



House of Commons
Committee of Public Accounts

Flood Risk Management in England

Sixty-fourth Report of Session 2010–
12

*Report, together with formal minutes, oral and
written evidence*

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Committee of Public Accounts

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The following Members were also Members of the committee during the parliament:

Dr Stella Creasy (*Labour/Cooperative, Walthamstow*)
Justine Greening (*Conservative, Putney*)
Eric Joyce (*Labour, Falkirk*)
Rt Hon Mrs Anne McGuire (*Labour, Stirling*)

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The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at www.parliament.uk/pac. A list of Reports of the Committee in the present Parliament is at the back of this volume. Additional written evidence may be published on the internet only.

Committee staff

The current staff of the Committee is Philip Aylett (Clerk), Lori Verwaerde (Senior Committee Assistant), Ian Blair and Michelle Garratty (Committee Assistants) and Alex Paterson (Media Officer).

Contacts

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Summary

Flood protection is a national priority and features on the National Risk Register of Civil Emergencies. Recently the annual cost of flood damage has been £1.1 billion and is set to rise, and 5.2 million homes are at risk of flooding. In 2010-11 the Department for Environment, Food and Rural Affairs (the Department) spent £664 million on flood and coastal risk management, 95% of which went to the Environment Agency (the Agency).

There have been significant changes in the funding arrangements. In 2009 the Agency projected that its flood risk management budget needed to rise by 9% during the spending review period (2011-12 to 2014-15) to sustain current levels of protection, particularly because risks are growing due to climate change. However during the same period the Agency's flood risk management budget has been reduced by over 10%.

The Department told us that through efficiency savings and the improved use of resources this budget cut will not reduce capital expenditure on flood defences in this spending review period. However, the Agency had not yet adjusted its long-term investment strategy and could not tell us what the scale of the long-term funding gap would be.

The Department has developed an approach to encourage more funding from local sources including private companies and from local authority levies. The Department told us it wants to increase local contributions from £13 million to a £43 million contribution from such sources, although it had not secured these commitments. Expecting an increase in local authority contributions when their resources are reducing may well be over-optimistic.

We were very concerned that the Department did not accept ultimate responsibility for managing the risk of floods. The Department told us it shared responsibility with the Agency and local bodies. We are concerned that there is no clarity about where the buck stops. It is not acceptable that local people do not know clearly where responsibility for decisions lies and which body is answerable when things go wrong.

The Department relies on inconsistent and unstructured intelligence on local flood risk management performance. Local authorities are producing risk assessments but the Department does not have plans to assess their quality. The Department needs reliable information to inform its decisions on when and where to intervene if local risk management plans are inadequate.

As local communities are being asked to pay more towards flood protection and take on more of the risk, the Agency needs to improve how it involves them in the decision-making process and improve the skills of its staff in this regard. Localism is not just about devolving responsibility to local bodies but also about engaging the community in the decision-making process. At present consultation arrangements on flood defence proposals are not consistent across the country and some people feel the Agency is not listening to their concerns.

The agreement between the Department and the insurance industry that insurance cover will be provided to households at risk of flooding ends in 2013. In some areas premiums

appear to have risen as a result of growing uncertainty over local levels of protection. The Department does not monitor insurance charges but it still needs to come to an early revised agreement with industry in order to reduce uncertainty for affected householders.

On the basis of a report by the Comptroller and Auditor General¹ we took evidence from the Department of Environment, Food and Rural Affairs and the Environment Agency on how they manage flood risk in England.

Conclusions and recommendations

- 1. The current strategy for long-term expenditure on flood protection anticipated a higher level of central government funding than is now likely to be available.** Risk of flooding affects some 5.2 million homes and the actual cost of flood damage is £1.1 billion and is set to rise. The Agency assured us that during the current spending review period planned capital expenditure would continue to be achieved through efficiency savings and the improved use of resources. However, it is not yet clear how the money required to maintain and improve flood protection in the longer term will be found. The Agency needs to publish a new long-term strategy reflecting current funding realities in which the assumptions underlying its plans are transparent.
- 2. It is unclear whether local contributions will be sufficient to replace funding that has previously been provided nationally.** The Department has developed an innovative approach to attracting local funding. However, we are sceptical about how much it can rely on funding from local sources when local authorities are facing their own funding challenges and balancing many pressing needs. In addition, more complex partnerships and funding agreements will mean schemes take longer to put in place and may cost more to develop. The Department needs to support local authorities to bring in local partnership arrangements that are clear, transparent and not overly bureaucratic.
- 3. The Department has no way of knowing whether local flood management systems are adequate or when it should intervene.** There is no timetable for producing local flood risk management strategies and the Department relies on influencing local authorities through encouragement and guidance. The Department is unable to guarantee that it will receive the information it needs to monitor flood defences effectively and it is unclear who is ultimately responsible for ensuring flood defences are adequate. The Department needs to articulate what information it will rely on to evaluate local risk management strategies and be clear about when and where it will intervene should local plans be inadequate. The public need to know and understand where responsibility and accountability lie.
- 4. Local communities need to have confidence in the decisions made on managing flood risk but do not always feel involved in the decision-making process.** The Agency needs to engage with communities and other local sources of expertise on preferred solutions, particularly as local communities are being asked to pay more towards flood protection. The Agency should look to improve its consultation processes so they support more meaningful local engagement.
- 5. In light of speculation about the levels of funding available to provide effective flood protection, there is uncertainty over the future availability and affordability of insurance cover for properties in risk areas.** The existing agreement between the Department and the insurance industry which guarantees availability of insurance ends in 2013. The Department is leaving it late to reach a new agreement and this will lead to uncertainty and worry for affected households and communities. The Government needs to reach an agreement with the insurance industry urgently and

work more closely with the industry to ensure insurance cover is both available and affordable.

1 Expenditure on flood protection

1. The Government regards flood risk management as a national priority. Currently some 5.2 million properties are at risk of flooding from rivers, the sea or surface water.² In recent years the annual cost of flood damage is estimated to be at least £1.1 billion and this is set to rise due to ageing defences and climate change. In 2010-11 the Department for Environment, Food and Rural Affairs (the Department) spent £664 million on flood and coastal risk management, 95% of which went to the Environment Agency (the Agency).³

2. The Agency estimated in 2009 in its long-term investment strategy that expenditure on flood defences needed to increase by £20 million every year from 2010 to 2035 to sustain current levels of protection as risk increases due to climate change.⁴ This means that the Agency's budget would have needed to rise by 9% during the current spending review period (2011-12 to 2014-15). But levels of central government funding to the Agency have been reduced by 10 % between 2011-12 to 2014-15.⁵

3. The Agency told us it had committed to 15% efficiency savings which meant that planned levels of flood protection would be achieved despite the reduction in its budget.⁶ Savings would be delivered through more effective working and reductions in contract costs, rather than reductions in the scale of the protection programme.⁷

4. The Agency has not adjusted its long-term investment strategy in the light of these planned efficiencies. The Agency told us it had just established a project to review its long-term investment strategy, but it did not know what the scale of the long-term funding gap would be.⁸

5. The Department has developed a new approach to encourage more funding from local sources including private companies and from local authority levies.⁹ The Agency has identified £43 million of external funding for the current spending review period, but none of this has been contractually agreed.¹⁰ In the previous spending review period only £13 million of the national flood protection programme was funded by local contributions.¹¹

6. We are sceptical about how much the Department can rely on funding from local sources when local authorities are balancing more pressing needs. The Department told us that it did not expect all local authorities to raise additional funds, but it did not have a

2 C&AG's report, para 1.1

3 C&AG's report, paras 1 & 2

4 C&AG's report, para 1.4

5 C&AG's report, para 3

6 Qq 5-10

7 Qq 6, 52 - 55

8 Q 56

9 Q 11

10 Q 16, 25

11 C&AG's report, para 3.15

clear plan setting out the extent to which additional local funds would replace funding previously provided nationally.¹²

7. In addition, more complex partnerships and funding agreements may mean schemes take longer to put in place and may cost more to develop. For example, legal costs are likely to increase when negotiating individual agreements. The Agency was aware of this risk and was committed to monitoring the impact of the new arrangements in the future.¹³

12 Qq 11- 14

13 Q 26

2 Managing flood protection

8. Flood risk features on the National Risk Register of Civil Emergencies along with events such as pandemic human diseases and cyber-attacks. Although this is a national risk the Department did not accept ultimate accountability for the management of this risk and told us it was a shared responsibility with the Agency and local bodies.¹⁴

9. Under the new ‘partnership’ funding arrangements central and local government are jointly responsible for funding flood protection schemes. It was unclear which of these bodies was ultimately accountable for decision-making or for ensuring value for money.¹⁵ The Department accepted responsibility for the money that was contributed centrally and looked to work with local authorities, through regional committees, to ensure that value for money was achieved.¹⁶

10. The Flood and Water Management Act 2010 set out that each lead authority should publish a register of all flood defences in their area as well as a local risk assessment and strategy for managing risk. However, the Department has no formal mechanism for monitoring the quality of flood risk assessments developed by local bodies.¹⁷

11. Similarly, the Department has no formal mechanisms for monitoring the quality of local flood risk management plans. Instead it relies on informal and ad-hoc intelligence. The Department has no formal intervention policies or powers and it was not clear how the Department would know if an authority was failing until it was too late.¹⁸

12. While the Department is keen to devolve responsibility for flood protection decision-making and fund raising to local institutions, the Department and the Agency have given less attention to how to secure the meaningful engagement of local communities and other organisations, such as Internal Drainage Boards. On occasions the Agency’s in-house technical expertise has not commanded local confidence.¹⁹

13. The Agency has embarked on a change programme that will see a reduction in its staff numbers by around 800 full-time equivalent posts by 2014-15. In undertaking this it needs to ensure that it retains the appropriate skills and expertise to engage effectively with local communities in the future.²⁰

14. A key concern of local communities at risk from flooding is that they will continue to be able to obtain appropriate flood risk insurance cover that is affordable.²¹ The

14 Qq 34-35, 39, 42

15 Qq 36-39, 42, 44

16 Qq 126, 128

17 Qq 130, 132-134

18 Qq 131, 135

19 Qq 46, 72-74, 93, 94, 101

20 C&AG’s report, para 5.8

21 Q 108

Department and the Agency told us they do not monitor the costs of insurance cover.²² However, a statement of principles is in place with the insurance industry to make sure that insurance is available. The current agreement ends in 2013 and the Department has not yet completed negotiations with the insurance industry to ensure that the statement of principles will continue beyond then.²³

22 Q 119

23 Q 109, C&AG's report – Footnote 3, page 12

Formal Minutes

Monday 23 January 2012

Rt Hon Margaret Hodge, in the Chair

Mr Richard Bacon	Fiona Mactaggart
Jackie Doyle-Price	Austin Mitchell
Matthew Hancock	Nick Smith
Chris Heaton-Harris	Ian Swales
Meg Hiller	James Wharton

Draft Report (*Flood Risk Management in England*) proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 14 read and agreed to.

