



Department
for Environment
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Councillor Emily Smith
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Dear Cllr Smith,

Thank you for your letter of 1 March to the Secretary of State about Flooding Risk Management Funding. I am replying as the Minister responsible for this policy area and I am sorry to hear of the recent flooding across Oxfordshire and the impact this has had on residents in your area.

The Government welcomes the report of the Environment Food and Rural Affairs Select Committee into flood risk management. We will be considering the findings of the report carefully and will provide a formal response later in the spring.

The Government has considered the National Infrastructure Commission's work on resilience and provided a formal response to its recommendations in the National Infrastructure Strategy. The Government has set out its ambition to create a nation more resilient to future flood and coastal erosion risk in the flood and coastal erosion risk management Policy Statement. We have committed to drive progress and maximise the effectiveness of investment by enhancing cost-benefit appraisal techniques; developing new indicators to monitor trends over time; reviewing national reporting of progress; and strengthening local flood and coastal erosion plans.

Regarding local government funding, the lead Government department with responsibility for this is the Ministry of Housing, Communities and Local Government. Funding for flood risk management is part of the overall local government settlement. 2020-21 saw the biggest year-on-year increase in the overall settlement for over 10 years, an average 4.4% real terms increase.

As set out at the Spending Review in November 2020, the Government will be making an additional £2.2 billion available to local government to deliver core services. The majority of local government funding is un-ringfenced, recognising that local authorities are best placed to decide how to meet the major service pressures in their local areas.

The Government's Policy Statement includes a commitment to review local government funding for statutory flood and coastal erosion risk management functions, including the way in which it is allocated, to ensure it is fair and matches the needs and resources of local areas, recognising that some places face different risks.

As announced last year, however, the Government will not proceed with reforms such as the implementation of the Review of Relative Needs and Resources (formerly the Fair Funding Review) and 75% Business Rates Retention in 2021-22. This includes the review of funding for local government flood risk functions. These decisions allow both the Government and councils to focus on meeting the immediate public health challenges posed by the COVID-19 pandemic.

With regard to capital investment, the Environment Agency (EA) uses a consistent set of criteria to prioritise funding for schemes proposed by all Risk Management Authorities, which ensures a fair distribution of funding based on agreed priorities, principles and needs. All schemes must compete on a value for money basis and are subject to economic appraisal.

The appraisal of the economic benefits of investing in flood defences is based primarily on the cost of repair and reinstatement, rather than the market value of property. Whilst there may be some indirect influence, for example larger properties may see higher damages, property value is not a primary factor in the cost/benefit appraisal. The economic benefits to businesses, agriculture and infrastructure are also included as part of the assessment, as well as other non-tangible benefits including mental health.

Flood and coastal defence schemes can also have local economic benefits, and these provide a strong basis for financial contributions from those that stand to benefit locally. Enabling local economic growth potential and delivering infrastructure projects is important to Government and local project partners. The National Infrastructure Strategy sets out how infrastructure can boost short term economic growth and drive the recovery from COVID-19, and highlights the record levels of investment in the flood defence programme. Taking action to boost resilience to flood and coastal erosion provides businesses and investors with the confidence to invest in a place.

As part of our Call for Evidence on local factors and property flood resilience, we will strengthen our evidence on how we reflect the economic vulnerability of areas at flood and coastal erosion risks, and how we support the resilience of small communities to these risks. More information can be found here: <https://consult.defra.gov.uk/flood-coastal-erosion-risk-management-investment-reform/local-factors-and-pfr-call-for-evidence>.

While not all homes can be protected through community-level flood defences, Property Flood Resilience (PFR) gives homes and businesses the tools to manage the impact that flooding has on their property and their lives. Use of the right combination of flood resistance products, or adaption through use of recoverable materials and good design, can mean homes and business premises will be quickly brought back into use after a flood event.

The Government is investing £2.9 million to support three PFR regional pathfinder projects exploring how best to help people learn about the benefits of flood resilience. You may be aware that one of these projects, the Oxford-Cambridge Pathfinder, operates in your area and has created local demonstration resources, is engaging with businesses and is developing advice portals.

In relation to your point on water companies, they are Risk Management Authorities and have a duty under section 94 of the Water Industry Act 1991 to ensure that the area they serve is “effectually drained”. This includes drainage of surface water from the land around buildings as well as provision of foul sewers. The Water Industry Act does not set standards, but sewerage systems should be designed to cope with a least a 1 in 30-year storm event and should take account of climate change. The Act also highlights the need for long term resilience of water and wastewater systems and to promote long-term planning and investment.

In January this year, the Storm Overflows Taskforce, made up of Defra, the EA, Ofwat, the Consumer Council for Water, Blueprint for Water and Water UK, agreed to set a long-term goal to eliminate harm from storm overflows. The Taskforce is considering a range of factors as part of this work, including drainage issues such as sustainable drainage systems, their role in reducing/slowing water entering the sewerage system, and section 106 (right to connect to public sewers) of the Water Industry Act 1991. The Taskforce will be reporting to Government in summer this year.

In making the drainage and wastewater management planning process statutory, we intend to prepare an amending Statutory Instrument under section 4(2)(f) of the Flood and Water Management Act 2010, amending the Flood Risk Management Functions Order 2010 to ensure that the preparation of plans is captured as a flood risk management function. This will bring them within scope of section 13(1) of the Flood and Water Management Act 2010 under which risk management authorities must cooperate with other Risk Management Authorities when exercising their flood risk management functions (i.e. including when preparing a plan). Under section 13(2) of the Flood and Water Management Act 2010, Risk Management Authorities may share information with each other for the purpose of fulfilling their duty to cooperate with each other. The Government and the water industry will use and build on the experience of the first cycle of plans and incorporate it into the second cycle for statutory plans.

Thank you once again for taking the time to contact the Secretary of State about this important issue. Please let me know if I can be of any further assistance with this or any other matters in the future.



REBECCA POW MP