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Neil Parish MP
Chair
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11 January 2020

Dear Neil,

Thank you for inviting me to give evidence at EFRA Committee on 3 December. I am writing to provide further written evidence as requested by the Committee.

What was contained in Spending Review 2020 relating to the maintenance budget for FCERM? (Q182)

Between 2015 and 2020, Defra committed over £1 billion on the maintenance of flood risk management assets. This is a real term increase in spending compared to the £812 million spent in the previous five years.

The Government is committed to the ongoing maintenance of our existing flood defences, alongside the delivery of its £5.2 billion capital investment programme over the next six years. Further details of this will be confirmed soon once Defra has concluded its budget setting process for 2021/22. I will write again in early 2021 once final spending allocations have been settled.

At the 2020 Budget in March, the Government made £120 million available to the Environment Agency (EA) to repair flood risk management assets damaged during the winter 2019/20 flood events. This will deliver 610 projects across the country to return assets to their required condition. The EA has made sure that any flood defences and equipment damaged during last winter's flooding are now repaired or have robust contingency plans in place to provide the expected standard of protection to communities this winter.

Our Policy Statement outlines our commitment to ensure that there is a long-term approach to maintain our network of flood defences across the country, through a combination of investment and action by risk management authorities, Government, riparian owners and wider beneficiaries. We have committed to commence a review of the statutory powers and responsibilities to map, monitor, inspect and maintain all assets by the end of 2021. This will aim to ensure that responsibilities are clear and that there are effective powers in place to enable inspection and maintenance to be undertaken.

The impact of flood funding policy on deprived areas (Q186)

The second point that David Cooper was going to make in response to Q186 before his internet connection was lost was on deprivation. In the current six-year capital investment

programme from 2015/16 to 2020/21, approximately 45,000 homes in the 20% most deprived communities have been better protected from flooding and coastal erosion. This is equivalent to 15% of the total number of homes better protected across the six-year period.

Under the partnership funding policy, households in the 20% most deprived parts of the England continue to qualify for funding at 2.25 times the rate than that available to non-deprived households.

Flood Re (Q.188)

Dr Hudson asked whether the Flood Re Scheme included properties which were both mixed residential and business use. There are some situations where properties that are both homes and business may be eligible for Flood Re. For example, bed and breakfast premises paying Council Tax and insured under a home insurance contract and properties occupied by home workers would be eligible. However, if a bed and breakfast is paying business rates then it would be ineligible. Properties that are both homes and businesses must meet all of the following conditions in order to be ceded to Flood Re, as set out in the eligibility criteria, the full set of which can be viewed on the Flood Re website at: <https://www.floodre.co.uk/can-flood-re-help-me/eligibility-criteria/>.

Eligibility criteria:

- They are covered by an insurance contract which is held in the name of, or on trust for, one or more individuals or by the personal representative of an individual;
- The holder of the policy, or their immediate family, must live in the property for some or all of the time (whether or not with others) or the property must be unoccupied;
- They have a domestic Council Tax band A to H (or equivalent);
- They are used for private, residential purposes;
- They are a single residential unit or a building comprising of two or three residential units;
- They are insured on an individual basis or have an individual premium;
- They were built before 1st January 2009 (if a home is built before 1st January 2009 but then demolished and rebuilt, the new home is still eligible); and
- They are located within the UK comprising England, Wales, Scotland and Northern Ireland (excluding the Isle of Man and the Channel Islands)

For properties which do not meet the eligibility criteria outlined above, they can shop around for the best insurance quote and could consider using an appropriate broker. There are already a number of innovative products being offered to businesses by the industry such as the British Insurers Brokers Association scheme to help small and medium sized enterprises (SMEs) and provide flood cover for those that are ineligible for Flood Re. Other innovative solutions include insurers who offer increased flood excess with reduced premiums, and parametric insurance which allows property owners to set the level of premium in line with an agreed level of risk.

There is no evidence of a systemic problem for businesses at high flood risk not accessing insurance. Research in 2018 found that 2% of small businesses were not able to find suitable insurance cover for flood risk. We are working with the insurance industry and the wider commercial sector to help businesses become more resilient to flooding, preventing water entering and speeding recovery when it does. In our Flood and Coastal Erosion Risk Management (FCERM) Policy Statement published in July we committed to ensure our communities and business have the information they need to manage and prepare for their

flood risk. We will encourage and strengthen the preparedness of key local businesses and key public services in areas of flood risk.

In July, alongside the publication of the Policy Statement we set out a number of specific changes to the Flood Re Scheme, which would be subject to consultation. These changes aim to improve the efficiency and effectiveness of the scheme and support Flood Re's purpose to transition to a risk reflective market in 2019. These changes include a number of technical changes as well as changes which encourage greater uptake of Property Flood Resilience among households at high risk of flooding across the UK.



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