Conclusions and recommendations 1 to 5 read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Sixty-fourth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for placing in the Library and Parliamentary Archives.

[Adjourned till Wednesday 25 January at 3.00pm]

Witnesses

Wednesday 23 November 2011

Page

Bronwyn Hill, Permanent Secretary, Department for the Environment, Food and Rural Affairs, **Dr Paul Leinster**, Chief Executive, and **David Rooke**, Director of Flood and Coastal Risk Management, Environment Agency

Ev 1

List of printed written evidence

1 Environment Agency

Ev 14

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2010–12

First Report	Support to incapacity benefits claimants through Pathways to Work	HC 404
Second Report	Delivering Multi-Role Tanker Aircraft Capability	HC 425
Third Report	Tackling inequalities in life expectancy in areas with the worst health and deprivation	HC 470
Fourth Report	Progress with VFM savings and lessons for cost reduction programmes	HC 440
Fifth Report	Increasing Passenger Rail Capacity	HC 471
Sixth Report	Cafcass's response to increased demand for its services	HC 439
Seventh Report	Funding the development of renewable energy technologies	HC 538
Eighth Report	Customer First Programme: Delivery of Student Finance	HC 424
Ninth Report	Financing PFI projects in the credit crisis and the Treasury's response	HC 553
Tenth Report	Managing the defence budget and estate	HC 503
Eleventh Report	Community Care Grant	HC 573
Twelfth Report	Central government's use of consultants and interims	HC 610
Thirteenth Report	Department for International Development's bilateral support to primary education	HC 594
Fourteenth Report	PFI in Housing and Hospitals	HC 631
Fifteenth Report	Educating the next generation of scientists	HC 632
Sixteenth Report	Ministry of Justice Financial Management	HC 574
Seventeenth Report	The Academies Programme	HC 552
Eighteenth Report	HM Revenue and Customs' 2009-10 Accounts	HC 502
Nineteenth Report	M25 Private Finance Contract	HC 651
Twentieth Report	Ofcom: the effectiveness of converged regulation	HC 688
Twenty-First Report	The youth justice system in England and Wales: reducing offending by young people	HC 721
Twenty-second Report	Excess Votes 2009-10	HC 801
Twenty-third Report	The Major Projects Report 2010	HC 687

Twenty-fourth Report	Delivering the Cancer Reform Strategy	HC 667
Twenty-fifth Report	Reducing errors in the benefit system	HC 668
Twenty-sixth Report	Management of NHS hospital productivity	HC 741
Twenty-seventh Report	HM Revenue and Customs: Managing civil tax investigations	HC 765
Twenty-eighth Report	Accountability for Public Money	HC 740
Twenty-ninth Report	The BBC's management of its Digital Media Initiative	HC 808
Thirtieth Report	Management of the Typhoon project	HC 860
Thirty-first Report	HM Treasury: The Asset Protection Scheme	HC 785
Thirty-second Report	Maintaining financial stability of UK banks: update on the support schemes	HC 973
Thirty-third Report	National Health Service Landscape Review	HC 764
Thirty-fourth Report	Immigration: the Points Based System – Work Routes	HC 913
Thirty-fifth Report	The procurement of consumables by National Health Service acute and Foundation Trusts	HC 875
Thirty-seventh Report	Departmental Business Planning	HC 650
Thirty-eighth Report	The impact of the 2007-08 changes to public service pensions	HC 833
Thirty-ninth Report	Department for Transport: The InterCity East Coast Passenger Rail Franchise	HC 1035
Fortieth Report	Information and Communications Technology in government	HC 1050
Forty-first Report	Office of Rail Regulation: Regulating Network Rail's efficiency	HC 1036
Forty-second Report	Getting value for money from the education of 16- to 18-year olds	HC 1116
Forty –third Report	The use of information to manage the defence logistics supply chain	HC 1202
Forty-fourth Report	Lessons from PFI and other projects	HC 1201
Forty-fifth Report	The National Programme for IT in the NHS: an update on the delivery of detailed care records	HC 1070
Forty-sixth report	Transforming NHS ambulance services	HC 1353
Forty-seventh Report	Reducing costs in the Department for Work and pensions	HC 1351
Forty-eighth Report	Spending reduction in the Foreign and Commonwealth Office	HC 1284
Forty-ninth Report	The Efficiency and Reform Group's role in improving public sector value for money	HC 1352
Fiftieth Report	The failure of the FiReControl project	HC 1397

Fifty-first Report	Independent Parliamentary Standards Authority	HC 1426
Fifty-second Report	DfID Financial Management	HC 1398
Fifty-third Report	Managing high value capital equipment	HC 1469
Fifty-fourth Report	Protecting Consumers – The system for enforcing consumer law	HC 1468
Fifty-fifth Report	Formula funding of local public services	HC 1502
Fifty-sixth Report	Providing the UK's Carrier Strike Capability	HC 1427
Fifty-seventh Report	Oversight of user choice and provider competition in care markets	HC 1530
Fifty-eighth Report	HM Revenue and Customs: PAYE, tax credit debt and cost reduction	HC 1565
Fifty-ninth Report	The cost-effective delivery of an armoured vehicle capability	HC 1444
Sixtieth Report	Achievement of foundation trust status by NHS hospital trusts	HC 1566
Sixty-first Report	HM Revenue and Customs 2010-11 Accounts: tax disputes	HC 1531
Sixty-second Report	Means Testing	HC 1627
Sixty-third Report	Preparations for the roll-out of smart meters	HC 1617
Sixty-fourth Report	Flood Risk Management	HC 1659

Oral evidence

Taken before the Committee of Public Accounts on Wednesday 23 November 2011

Members present:

Margaret Hodge (Chair)

Mr Richard Bacon
Stephen Barclay
Matthew Hancock
Chris Heaton-Harris
Meg Hillier

Joseph Johnson
Fiona Mactaggart
Austin Mitchell
Nick Smith

Amyas Morse, Comptroller and Auditor General, **Gabrielle Cohen**, Assistant Auditor General, NAO, **David Corner**, Director, NAO, and **Marius Gallaher**, Alternate Treasury Officer of Accounts, were in attendance.

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

FLOOD RISK MANAGEMENT

Examination of Witnesses

Witnesses: **Bronwyn Hill**, Permanent Secretary, DEFRA, **Dr Paul Leinster**, Chief Executive, Environment Agency, and **David Rooke**, Director of Flood and Coastal Risk Management, Environment Agency, gave evidence.

Q1 Chair: We are going to have a vote at 4 pm, so we will have an interrupted sitting. My apologies for that.

Thank you all for coming. It strikes me that there are two issues to deal with: the range of funding that is available in relation to your strategy, and the new arrangements. Can I start with you, Bronwyn, and take you back to the Pitt review? It contained the recommendation, “the Government should commit to a strategic long-term approach to its investment in flood risk management, planning up to 25 years ahead”. I believe that the Department accepted that recommendation.

The real terms funding to the Environment Agency is being cut in line with other cuts. At the same time, the Environment Agency has said that, simply to meet the status quo in terms of flood protection, it needs an extra 9% expenditure on that protection. Is there an inconsistency between your commitment to the Pitt recommendation and the funding that you have actually allocated in this spending review to the agency?

Bronwyn Hill: I don’t think that it is an inconsistency. There are two rather different things that interact. I believe that Pitt was talking about the need to have a long-term strategy, so it is about having strategies and plans that look a long time ahead. My understanding is that the Environment Agency, in looking ahead at how much money we should reasonably invest in flood defences, was looking ahead to 2035. It produced a number of what it called scenarios, taking account of its best judgment of things like its asset condition and the impact of climate change, which obviously is quite difficult to predict and forecast. It came up with something that I think it called “the most favourable investment scenario”, which, first, was clearly unconstrained by public expenditure and,

secondly, was absolutely clear that it is simply a guide to the level—if there were no constraints on public expenditure—of investment that it could make and still get value for money and protect properties.

The two things are rather different, and the Department is committed in successive spending reviews over that period to keep going back to the original evidence and saying, “How much can the Government afford to invest, given the state of public finances and other demands on the public purse, and what are the prospects of securing funding from other sources?” One of the things that Pitt said very clearly was that he did not expect all the investment in flood defences to come from national Government. That was a very clear conclusion.

Q2 Chair: Perhaps I can turn to the Environment Agency. Somewhere in the report is a reference to your saying that you need £20 million more per annum to be spent on flood defences to ensure that you maintain the status quo in terms of houses protected through existing defences. That is not coming to you, yet you have a target that an additional 145,000 households should enjoy better protection through the spending review period. That strikes me as an inconsistency. Do you feel that there is an inconsistency or are you confident that, with more constrained resources, you can still meet the target that has been set for you?

Dr Leinster: We believe that we can meet the 145,000 target. In fact, we believe—as we did in the last spending review period, when similarly we had a 145,000 target and delivered more than 180,000 additional properties protected—that we will be able to outperform that. That is what we drive towards. We drive for greater efficiency and effectiveness. We are

working in partnership with contractors and consultants to deliver that greater number.

Q3 Chair: So explain to me how. What will you achieve that is different in the next three years that will enable you, within that lower funding limit, to achieve the higher target?

