and usable format to householders, insurers and others. They can also help to drive forward Flood Re's key QQR proposals – Build Back Better and Discounted Premiums (paragraphs 13-17).

Flood Re believes FPCs will act as the catalyst for increased uptake of PFR through providing relevant and actionable information for householders through:

- a. setting out the level of risk and demonstrating what could be done;
- b. addressing concerns about blight by highlighting positive adaptation to flood risk;
- c. establishing a consistent benchmark to encourage take up of PFR – such as Government grants and incentives as well as discounted premiums from insurers.

An FPC would provide a rating, which would be reflective of the risk of flooding to a property and the implications should a flood occur (i.e. likely time spent displaced from the home). The certificate would make recommendations for uptake of the most effective property flood resilience measures.

Flood Re believes information held on an FPC would be similar to that in an Energy Performance Certificate and would give householders the ability to understand what action needs to be taken to ensure their home is more flood resilient, alongside indicative costs and information on registered and accredited PFR installation organisations. By providing this information in an easy to understand format through an FPC it could unlock savings associated with implementing recommendations for the household.

Introducing FPCs would also complement the Government's backing of Flood Re's QQR proposal to allow discounted premiums that recognises and rewards householders who have proactively adapted to be more resilient and resistant to future flooding. An FPC could be the link that joins incentives and behavioural change as people could receive reduced insurance premiums facilitated through demonstration of property flood resilience measures to an insurer.

Introducing a better grant scheme for installation of PFR measures could incentivise people to take action. As set out in Flood Re's original submission (paragraph 10), government-backed grants have been offered to encourage take up of resistance and resilience measures by those whose homes have been damaged.

While these type of grants have the ability to increase uptake of PFR measures, there is no ability for households to do this proactively and the Government should go further through extending the newly announced "Green Home Grants" scheme to provide grants designed to help people install PFR measures. This is a simple but effective way of building a more resilient housing stock across the country – authorising this change to the scheme is also completely aligned with the Government's climate change objectives.

### **What level of investment will be required in future in order to effectively manage flood risk in England, and how can this best be targeted?**

As set out in our original submission (paragraphs 32 to 35), limiting the risks of flooding requires continued investment in flood risk management, including flood defences. Continued investment in flood defences will not only help to mitigate the impact of climate change, but are essential to giving those who live in high-risk areas peace of mind that they are protected from the worst effects of flooding.

Flood Re is pleased that the £5.2bn investment announced in March was protected despite the challenging financial circumstances the country is facing as a result of the COVID-19 health crisis. The Government's spending commitment on flood defences is welcome and a necessary step towards building flood resilience and mitigating the impact of climate change.

Despite this, Flood Re understands the long-term challenges in relation to future flood management as described in the Environment Agency's Long Term Investment Scenarios. Maintenance of existing flood defences are just as important as building new infrastructure.

Flood Re understands that, due to unprecedented uncertainty, the Chancellor did not fix a set spending envelope for this year's Comprehensive Spending Review. Given the importance of the maintenance of flood defences the Government must look to use the CSR to provide additional funding that ensures existing flood defences are well-maintained and climate resilient.

Moreover, investment in new flood defences and the maintenance of existing defences demands a long-term approach. Recent Government spending announcements on flood defences are welcome. However, the Government's commitment to investment in new defences and the maintenance of existing defences must provide more long-term clarity and certainty with funding spanning a rolling 10 or 20 year period.

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Yours sincerely,

**Dermot Kehoe**  
**Director of Communications and Transition**