Dr Leinster: They are slightly different issues, because the 145,000 target was set on the basis of the funding that we will receive over the period. There was another issue: we highlighted that we believe that over the next 25 years, more funding needs to go in to take account of likely changes in the climate, which translates into about £20 million a year. As long as the investment goes in over the period, eventually, the right level of protection will be delivered. As Bronwyn said, one of the clear recommendations that Sir Michael Pitt made in the review was that those benefiting from flood defences should contribute, so the new partnership funding approach that is being introduced encourages and provides a way for local communities and the private sector to contribute to new flood defences.

Q4 Chair: Let me come to that, because let's be clear that, at the end of this spending review period, your budget—it does not necessarily mean your expenditure on flood defences—will be 86% of what it was in real terms in 2011–12, so you are having a cut in your budget of 14%. Is that right?

Dr Leinster: The reduction in our budget is against 2010–11.

Q5 Chair: Against 2010–11—well, it will be bigger. I calculated it on 2011–12 as 100% and it came out as 86% against that—2010–11 was more generous, so I took a less generous year: 2010–11 compared with 2011–12 was 124%, so the cut is even bigger. I gave you a lesser cut, actually.

Dr Leinster: If we take 2011–12 to 2014–15, the capital budget is flat.

Q6 Chair: No, it is not—not in real terms; it is a 10% cut.

Dr Leinster: Not in real terms, but we have committed to produce a 15% reduction in our costs over that period—through value engineering, and we are renegotiating our contracts with suppliers.

Q7 Chair: You have a 20% cut in your revenue budget in real terms.

Dr Leinster: Yes, but that is not going towards the protection of the 145,000 properties; that is for other things.

Q8 Chair: Are you telling me that in real terms you are sustaining your investment in flood defence? Are you—I shall come to the private sector point in a minute—sustaining your investment or cutting it in real terms?

Dr Leinster: In real terms, for the capital part of the budget, we will maintain that spend through a 15% efficiency.

Q9 Chair: Through a 15% efficiency in capital?

Dr Leinster: Yes, in the capital part of the budget, we are delivering—

Q10 Chair: So you mean you will do more projects more cheaply?

Dr Leinster: Yes.

Q11 Chair: It seems that the model that you are developing for the future is predicated on attracting external sources of funding, of which there are two: local authority funding and, presumably, private sources of funding. If I were sitting as a leader of a local authority—we will come to the new duties—and having to deal with 30% cuts in expenditure, the last thing I would want to do would be commit to additional expenditure here. This is probably a question for Bronwyn. Are you being realistic in expecting local authorities to put more money in?

Bronwyn Hill: I think we are being pragmatic, because some of them are already—

Q12 Chair: Are you being realistic?

Bronwyn Hill: We have not predicted how much we will get, so we are not saying that local authorities will make x% contribution.

Q13 Chair: Do you think any of them will make any more money? How are they going to do it? They are cutting care homes and Sure Start, and you are asking them to put more money into flood relief.

Bronwyn Hill: Can I give you examples of how they can do it? If you take the Solent, Portsmouth city council has committed to raising an additional £40 million through a community infrastructure levy. Some local authorities, albeit in particular areas, such as Cokermouth, have voted for an additional levy on the council tax. What I am saying is that not every local authority will find the money. Some of them will prioritise social care, schools or hospitals or whatever, but in certain places, particularly where the flood risk and the experience of flooding is very high, we are beginning to see local communities and their leaders campaigning to raise money.

Q14 Chair: How much have you seen? I look at the whole quantum and according to the report more than £1 billion was invested in flood relief over the three-year period, of which £13 million came from other sources, with about 20% from private. Have I got those figures wrong? It is about that quantum.

Bronwyn Hill: Let me be very clear: we are not saying that we are going to raise £1 billion from local authorities.

Q15 Chair: What are you expecting? You must have your plans somewhere in your brain, because if Cokermouth floods again, you will be responsible.

Bronwyn Hill: They have raised some money to go towards the scheme.

Q16 Chair: Okay, but if floods occur anywhere, you are responsible.

Bronwyn Hill: Can I give you one figure? There are some figures in the NAO's Report that we do not dispute. We are just embarking on this project. The

23 November 2011 DEFRA and Environment Agency

figure of £43 million has already been identified as contributions to schemes that would normally have been almost fully funded by the Government.

Q17 Matthew Hancock: Sorry. What was the figure?

Bronwyn Hill: It is £43 million, but it is a moving figure.

Q18 Chair: Is that new?

Bronwyn Hill: Well, some will have been committed in the past year or so.

Q19 Nick Smith: Is that the £40 million from the Solent and another £3 million?

Dr Leinster: If I can explain, there are a couple of other places. In Morpeth, in Northumberland, Northumbria county council has committed to providing somewhere between £10 million and £12 million for the scheme there.

Q20 Matthew Hancock: Over what time period?

Dr Leinster: The time period for a scheme to be built. The scheme will most probably take two to three years to be built, but they will then commit to ongoing maintenance of it.

In Kent, in Sandwich, both Pfizer and Kent county council have come forward with a similar sum of money. In Louth, in Lincolnshire—

Q21 Fiona Mactaggart: Sorry, my frown was simply because I thought Pfizer was leaving.

Dr Leinster: Pfizer has agreed, along with Kent—

Q22 Fiona Mactaggart: So it is a goodbye present, is it?

Dr Leinster: In Louth in Lincolnshire, there is a consortium between ourselves, the county council, Anglian Water and some of the internal drainage boards to bring together funding, where they are most probably going to provide about 70% of the funding for the scheme. We are beginning to have these conversations. What is happening now is that we are seeing a shift. Previously, they could rely on central Government to provide all the funding, and they just waited until it was their turn. Now they are coming to a position whereby, for a number of these schemes, they will never get 100% funding. If the local community wants it, they are coming forward with funding.

Q23 Austin Mitchell: Yes, but you're being over-optimistic, surely. They have provided only 2% of the national investment programme up to now. You do not have an adequate machinery of monitoring whether they are making their necessary contributions to maintain the flood defences. Only 30% of local authorities thought that they had the necessary technical expertise to do the job. They question some of the Department's assumptions on the basis of delivering the scheme. With all these problems, when they are strapped for cash and, as Margaret says, having to cut care homes, it is ludicrous to expect them to stump up this extra money for something that is, for many of them, a remote consideration.

Dr Leinster: We have, from experience—

Q24 Austin Mitchell: In two areas.

Dr Leinster: No, we have given the examples of Lincolnshire, Northumberland, Kent, down into Portsmouth and Southampton. They have already started. This scheme or system has been in place only since April this year. This is early days. I do not think that we can compare what has happened up until now to what is now going forward. We are seeing people coming forward.

Chair: I was just about to bring in the NAO, then I have Meg, Matt, Fiona, and then Steve. Let us get the NAO in first.

Q25 David Corner: I wonder how many of these schemes have the funding commitments in place and everything has been settled? How firm are these funding commitments and local contributions?

Amyas Morse: Not that we want to take away from the fact that conversations are going on, we are simply saying—are we talking about schemes that are in quite early conversation? Are they schemes that are locked in? Just broadly speaking, it is not fair to ask us to be very precise, because broadly, where are we?

Dr Leinster: The schemes that we are talking about so far are not locked in yet. For some of the schemes, we are in heads of agreement, so we have the lawyers talking to the lawyers and working out what those funding mechanisms will be, but if those communities want those flood risk management schemes, they have to come forward with the money.

Q26 Meg Hillier: The mention of the lawyers raises one important question. The cost of going out and negotiating separate legal agreements with every small, large and medium flood defence is surely quite high. Have you factored those professional costs into the approach of funding it in a partnership arrangement? Good progress, if what we are saying—

Dr Leinster: Yes. We have factored those in, and it is one of the things that we will monitor going forward. When we had the 2007 NAO Report, one recommendation coming out of that was that our development costs were around 30% and were considered to be high. Since then, we have got those costs down below 23% now, and we have a target over this spending review to get those down below 20%. What we want to be very careful of is that we do not allow those costs to increase because of this new approach, so we will be monitoring that very closely. I think there will be some increase because they are more complicated funding arrangements, but we see it as a risk and it is something we will be carefully monitoring and managing.

Q27 Meg Hillier: On some of the examples you have given, can you give us any figures? If you cannot give them right now off the top of your head, I understand, but perhaps you could send us a note with any figures for what the professional costs estimate tolerance level, or actual is on the ones that you have signed.

Bronwyn Hill: Can I add a point? I do not think we are trying to argue that all local authorities will contribute to all local schemes everywhere. We are absolutely not saying that. In fact, I was just trying to remember: from memory, we expect that there are so

many good schemes where Government contributions, through the formula that the NAO have put in the report, will pay for them¹ about two thirds of schemes, I think. So, there will still be quite a lot of schemes coming through this programme over the next four years that would be fully funded because of the way the funding formula works, so we are not trying to say, “All these local authorities will suddenly find lots of money.” We are saying, “There will be circumstances where the local need and the interests of private organisations are such that we would be foolish not to pursue this route.”

Q28 Meg Hillier: The bigger question I really wanted to ask is how you are absolutely sure that you are getting a proper picture on the ground. The danger is that Portsmouth, for example, has a higher density of population than Northumberland, by a long way. Northumberland has already stumped up, from what you say, but you get challenges with remote, sparsely populated areas, and there are those early adopters that you have got—or are getting, from the sounds of it, which is good—but what about those that are dilatory about coming forward with the money, or have an argument with the council tax payers about how they are going to fund it? What happens then, because you could have gaps? I wonder about the efficiency of this; it sounds great, but if you do not get everything hanging together, you will have gaps along the line, and one gap in a flood defence makes the whole of the rest of it useless. Perhaps I am just being naive about it, but tell me.

Dr Leinster: Just to reassure about gaps in flood defences, first: the schemes developed would be around flood defence systems that would make sure we protected particular areas. One of the things we are doing just now—because, as we say, these are early days—is that we gave out indicative levels of funding to our regional flood and coastal committees. Those committees have got local authority representatives. In fact, local authorities are in the majority on those committees, and only local authority members are allowed to vote on them. We have given out indicative levels of funding to them. They are currently going through their meetings, working out how much local levy they are going to raise and then what schemes they want to promote. That information comes back to the Environment Agency and then we will begin to see the picture of what level of contribution is coming forward from the local authorities and where the gaps may be. We do overall national risk assessments and then we tie that in with the local information that comes back, so we are able to have that national picture.

Q29 Meg Hillier: The simple question is, if you get part of the North-East coast agreeing, but a couple of local authorities, or one in the middle, decide not to support it, do they just get the money from central Government if they wait long enough? I am probing how the money will hang together and whether we will get that value. You say that they are all joined up, but what if someone holds out? We are in a room with people who have held out over rate-capping and so

on, and made strong reputations in that respect, so it is not unknown for politicians to dig in their heels.

Dr Leinster: That is something that we will learn as we go along.

Q30 Chair: If you do that, the interesting question is, what will you do? Because of the interdependency of the schemes, if one local authority decides that it will not prioritise your expenditure, what then?

Bronwyn Hill: My understanding of how the schemes work is that you often get a group of authorities with an interest in a particular scheme, because floods do not respect geographical or political boundaries, and on the whole you can usually persuade them if you have a good enough scheme. Remember, a proportion of funding comes from Government grant aid, so the incentive is on them to do two things: one is to see whether they can reduce the costs of the scheme, so there is a huge incentive to say, “Is there a lower-cost alternative to this scheme?”—

Q31 Chair: I am going to push you, Bronwyn. There are great incentives, but what happens if not?

Bronwyn Hill: They might not get the scheme.

Chair: They will not get the scheme?

Q32 Meg Hillier: What about the impact on the wider scheme?

Bronwyn Hill: My view is that that is about politics, isn't it? If local authority A is coming out against a scheme, then everybody else—

Q33 Chair: If there is then a flood?

Bronwyn Hill: My view is that that is about local accountability and the beauty of this scheme is that it brings local authority accountability.

Q34 Chair: I happened to look at a thing called the *National Risk Register of Civil Emergencies*, and in that you have coastal flooding, pandemic human diseases, cyber attacks—everything. Nobody on that map would say, “Oh it's local accountability.” They would say, “These are all our civil emergencies”—of which you are one—and, “Central Government has a responsibility to ensure that we do all we can to prevent, and we take a responsibility if things occur”. For you just to say, “Oh, that's local accountability”—I do not think that is good enough.

Bronwyn Hill: That is not quite what I said. I think we think that it is a shared responsibility. The Environment Agency takes a national view, and has no doubt fed into that interesting diagram.

Q35 Chair: This is the *National Risk Register of Civil Emergencies*. I can read them all out: cyber attacks, transport accidents, industrial accidents, coastal flooding, non-conventional attacks—whatever that is—animal disease and it goes on and on.

Bronwyn Hill: I think that what I am trying to say is that that does not absolve local authorities from taking responsibility as well.

Q36 Chair: Yes, but with whom does the buck stop?

Bronwyn Hill: It is called partnership funding, because it is a joint responsibility.

¹ Witness footnote: in their entirety

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Q37 Mr Bacon: Did you say that it is called “partnership funding”?

Bronwyn Hill: Partnership funding.

Q38 Mr Bacon: Funding?

Bronwyn Hill: Yes.

Q39 Chair: At the end of the day, one in six homes are susceptible to flooding, the existing cost of flooding to individuals is more than £1 billion, plus distress and all that stuff. Families out there simply want to know who is responsible. Is it the Environment Agency? Is it DEFRA? Who is it?

Bronwyn Hill: I would argue that it is a joint responsibility, because no single authority—

Q40 Mr Bacon: You have basically got a buck-passing agreement, haven’t you? Is it true that roughly three-quarters of local government finance comes from the centre?

Bronwyn Hill: Off the top of my head—

Mr Bacon: Roughly speaking.

Bronwyn Hill: The NAO are nodding, so it must be true.

Q41 Mr Bacon: I thought so. I remember once going to Northern Ireland and hearing a report on something called the Navan Centre. If you can imagine some Roman earthworks combined with a visitor centre and projected visitor numbers that you might get for something like the Millennium Dome, you can imagine the scale of the disaster that unfolded. The Permanent Secretary came before us and the first thing she said was, “I am pleased to tell you, Mr Chairman, that my Department is responsible for only 2% of the budget”, but she was before us because she was more responsible than anybody else, because there was partnership funding. It was all in little pots here and there. The Chair’s question is a very valid one: who is responsible? At the end of the day, the taxpayers, who pay for all this, need to know that the buck stops somewhere. You sound as if you are saying that it doesn’t really stop anywhere. I was standing in a garden in my constituency, and a neighbour said that the house in that garden should never have been built. She was told, “You’re a nimby. You just don’t want it in your backyard.” It actually was in her backyard, next door to her. The reason she did not want it built was because there was flooding pretty much each year at the end of her garden. She said, “If you build there, next to it, there will be flooding there as well.” And there was.

I stood in the garden with the lady who had been forced out of the house because of the spores and faeces that came up every time it flooded, with somebody from the Environment Agency, somebody from Anglian Water and somebody from the local authority arguing with each other about whose fault it was. The lady stood there in tears; she did not want to know whose fault it was; she just wanted something sorted—and you are just perpetuating this, aren’t you?

Bronwyn Hill: I don’t think that I am, no.

Q42 Mr Bacon: What are you doing? It sounds like you are not answering the question, which is, “Who is responsible?”

Bronwyn Hill: The idea is that local authorities also have a responsibility, as do we—as does the Environment Agency. If you only ever go after one single person, you will never win. That is my view.

Q43 Mr Bacon: The local authority turns round and says, “We have no option but to give planning permission for the house because the Environment Agency has given its permission”. It gives its planning permission on the basis of a desk-top survey done 60 or 80 miles away, by linking it to a computer.

Bronwyn Hill: It is difficult for me or the agency to comment on an individual scheme.

Q44 Mr Bacon: I am talking about the architecture. The problem is the nature of the system.

Bronwyn Hill: In the architecture, the Environment Agency does comment and advise local authorities on planning decisions. Indeed, it has an indicator. We want it to have influence and impact on those local authority decisions in at least 95% of cases and, in practice, it is above that. We are not denying responsibility. We are saying that we can’t do it all through one national agency.

Q45 Stephen Barclay: You also have conflicts of interest. You are waterlogging 500 hectares in my constituency, although your legal guidance says that, if you don’t do 1,000 hectares, you will be in breach of a bird habitat directive from the EU. Yet, you are also appointing the consultants, Atkins, who are responsible for the flood mitigation plan. You are saying that you rely on a Chinese wall within the Environment Agency in terms of addressing any flooding risk.

The internal drainage boards, the real experts on flooding issues in the area that I represent in the Fens, are not statutory consultees and so can be ignored. The water company, Anglian, is also not a statutory consultee, so can be ignored—which goes back to Richard’s point. You, as an agency, therefore have the requirements to address flooding, but you also have environmental requirements. You have legal agreements with the likes of English Nature, which compromise some of the remedial works and clearing rivers, and some of the works you can do. You are relying, in essence, on local plumbers who—the report makes clear—do not have the technical expertise often to address flooding risk. Councils themselves are incentivised to build more houses because they get profit, the more houses they build.

Coming back both to the Chair’s question and to Mr Bacon’s question, is this not an area riddled both internally for the agency and also between agencies with conflicts of interest?

David Rooke: No, I don’t think it is. On the specific point in relation to the Ouse washes in Cambridgeshire, we are doing two studies. One is in relation to complying with the habitats directive; the other is in relation to making sure that the Ouse washes are still effective over the longer term, given sea level rise, such that we will continue to provide

protection to the communities and land in the Fens. We see it very much as a win, win. We are aware that there are some issues in relation to consultation with internal drainage boards, and my colleagues in that area have committed to further consultation with the internal drainage boards to address their concerns.

Q46 Stephen Barclay: With respect, your consultations are a sham. You constantly say, "Legally, we have no choice. We will be subject to infraction proceedings, if we don't go ahead." Indeed, you have spent £12 million out of the £18 million that Elliot Morley signed off on this, albeit to take over a waterlogged 500 hectares, yet you are saying that the other 500 hectares—that your own legal advice says you must deliver in order to avoid the infraction that gives you no choice but to go ahead with the scheme—will be delivered by third parties over whom you have no control.

David Rooke: We are going to do the 500 hectares first, and then we will assess the success of that both from a habitat creation point of view to avoid infraction and in terms of allowing better use of the Ouse washes.

Q47 Stephen Barclay: Over what time period? Your own legal advice says that you've got to do 1,000. You are not even complying with your own legal advice.

David Rooke: The thousand is still the intention, but the funding is being limited.

Q48 Stephen Barclay: Over what period, please?

David Rooke: I will have to come back to you on the exact detail, but it is broadly over a period of about five years.

Q49 Stephen Barclay: And if planners say you can't go ahead? The planners have a responsibility, as Richard mentioned, so if the planners on the local council say no, you are in breach of your infraction proceedings.

David Rooke: And then we would have to come back to the Department and take further advice.

Chair: It is a bit of mess.

Q50 Matthew Hancock: I want to come back to the big picture. I have sat on this Committee for 18 months and during that time we have consistently raised concerns and criticisms about the lack of innovation and broader thinking about value for money. Your opening description, Dr Leinster and Ms Hill, about how you are trying to get in other money where there are, as you would put it, risk-based, spend-to-save proposals, and making sure that you can leverage in other private and local authority money, is very positive. There was lots of nodding around the table. But the concerns over the accountability questions are real. I wanted to come back as well on the question of the resource efficiency improvements. Dr Leinster, you argued that, with the decrease in the resource budget, you will deliver the same service because of an improvement in efficiency of a similar scale. Is that right?

Dr Leinster: On the capital side of the budget?

Q51 Matthew Hancock: Yes. And how confident are you of achieving that?

Dr Leinster: Very confident.

Q52 Matthew Hancock: What are you doing to deliver on it?

Dr Leinster: We have already been having discussions with the supply chain. Just to explain, the construction side of the business and the consultants are all private sector. We don't do our own construction work. We don't do our own design work. It is all outsourced. We have been having ongoing discussions with those consultants and the contractors to see whether, through bundling different bits of work, making sure that we can get teams of people who have been involved in one scheme, then mobilised immediately on to the next scheme, and use that to drive efficiencies, and looking at how we can bundle some of the smaller pieces of work that we used to do in-house together so that we can outsource that as well. So there are a number of ways that we are looking at this. We also use cost consultants who, again, will scrutinise the cost to drive down costs.

Q53 Matthew Hancock: How do you know you have done the right amount? How come it just happens that the amount of the reduction in budget sounds, from your earlier answer, similar to the efficiency savings? Does that strike you as a coincidence and how do you know that you cannot do more in terms of improving efficiency? I know 15% is pretty impressive, but—

Dr Leinster: One of the things that we do is task ourselves with doing more. So we will go beyond that 15% if we can. As an NDPB we have a board. The board scrutinises us, pushes us and in addition we are responsible to DEFRA and through that scrutiny process we also get pushed to do more. The 15% efficiency was something we committed to before we knew the spending review settlement. I think it was in the lead-up to the spending review.

Q54 Chair: This is 15% over three years?

Dr Leinster: Over the four years.

Q55 Matthew Hancock: So if I tie this back to trying to lever in money from those directly affected by the risk of flooding, so more locally, whether private or local authority, how can you be confident that that diminishing of the line of accountability—because it is not just your head on the block; others are putting in—will not undermine your ability to get your efficiencies in the process?

Dr Leinster: One of the things that we have done in the overall capital programme is to say that a certain amount of it—we have not yet fixed on the figure, but it may be 70% or so—must be procured through our central scheme and our central engineering contractors and consultants. In that way we can lock in that efficiency. That was one of the reasons why we wanted to procure in that way. Others will be able to procure in through our procurement. So if a local authority wanted to go ahead with the scheme—some local authorities do go ahead with their own schemes—they also have access to our contracts. The

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more that we can get going through our contracts, the greater the efficiency will be.

Q56 Matthew Hancock: Given this improvement in efficiency, what impact does that have on your view of the amount of spending that is needed by 2035 to ensure that we can hit our worst-case-scenario flood defences?

Dr Leinster: We have not yet done that. We have just established a project now to review the long-term investment strategy.

Q57 Matthew Hancock: What impact in direction? Do you have any feel for it?

Dr Leinster: No feel just now. In about six to nine months, we should have a better feel.

Sitting suspended for a Division in the House.

On resuming—

Q58 Fiona Mactaggart: Am I right in thinking that your strategy depends more than ever—if you are going to get partners—on people feeling confident that your schemes work?

All Witnesses: Yes.

Q59 Fiona Mactaggart: You said, Dr Leinster, that you had outsourced your design and engineering, so how do you know if a scheme is working?

Dr Leinster: We have intelligent clients inside, so although we do not do the work ourselves, we have people internally who understand that sort of thing. We have a number of qualified engineers internally who are able to assess the work that is done.

Q60 Fiona Mactaggart: Are you confident that they are good enough at that?

Dr Leinster: Absolutely.

Q61 Fiona Mactaggart: Because I think about a scheme on the border of my constituency—the Jubilee river—which failed to deliver its design capability. As I recall, there was a successful out-of-court settlement with the designers, and the remediation that I have seen happening since then seems to be not very effective.

Dr Leinster: The Jubilee river did not meet its design criteria initially. We have taken remedial action. It has worked on a number of occasions to relieve the flooding around Maidenhead.

Q62 Fiona Mactaggart: Yes, it has worked to relieve the flooding around Maidenhead, but it has not worked as well as we were all told it was going to work, and there has been quite extensive flooding further downriver following the Jubilee river.

Dr Leinster: But not caused by the Jubilee river. The river is providing protection around the Maidenhead area, and it then comes back into the Thames. We are doing some work further down the Thames, around and upstream of Teddington, to provide more defences. We have designed to a given event, and if you get events that are greater than those, the defences will overtop.

Q63 Fiona Mactaggart: Yes, but the events so far have actually been less than the cumecs that we were told that the Jubilee river could carry.

Dr Leinster: But it was not protecting the downstream houses from—

Q64 Fiona Mactaggart: So what we are now going to get is “son of the Jubilee river” downstream—an equally complex scheme—and how do we know that it will work any better than the Jubilee river did?

Dr Leinster: Well, I think the Jubilee river is working. The Jubilee river has provided protection. There were issues. For those who do not know, if you go down the M4, you cross the Jubilee river and then you cross the River Thames. It is a very large man-made channel. It is a complex scheme. The Thames barrier was a complex scheme. You have to design such complex schemes to deal with flooding.

Q65 Fiona Mactaggart: I understand that you need complex schemes to deal with flooding, but it seems to me that you have to learn from those schemes that you have built.

Dr Leinster: Absolutely.

Q66 Fiona Mactaggart: One of the lessons of the Jubilee river is that it did not work as well as it was supposed to and that, ever since it has been there, we have had constant remediation, which has been fairly expensive, and if you look at, for example, the grass cover on the banks, it has not worked. I am not a scientist, but I can see when grass is not growing, and it is not. So I am worried that we are going to have exactly the same thing further downstream, which is also going to work less well than it is designed to. If you are offered figures that say, “This is the value-for-money offer at a particular level of water carrying,” and it is carrying something like 20% less than that, are we going to have the same thing at the downstream scheme that you are currently hatching? Would it not be cheaper to dredge the Thames?

Dr Leinster: On dredging, if you think of the depth that you would have to reach to carry the amount of water that goes through, it is not a matter of taking 12 inches off the bottom of a river to contain the water that is contained within the banks of the Thames. That is not a solution that would convey the quantity of water that you need to convey. You have to have schemes like the Jubilee river. We have learnt from that. One of the things that we went back to check when we did the study was whether the Jubilee river, even though it was only 80% as efficient as the design, was still good value for money, and yes, it was.

Q67 Fiona Mactaggart: Is it still 80% as efficient as the design, or is its efficiency declining as sediment is landed on the bottom of the Jubilee river?

Dr Leinster: I do not think it is declining beyond that figure.

Q68 Fiona Mactaggart: You do not think it is.

Dr Leinster: No.

Q69 Fiona Mactaggart: Do you do regular studies to make sure that it is not?

Dr Leinster: Yes. Absolutely.

Q70 Fiona Mactaggart: Because one can see that this is a river that is full of algae. You can see that that is obviously connected to the sediment at the bottom of it and that it is not flowing in the way that we were told it would. So you are confident that it is not declining any further?

Dr Leinster: Yes.

Q71 Fiona Mactaggart: And that it will be able to deal with any future flood events?

Dr Leinster: Not any future flood events; flood events up to the design standard.

Q72 Fiona Mactaggart: But the original design standard, we were told, was 25% above the current one, which, we are saying, is sufficient.

Do you have the capacity to check whether there is an alternative way of dealing with the need to carry more water into the Thames? You say, "Oh, it's much more complicated than just taking a bit off the bottom of the Thames,"—I'm sure it is, but nevertheless, the Thames could carry a lot more water if it were regularly dredged. You know that, I know that—it is obvious. That might be complicated to engineer, but, nevertheless, it could carry much more water, and that might be a cheaper, more efficient, better value-for-money solution than building a son of the Jubilee river further downstream.

Dr Leinster: When we carry out studies—and it's not just the Environment Agency that carries out those studies—we use consulting engineers.

Q73 Fiona Mactaggart: You can't; you haven't got the expert engineers—you told us that earlier.

Dr Leinster: No, we don't do the work, but we have the expert engineers.

Q74 Fiona Mactaggart: How can they be experts if they are not doing the work?

Dr Leinster: There is a difference between that and an engineer who knows how to build something, has built something in the past and no longer does the building, but supervises someone else doing it. That is true in lots of other places. We do have those skills, but we also use external skills. We use the National Environment Research Council bodies—wherever we can, we get the advice in, because this is complicated stuff.

Q75 Nick Smith: I want to go back a step to look at funding for this work in future. Dr Leinster and Bronwyn Hill gave us good examples of local funding for these works, which included Cockermouth, the Solent and Pfizer. All that sounded good, but those examples seemed isolated. Given the reduction in capital spending until 2035, and the stretch on local authority funding, what is your estimate of how much, really, the private sector will be able to step up to the plate on this?

Bronwyn Hill: I need to be careful here, because sometimes private sector contributions come direct from a company. I think a gas supplier in Lyme Regis has contributed to one scheme. Sometimes,

contributions come indirectly because the local authority chooses to levy business rate payers, or they come through a community infrastructure levy, so although we have said 70%, that is the maximum we would expect through all sources.

Q76 Chair: Not 70% on all schemes—

Bronwyn Hill: No, 70% of contributions towards schemes.

Q77 Chair: What do you expect the contribution towards schemes to be?

Bronwyn Hill: As I said earlier, over the four years, we think roughly two thirds could still be funded 100% from national Government support.

Q78 Chair: So just in cash terms, what is it?

Amyas Morse: Just to be clear, that is because quite a lot of the schemes are pre-committed, aren't they? A lot of the schemes are actually going to be centrally funded and will continue running through as they always have.

Q79 Nick Smith: Can you be a bit more concrete—every pun intended—about how much the private sector will stump up?

Bronwyn Hill: Not in pounds; it is a percentage of the future programme. The reason I don't want to be concrete is because I am just guessing. Each year, I understand, the regional flood and coastal committees will go through a process in which they receive proposals for schemes from the local authority, from the Environment Agency, to address known issues.

Q80 Chair: I've got to stop you there, because in your planning you must have a view—it should be shared, but you are ultimately accountable—on the extent to which you expect alternative funding streams to contribute. We are not expecting you to say, "That's what will happen," but you must have a view on what you are anticipating. What is it?

Bronwyn Hill: We have not set a figure for that, because the plan that we were talking about earlier, which will deliver 145,000 extra houses, is predicated on the money that the Environment Agency gets from national Government. Anything else is a bonus on top of that. Provided that it has six to 12 months' advance notice of additional money coming in to unlock new schemes, the Environment Agency can gear up to add to that. The planning is on the basis of what we provide through national Government, which contributes to schemes. To the extent that additional money can be raised year on year throughout the four years: it is all additional.

Q81 Nick Smith: It doesn't seem satisfactory. It doesn't seem a very clear answer.

You talked about community levies. Tell us a bit more about that, and how many of those you expect to see.

Bronwyn Hill: It goes back to how we expect the money to come. We haven't got a plan that says we are expecting x% from here and y% from there, because it is done on a scheme-by-scheme basis. Roughly, the Government say that they will contribute 20p in the pound on the basis of household benefits in

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a normal scheme. If you had a scheme that was, let's say, a 5:1 benefit-cost ratio, anything over that and you would get almost 100% national Government contribution. You are saying that any schemes that have a BCR of less than 5:1 really need to go out and attract that extra funding from wherever. We are trying to incentivise local authorities and private sector companies that would benefit, because of the nature of their property, to say, "Can we raise the additional money to add to what the Government can afford to pay, to get the scheme to go ahead?" That is how the fund works.

Q82 Nick Smith: Do you think it will mean that, if you live in an area where you have relatively well-off local authorities, those schemes will take place, but in those areas with less rich local authorities, they won't?

Bronwyn Hill: The way the funding works is a very good point. It is 20p for average households. There is then a 30p rate and a 45p rate, so a higher rate per pound according to the index of multiple deprivation. In areas where the households are poorer and probably less likely to be able to raise the money, the scheme allows for the Government's contribution to be higher.

Q83 Stephen Barclay: Can you clarify how many reports and recommendations you get from inspection engineers each year?

David Rooke: Could you just clarify that?

Q84 Stephen Barclay: As I understand it, by law you are required to instruct inspection engineers. For example, reservoirs must be inspected, I think, on a 10-year basis. They produce a report, which you then legally have to implement.

David Rooke: Under the Reservoirs Act, large raised reservoirs need to be inspected every 10 years by an inspection engineer or, in an interim period, if the supervising engineer for the reservoir requests such an inspection.

Q85 Stephen Barclay: So taking their recommendations, which you are legally required to enforce, and any other areas other than reservoirs where you get recommendations that you are legally required to enforce—which have a big impact on your funding decisions elsewhere—how many such recommendations are you getting a year?

David Rooke: There are about 2,000 large raised reservoirs across England and Wales. From inspection every 10 years, we are probably getting about 200 reports.

Q86 Stephen Barclay: Two hundred that you must implement?

David Rooke: We only get to see the reports when there are measures in the interests of safety. There is no obligation on the owner of a reservoir or indeed the engineer to send us them. Some do on a voluntary basis. They are required to send them to us only where there are matters in the interests of safety. I haven't got the exact figure. We can provide that.

Q87 Stephen Barclay: I am trying to get at how many reports, which require the Environment Agency

to take action that legally you must then take, you are getting each year.

David Rooke: It's a handful in terms of our having to initiate enforcement action. There are very few prosecutions.

Q88 Stephen Barclay: I am not asking how many you take enforcement action on, because I want to come on to whether there is a conflict of interest there. My understanding is that the report requires you to take action. If you don't take action, you are also responsible for the enforcement.

David Rooke: The owner of the reservoir is the authority that needs to take the action. So the engineer reports to the owner of the reservoir. The owner of the reservoir then has to implement the measures. We make sure that they implement the measures, but it is not a cost to us.

Q89 Stephen Barclay: Do you own any reservoirs?

David Rooke: We do.

Dr Leinster: We do.

Q90 Stephen Barclay: Hence my point that there is a conflict of interest, is there not, if legally, you are required to commission a report? That report requires action and then, if you do not take that action, you are also responsible for enforcing over the failure to take action. Is that correct process-wise?

David Rooke: That's correct in terms of process.

Q91 Stephen Barclay: And Dr Leinster is saying yes?

Dr Leinster: Yes.

David Rooke: That's correct, and that's what Parliament decided.

Q92 Stephen Barclay: Sure, and whether Parliament was right or wrong, what I am asking is whether there is a potential conflict in the fact that you are taking enforcement action, potentially against yourself, over work you have not done.

David Rooke: We have not complied fully with the requirements of the Act on a very small number of occasions. To my knowledge, I think there is still one outstanding issue that we are resolving.

Q93 Stephen Barclay: What I want to come to is how the national policy then links with accountability and consultation with a specific example, which is the Whittlesey washes in my constituency. The engineer's report was produced, as I understand it, four years ago and legally you are required to implement it within five years. That is correct, is it not?

David Rooke: It would depend on what the report said.

Q94 Stephen Barclay: I am told by your staff that legally you have to implement it within five years. The only difficulty is that no consultation has taken place with residents for the first four years, and that is because the Agency has been trying to work out the costs and options around implementing that report, but it had only 40 days from when the report was initially produced to challenge those recommendations. At the

point of deciding whether to challenge those recommendations, it did not have the financial information, because it has taken four years to work on that. Is that correct from a process perspective?

David Rooke: I am not familiar with the exact details of this example.

Q95 Stephen Barclay: No, but as a process?

David Rooke: The normal process would be that we would receive the engineer's report and then we would look at what recommendations there are. Then, we would build them into our works programme to complete them within the time scale either set out by the engineer or within a reasonable period of time.

Q96 Stephen Barclay: In terms of challenging whether those recommendations then becoming binding in law, initially you have 40 days to challenge that?

David Rooke: We do.

Q97 Stephen Barclay: In that 40-day period, you do not have the detailed financial information to determine whether you should challenge those recommendations, do you?

David Rooke: The challenge would be around whether we felt they were reasonable or not.

Q98 Stephen Barclay: Sure, but you have not got the detailed information—never mind the public consultation.

David Rooke: We wouldn't have, no.

Q99 Stephen Barclay: So it is correct that the inspection engineer, who you instruct, makes recommendations. You do not have the financial costs around implementing those recommendations, but you have 40 days to say, "Yes, we accept them." Once they are accepted, they are legally binding. Is that correct?

David Rooke: Yes.

Q100 Stephen Barclay: You then have five years, in the case of the Whittlesey washes, to implement them. You have taken four years working out the implications and you come, in essence, in this case, to two options. One is to raise the whole bank. That will cost between £35 million and £50 million, and it will work and keep the area safe. The other option, which will cost £5 million, is to lower the bank. It sounds a bit odd, lowering the flood bank, but if you do that, flooding will become more likely, but in a controlled area. It is a bit unfortunate for those people affected, but fewer will be affected than if the whole thing gives way in an unforeseen location.

The problem, however, is that you are constrained because, legally, you have to implement this within five years. Financially, without having a huge impact on other areas of your budget, you cannot go with what is seen by the local experts as the right solution, because it costs £35 million to £50 million and you cannot afford it, so you are forced into a solution through cost which will increase flooding risk for my constituents, and on which to date they have not been consulted. From a process point of view, that is correct, is it not?

David Rooke: My understanding from the local team is that we are going to re-consult.

Q101 Stephen Barclay: First, in your own guidance—I am trying to use the local to show a national policy issue—you say the solution must be in place by December 2012, which is not far away, yet the consultations have not taken place. In fact, the agency is planning two drop-in sessions. The drop-in sessions have not started. It has just consulted the town council and the middle level—if I can just, with the indulgence of the Chair, read a letter from the middle-level commissioners. For those not familiar with the Fens, the middle-level commissioners are the people who operate the pumping stations that keep the Fens dry, so they know what they are talking about.

I quote the clerk and chief executive's letter to me on 16 November this year: "The impression given is of a rushed scheme, which will raise flood risk, endanger a number of properties, as well as regularly flooding land and for which justification has not yet been provided. The agency have had their inspecting engineers report for four years, yet have chosen to delay drumming up their proposals until the last possible moment." It goes on with more about the fact that they see the frequency as a one-in-100 event and you are saying it is a one-in-300 event. How can you have a public consultation if you are giving the public only one option?

David Rooke: We should be consulting on a range of options. My colleagues have said that they will re-consult.

Q102 Stephen Barclay: First, you legally have to implement by December 2012. You say that the £35 million to £50 million option will take two years to build, so you cannot do it. There is not time, even if Ms Hill decided to give you the money, which is a big "if" in the current environment. Because you have sat on the inspector's report, there is not time. It will take two years, according to you. What I am trying to say is that we have a situation whereby, both on cost grounds and process grounds, an option is being put forward by the Environment Agency that will increase flood risk for the constituency, but there is no consultation because it is the only option available. If you do not carry that forward, you will have to enforce against yourself for not doing so. How can that be right?

David Rooke: My colleagues have agreed to re-consult and we will take it forward from there.

Q103 Stephen Barclay: You haven't time.

David Rooke: That's what we'll have to do.

Q104 Austin Mitchell: Bronwyn Hill suggested to Nick that there will be arrangements for cushioning the impact of this on the poorer areas. My area of Grimsby is a poorer area, but it is also an area that is more at risk from flooding than most places. Indeed, the Environment Agency presented me with a map, which showed that not only most of my constituents, but my place—Roy Hattersley called it a palace—will be underwater in the case of some substantial rise.

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I have to say that I am fed up of hearing about the Jubilee river; some of the most beautiful, attractive and vital parts of the country are more at risk than others. The North-East, which includes the Yorkshire coast—the loveliest part of the country—and Anglia, which includes the Lincolnshire coast, again beautiful, have more people and places with a significant or moderate chance of flooding than most other parts of the country. How are we going to equalise spending between these areas, some of which demand substantial work, others of which can escape more lightly?

Bronwyn Hill: I don't know how the division between the different regional flood committees is made by the Environment Agency.

Chair: There is a disparity and Austin is being a bit unfair. I looked at funding per household. Yorkshire gets £423 a household and Thames, which is Fiona's area, gets £208 a household.

Fiona Mactaggart: And there are half a million houses at risk, Austin.

Chair: And East Anglia, for my colleagues there, gets £693 a household.

Austin Mitchell: It is marginally more. Ignore the special pleading from the South-East.

Fiona Mactaggart: It wasn't me who specially pled; it was you.

Bronwyn Hill: The first point I would make before Mr Rooke answers is that with capital programmes, sometimes the problem is that the investment is lumpy, so it comes in a big block of £40 million here or £10 million there. Presumably, there is a bottom-up look at the schemes that are needed and how much they cost. That division is done by the Environment Agency thinking, "Where is the best place to put the money, dependent on the needs of those different regions?" That is the broad answer to your question.

Q105 Austin Mitchell: To sustain current levels of investment, we are told in the report that we need a £20 million a year rise on what is being invested now. Are you going to be able to provide that?

Chair: We have already covered that, Austin, I think.

Dr Leinster: We are looking to increase the efficiency of our spend.

Q106 Austin Mitchell: Are you going to be able to raise £20 million a year extra?

Dr Leinster: One of the ways that we are hoping to do that is through partnership funding and encouraging other people to come forward with funding. We are beginning to see some success in that.

Austin Mitchell: Hypothetically it might.

Q107 Chair: I will come in on that answer because what Bronwyn said earlier, which I found reassuring, was that your plans for your capital project were not predicated on being successful in ensuring alternative funding.

Matthew Hancock: Because of the efficiency savings.

Chair: Yes. Either you are saying that or you are saying what you said earlier. You've got to be clear to us.

Dr Leinster: Just to clarify, and my apologies if I was unclear. The base programme—the 145,000—is predicated upon the money that we are receiving from central Government. What we are then hoping to do with the additional money is to provide additional protection to more households.

Chair: Okay. That was a different answer from what the one you gave earlier.

Q108 Austin Mitchell: If you don't provide the funding, a ghastly fate lies in store for us. I see on that on 8 November, "Look North" reports that the Association of British Insurers proposes increasing flood insurance premiums to 150 homes in Humberside and Lincolnshire by 400% on the grounds that DEFRA's budget is being cut. So isn't this going to lead, if you don't raise the money, to massive insurance premium increases for a large section of the population?

Bronwyn Hill: I have not seen the source of that quote.

Q109 Chair: That is an important issue. Who wants to answer?

Bronwyn Hill: At national level, the Government have an agreement called the Statement of Principles with the Association of British Insurers on behalf of the insurance industry, which isn't about affordability. It is not about the cost of your insurance; it is about its availability. So what we try to ensure is that insurance is available. Otherwise the insurance industry might say we are not covering that risk at all.

Q110 Austin Mitchell: What premium is the issue.

Bronwyn Hill: No. We don't set the premium.

Q111 Chair: But Bronwyn, that is a really important point. If any cuts in spending are going to lead to an enforced increase in premiums for individuals, that is of concern. I don't know whether that is true. That is the first I have heard of it.

Bronwyn Hill: The way the agreement with the ABI works is that it is about availability.

Q112 Chair: If it's only availability, that does not deal with the really important issue that Austin has raised. Can you deal with it?

Dr Leinster: The ABI costs risk and one of the discussions—I know they are having ongoing discussions with DEFRA colleagues just now on this—

Q113 Chair: Well, you must know. I have never heard that before. You must have had information from elsewhere.

Dr Leinster: Yes, we've had information from elsewhere of where people have access to flood risk insurance but either premiums are increasing or the excess is increasing.

Q114 Chair: That is not on. That is a transfer of responsibility without any control, isn't it, in effect?

Bronwyn Hill: Sorry, I missed that last exchange. Can I just explain one thing? You may be talking at cross purposes. The Government do not currently—and, I

suspect, could never—afford to subsidise the costs of people's insurance premiums.

Q115 Chair: Nobody is expecting them to. What is being alleged here? Austin, sorry to put words into your mouth, but what is being alleged is that in Austin's area premiums are going up on the back of knowledge that there is going to be less investment in flood relief.

Bronwyn Hill: I would argue that they shouldn't be.

Chair: They are.

Q116 Chris Heaton-Harris: I have been contacted by a constituent from the village of Weedon this week who wondered, in the light of this hearing, whether you routinely inform the ABI of where you have gone about doing works to stop floods.

Bronwyn Hill: Yes.

Chris Heaton-Harris: That's good, because his insurance has gone up since you have done the work, so I can go back and we can investigate that with them.

Q117 Chair: You must have a concern about that, surely?

Bronwyn Hill: I am concerned about the costs of insurance. I think the question is, "What do you think the Government should do about it?"

Q118 Chair: Does the Department monitor it?

Bronwyn Hill: Not as far as I know.

Q119 Chair: Does the agency monitor it?

All Witnesses: No.

Q120 Chair: Should the Department monitor it? I have no idea whether it is true or not, and I have no idea how widespread it is.

Bronwyn Hill: I think I would rather raise that. I have met Otto Thoresen from the ABI, and I can raise that particular allegation with him.

Q121 Chair: Will you undertake to monitor it and have a look? It seems to be an area that you should have regard to as you think through your expenditure proposals and plans.

Bronwyn Hill: I think that I would make the Government's position quite clear. The current arrangements with the ABI are about ensuring that insurance is available. It is not about the affordability.

Q122 Chair: We understand that. We get that, and it is very welcome that everybody gets insurance. The availability is important.

Equally, if you are doing a proper cost-benefit on where you put your investment and the extent of your investment, I must say to you that, on the £20 million—whether it is a figure or not—somebody worked out for me that that is 0.4% of your total DEFRA budget. If you did rather better on the RPA, you might have a bit more to spend on defending—

Matthew Hancock: They are doing rather better on the flood defences.

Chair: No, but if we did not have to give £400 million to the EU, because we are not correcting the RPA, we would have a bit more there.

Bronwyn Hill: May I be very clear on that point? That is not money that is available to us to spend on anything else. It is a ring-fenced EU budget. It is not available for capital expenditure on floods.

Q123 Chair: Okay, but—

Bronwyn Hill: Sorry—I agree that we should try to reduce the risk.

Q124 Chair: We are considering a tiny amount, and I have no doubt that we will recommend that you ought to be thinking about looking at the cost of insurance in determining your plans for expenditure and flood defence.

Bronwyn Hill: I understand the point. In a way, the fact that I have sitting beside me experts on where flood risk is shows that we absolutely use the flood-risk intelligence of the Environment Agency in deciding where we and they need to take action. We can talk to the ABI to see if they have any better information than us, but I suspect that we have better information.

Chair: Okay, but it is a different point. It is the cost to the individual.

Q125 Meg Hillier: Which is exactly—through good planning or luck—where I want to go. We are the Committee for value for money, and that is actually value for money for the taxpayer, so that means two ways: both as a taxpayer and the impact on them individually. The insurance point is therefore important.

However, there is also the issue of raising tax locally from either local people or local businesses through council tax going up or community levies. Is that not effectively a tax on those living in coastal areas and floodplains?

Bronwyn Hill: No, not unless the local authority chooses to raise it locally. It is not a national tax. It is an option.

Q126 Meg Hillier: Most people—apart from those of us in this room probably—do not always differentiate massively between the two. It is still a tax on people. When we asked where the buck stops and who is responsible, you said, "That's politics." I am not sure if I am paraphrasing right.

Bronwyn Hill: May I explain that a bit more? I think the point that I was trying to make is that it is Government policy that local authorities take certain decisions on planning matters, with statutory advice from the Environment Agency. That is policy within which I and the Environment Agency have to operate. It is also the Government's policy—in the light of some very strong and well-supported recommendations from Sir Michael Pitt—that we should pursue this option and policy of partnership funding and have regional committees to set the arrangements.

I would absolutely agree that both I, as the accounting officer for DEFRA, and Paul Leinster, as the accounting officer for the Environment Agency, are

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absolutely accountable for the money that we spend and where that money goes. The challenge for Paul and DEFRA is to ensure that, working with local authorities through these regional committees, we get the best value for money for the money that is available.

Q127 Meg Hillier: At the point when a local authority decides not to play ball, perhaps because they are in political chaos or because they want to make a political stand—whatever the reason—they either charge, some way or other, their own local taxpayers, or you could have a political situation where someone decided to take it to the brink and say, “We’re not doing this, because we think the Government should pay. It is either your council tax or Government money.” They could make it an election or other political issue. That is not inconceivable with politicians. If that were to happen, and it would damage the overall scheme, what would the Environment Agency do?

Bronwyn Hill: We would need to take a very careful look. It is always difficult to argue about the worst case scenario, which is what you are painting. I remind members of the Committee that, in some cases, where there is a very strong benefit-cost ratio—above 5:1—based on householder benefits, it is likely that that scheme would attract 100% Government funding. This is not every single scheme. It is just at the margin, where you have lower cost schemes getting additional money—perhaps voluntarily, from private companies—and that is seen as a good additional way of enabling those sorts of schemes to go ahead.

Q128 Meg Hillier: Can I move on to where the buck stops? Rather than saying, “The buck stops with us”, I felt that you were pointing a finger at the local authorities. You tried to clarify that point, but who is responsible? I remember the flooding at Carlisle, and colleagues have talked about challenges in their own areas. When the poor householder is standing in their flooded home, who is responsible if there has been an issue about flood defences that have been talked about, but not put in place? Where does the buck stop? We have had insurance companies brought in as well.

Bronwyn Hill: We have a responsibility to ensure that the money that Parliament grants us is used in the best way possible. That includes both the timing of the spend and the types of projects that come forward, so we have responsibility.

I need to point out that the risk of flooding in England is actually very broad. It is almost impossible to cover every single house. We are talking about managing and mitigating that risk down to a certain level. I do not think that any of us here would say that we can protect every single property in the country, which no one is expecting us to do. You are asking what happens if a much-needed scheme has been held up through long discussions about who is paying. That would be jointly my responsibility, because we had not pressed hard enough through the agency to get a solution.

Dr Leinster: I remember the Carlisle flooding well. I was up there.

Q129 Meg Hillier: It was nearly two years for some householders.

Dr Leinster: Yes. The situation in Carlisle was interesting. The flooding happened in the January. We had a drop-in session in the October prior to the flood event. When we had the drop-in session, people did not want the flood risk management scheme. The feeling from the local community was that they did not want the type of scheme that was to go in. We then had the flood event. We had a different conversation immediately after it, and that has happened in other places in the country.

Fiona Mactaggart: You’re paid to shut the door after the horse has bolted.

Dr Leinster: We need to get the local community on board with a number of the schemes. Upton-upon-Severn was another place where we had active discussions with groups. Some people want the scheme, and some people don’t. Some people want it at a certain height, and some people say that that stops the view of the river. Those sorts of conversations happen on an ongoing basis.

Q130 Chair: I just want to ask you some questions about the role of local authorities, given that you’ve got the extra role. How will you monitor the local authorities, Bronwyn?

Bronwyn Hill: We will certainly know what they are doing, because a lot of what they are doing will come either to us or to the Environment Agency. We will see the production of asset registers and local strategies coming through. Indeed, the Environment Agency needs to see them because they will inform the national strategies.

Q131 Chair: Do you see yourselves intervening if they fail in their responsibilities? Have you got an intervention strategy?

Bronwyn Hill: DEFRA doesn’t have a formal intervention strategy, but somewhere in the NAO Report, it says that one authority out of all of the authorities had failed to produce its preliminary flood risk assessment. The Environment Agency worked with that authority and said, “What’s the problem? Are you bringing it forward?” It was not a formal intervention, but it helps them build the capacity and capability to do the work.

Chair: It’s not the same thing, actually. Also, this is just a planning stage. Downstream, you are going to be talking about—

Q132 Stephen Barclay: To take my county, Cambridgeshire, as an example, one of the causes of flooding is particular drains not being cleared. Drains have not been cleared and there is confusion over who is responsible for clearing them. There is a dispute about whether it is the county council, the local landowner, the internal drainage board for that area, or whether flooding is being caused by an RSPB scheme further along that is impacting on drainage. As I understand it, the county councils will be required to produce a document registering for that. By what date do they have to produce that document and what sanctions do you have if they do not?

Bronwyn Hill: I don't think we set a formal date for the production.

Q133 Stephen Barclay: There is no date?

Bronwyn Hill: We are working with them on those asset registers.

Q134 Stephen Barclay: I'm sure you are working with them, but I know from my limited experience on this Committee that there is always work of some sort going on. I am trying to establish the date, because if someone's house floods in the interim, it will obviously be a major issue for them. Why is there no date, and if you have no date and enforcement option, how can you reassure us that it will happen?

Bronwyn Hill: As a general answer, because there are lots of things that authorities are required to do under the Flood and Water Management Act, there is not an enforcement regime, because none was put into the Act of Parliament.

Whether I am concerned that local authorities are not going to do the work is the real question. I think they will do it. They are under a duty to develop, maintain and improve the strategies for managing flood risk in their areas. We will know, particularly through the Environment Agency's work with them, when they are falling behind, and we can offer them support and help.

I ought to make it very clear that it is only about 18 months since the Act was passed. The NAO has given us a really helpful snapshot into how ready we are and how we are doing in terms of building that technical capability and capacity. We agree that we are not there yet; a lot more work is needed. We are doing as much as we can, particularly through the Environment Agency, in holding regional conferences for the local authorities to go through their new duties, how the funding works and the production of strategies.

Q135 Chair: The weakness in the system, which is what I am trying to get at, is that you might do all you can to encourage them—and they are not doing badly so far—but what happens if they do not perform, if they pass the buck, if they do not align with national priorities? All these things could occur. There is a weakness in the accountability. I do not know whether it is an institutional weakness—you tell me what it is. What do you do? You can encourage, you can entice—

Bronwyn Hill: I am pretty clear that there are no penalties in the Act.

Q136 Chair: There are no penalties. If you are faced with that situation and you have a real threat or issue in an area, what do you do?

David Rooke: If I could help, the Flood and Water Management Act provides for us to report to DEFRA, to Ministers, on local authorities and what they are doing.

Q137 Chair: Yes, you pass the buck to Ministers in DEFRA and what do they do?

David Rooke: The Act also provides that, if local authorities are not carrying out their duties, Ministers can direct other flood risk management authorities—probably the Environment Agency; it could be internal drainage boards—to do the work that is required, so there is provision in the Act for Ministers to take action.

Q138 Stephen Barclay: Will you undertake to provide Parliament with a six-monthly update showing progress and what percentage has been achieved?

Bronwyn Hill: There is a plan for the Environment Agency to produce annual reports on progress, and every six years, a much more detailed report will be required. We are certainly very happy to share those reports.

Q139 Stephen Barclay: You just mentioned the internal drainage boards. They are not statutory consultees in the planning process, but you are pursuing a policy of increased localism. Why is there such an institutional resistance to the IDBs being made part of the planning process?

Bronwyn Hill: I don't personally know.

David Rooke: It's Department for Communities and Local Government policy, so it is a question for DCLG.

Q140 Stephen Barclay: We keep coming back to the point about accountability. What I am saying is: do you have any objection, as the experts, as the people tasked by Government with protecting us from flooding? These are people on the ground with many years of experience, particularly of the local areas concerned. Do you think it would be of benefit if the internal drainage boards were statutory consultees, or would it be a negative?

David Rooke: It's a matter for Government policy.

Q141 Stephen Barclay: Do you not have a view? What you are saying—as the experts, as the Environment Agency—is that you are not prepared to give a view to the Committee.

Bronwyn Hill: I think what David is saying is that it is a Government policy question on the new national planning framework, on which the DCLG has been in the process of consulting. It would be inappropriate for him to comment or to give you a personal view, because it is about Government policy and responses to consultation.

My personal view is that if I were running a local authority in an area where there was an internal drainage board, I would certainly want to know what it had to say about what I was doing about flood risk management. I ought to remind you that there are powers or requirements in the Act for people to cooperate and share information with the lead local flood authorities. There is quite a lot in the Act itself that will underpin the importance of working together.

Chair: Thank you. I think we more or less covered the ground. Thank you very much indeed.

Written evidence from the Environment Agency

EVIDENCE SESSION ON 23 NOVEMBER 2011—FLOOD RISK MANAGEMENT

We were asked to provide further information to the Committee during our evidence session, on the Ouse Washes and other matters. This is given below.

OUSE WASHES

We are developing two sites to create new habitat. The main phase of habitat creation at Coveney will be carried out between April 2013 and March 2014. At Sutton the main phase of habitat creation will be from April 2015 to March 2016. We estimate that these sites will provide a minimum of 500ha and possibly as much as 680ha of new habitat. The timescales are subject to satisfactory progress in securing the remaining land, the necessary consents and having sufficient funding available each year.

It has not yet been determined if there will be a second phase of habitat creation although at the present time this seems unlikely.

JUBILEE RIVER

We estimate that the current capacity of the Jubilee River is 84% of its original design following a review of the scheme after the 2003 flood and subsequent remedial works.

In 2007, Halcrow Geomatics carried out hydrographic surveys of the entire Jubilee River to compare erosion and deposition rates with design levels. Following the survey, no dredging was deemed necessary as the sediment within the channel did not compromise the conveyance flow of 180 cubic metres per second.

Hydrographic surveys are carried out every five years with the next survey planned for 2012. The results from this survey will be compared to those from the 2007 survey to inform our understanding of the natural bed movement and to inform us of the current capacity of the channel.

Surveys were undertaken of the Jubilee River bank conditions in 2005 and 2008. A further survey is planned for 2012. These surveys identify whether any remedial works are required. The 2008 survey confirmed that no works were required.

INSPECTIONS UNDER THE RESERVOIRS ACT

We operate 196 large raised reservoirs that are subject to the requirements of the Reservoirs Act 1975. We receive on average 27 statutory reports from Inspecting Engineers each year relating to these reservoirs. In an average year, the reports contain a total of 40 recommended measures in the interests of safety.

There are currently two interlinked remedial safety measures that are overdue at one reservoir we operate jointly with others. The Inspecting Engineer is content with the progress made and the plans for completing the work to bring the reservoir back into compliance with the Act.

The Environment Agency is enforcement authority for all large raised reservoirs in England and Wales. In this role we regulate both our own and third party assets. We ensure that Director level accountability for our enforcement authority role is separate to our Director level accountability for the maintenance and management of our reservoir assets. As required by the Reservoirs Act, we report to Ministers every two years on non-compliances requiring an enforcement notice.

REPORTS TO MINISTERS

Section 18 of the Flood and Water Management Act 2010 requires the Environment Agency to report to Ministers on the overall progress being made managing flood and coastal risks and in particular the implementation of the national flood and coastal risk management strategies for England and Wales. We are planning to submit our first report to Ministers in the autumn of 2012. It will include the progress being made by Local Authorities implementing their duties and responsibilities under the Act. We will send you a copy on its publication.

PROFESSIONAL LEGAL FEES ASSOCIATED WITH PARTNERSHIP FUNDING

The table below shows the estimated costs of the legal fees associated with developing the partnership funding agreements for some of the schemes mentioned at the hearing.

<i>Scheme</i>	<i>Total cost of scheme</i>	<i>External funding towards scheme</i>	<i>Environment Agency's Legal costs</i>
Morpeth Flood Alleviation Scheme	£20m	Up to £12m	£3,550
Cockermouth Flood Alleviation Scheme	£4.4m	£1m	£2,600
Sandwich Town Flood Alleviation Scheme	£20m	£10m	£2,400

The Louth scheme is still under development and, while external funding from local authority partners is anticipated, we have not started developing a formal partnership funding agreement.

Portsmouth and Southampton councils are looking to use a Community Infrastructure Levy to fund their proposed flood risk management scheme. This levy on new developments in the area will fund a broad range of infrastructure needs, including the proposed flood risk management approaches. In this case, the funding and financing proposals are being developed by the local authorities and we do not have any details of legal fees relating to the flood risk management infrastructure. Our experience so far is that legal fees associated with such funding agreements have not been significant.

If you would like any further information, please do not hesitate to contact me.

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