House of Commons

Environment, Food and Rural Affairs Committee

Managing Flood Risk

Third Report of Session 2013–14

Volume I

HC 330

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Additional written evidence is contained in Volume II, available on the Committee website at www.parliament.uk/efracom

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The Environment, Food and Rural Affairs Committee

The Environment, Food and Rural Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Environment, Food and Rural Affairs and its associated bodies.

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Committee staff

The current staff of the Committee are David Weir (Clerk), Anna Dickson (Second Clerk), Sarah Coe (Senior Committee Specialist—Environment), Phil Jones (Committee Specialist—Agriculture), Clare Genis (Senior Committee Assistant), Owen James (Committee Assistant), Yago Zayed (Committee Support Assistant), and Hannah Pearce (Media Officer).

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Summary

Record rainfall in the past two years has led to extensive flooding across the UK, costing the economy millions and causing disruption and distress to individuals and communities. HM Treasury's recognition that effective flood protection is essential for economic growth and regeneration has led to welcome increases in capital funding for defences until the end of the decade. However, even after increases announced in the 2013 spending round, investment remains insufficient to meet growing flood risk. With the likelihood of more frequent severe weather incidents leading to increased flooding in future, Defra must convince HM Treasury that capital investment from all sources must be increased by £20 million year on year for 25 years to keep pace with threats due to climate and demographic changes. Reduced revenue funding in recent years has led to a failure to maintain defences and watercourses effectively. Pegging revenue investment close to current low levels is short-sighted and risks undermining the benefits of capital investment in flood defences.

Defra must demonstrate in the next 18 months that the partnership model for funding flood defence work can deliver much greater private sector funding since the approach has secured very little to date. Funding must be delivered more swiftly to local authorities. The current method for allocating funds is biased towards protecting property, largely in urban areas. This poses a risk to the security of UK food production. The Environment Agency must amend its scoring system so that agricultural land receives a higher proportion of funding.

The Environment Agency must undertake effective dredging and maintenance of watercourses. Internal Drainage Boards which wish to maintain local watercourses should be able to retain the funding they currently provide to the Environment Agency for this work.

Local authorities should be able to use Bellwin Scheme funds for repairing roads and other infrastructure damaged by flooding. The requirement for a local authority to incur costs of at least 0.2% of its annual revenue budget must be reviewed: it is not right that the size of an authority should affect its eligibility for funding.

The Committee is dismayed that Defra will not implement sustainable drainage provisions until April 2014. Sustainable drainage is a key aspect of managing flood risk and it is vital that the measures are adopted without further delay. The coalition agreement's commitment to end unnecessary building in flood plains has not yet been translated into effective action. The Government must review the effectiveness of the National Planning Policy Framework and, if necessary, amend guidance to prevent new developments adding to local flood risk. Defra must liaise more effectively with the Department for Communities and Local Government to stop planning rule changes, such as additional permitted development rights, having cumulative impacts on the ability of an area to absorb surface water.

We regret the Government and insurance industry's delay in agreeing a solution to the provision of affordable household flood insurance after the ending of the Statement of

Principles in July which led to uncertainty for those living in areas at high risk of flooding. We support the Government's proposals to embed the cross-subsidy from all household policies inherent in the current arrangements in a more transparent system which allows affordable insurance to continue to be provided for all. Flood Re has the potential to provide an effective model but many details need to be clarified, including how the insurance industry will be held to account in applying a levy on all household policies and how the taxpayer's liability for losses in extreme circumstances will be minimised. It is essential that the regulatory framework for the scheme is fully transparent and open to Parliamentary scrutiny. We will wish to scrutinise these issues further in due course and propose any necessary amendments during the Water Bill's passage through the House.

1 Introduction

1. Record-breaking rainfall this year and last has led to a series of flood events which have had major impacts on many communities across the UK.[1] The frequency and severity of such flood events are predicted to increase in future years.[2] In December 2012, we announced an inquiry into the effectiveness of the Government's flood risk management policies. We received 18 written submissions and held five oral evidence sessions in February and March 2013. We are grateful to all who contributed to this inquiry.

2. This report is a follow-up to a number of previous reports on flooding, in particular our 2010 report *Future Flood and Water Management Legislation* and our *Draft Water Bill* report published in February. Further background can be found in these reports on a number of issues addressed below, such as organisational arrangements for managing flood risk and legislative measures in the Flood and Water Management Act 2010.

1 2012 was the UK's second wettest year on record according to the Met Office. See http://www.metoffice.gov.uk/news/releases/archive/2013/2012-weather-statistics

2 Environment Agency, *Managing the environment in a changing climate,* November 2010, see for example p 5

2 Funding for flood risk management

Roles and responsibilities

3. Managing flood risk effectively has economic as well as social and environmental benefits. The 2007 summer floods cost the UK at least £4 billion and several people died.[3] The Pitt review of those floods made recommendations on improving, monitoring and responding to flood risk; the majority were accepted by the Government.[4] Key measures were implemented in the Flood and Water Management Act 2010 (FWMA), including definitions of the key roles and responsibilities of the main bodies managing flood risk.[5] The Department for Environment, Food and Rural Affairs (Defra) has policy responsibility for flood and coastal risk management. The Environment Agency (EA) has a strategic overview of all sources of flooding and operational responsibility for managing risk from rivers and the sea. Upper-tier local authorities (i.e. unitary and county councils, known as Lead Local Flood Authorities) have responsibility for local flood risk such as from surface water and for encouraging greater local engagement and partnership working.[6] Within this framework, Internal Drainage Boards (IDBs) have a role in managing flood risk in a number of low-lying areas, such as Lincolnshire and the Somerset Levels.[7]

Flood risk: the figures

- More than 5.5 million (one in six) properties in England and Wales are at risk of flooding from all water sources.
- More than 2 million properties are at risk of flooding from rivers or the sea and nearly 3 million are susceptible to surface water flooding alone. A million properties are threatened by both.[8]
- Climate change is predicted to increase the likelihood of sea and river flooding and coastal erosion. Changing rainfall patterns and some new building developments are likely to make flooding from surface water more frequent.[9]

3 Environment Agency, *Review of the 2007 floods,* December 2007. Insured costs are estimated at £3 billion with additional costs of £1 billion

4 Sir Michael Pitt, *The Pitt Review: Lessons learned from the 2007 floods,* June 2008. Sir Michael Pitt conducted an independent review of the 2007 floods and their impacts at the request of the Government

5 See Flood and Water Management Act 2010, Sections 7 – 10 in particular

6 Report by the Comptroller and Auditor General, *Department for Environment, Food and Rural Affairs and Environment Agency, Flood Risk Management in England,* HC 1521, October 2011

7 Association of Drainage Authorities webpages http://www.ada.org.uk/downloads/publications/IDB%20Vision.pdf

8 Environment Agency flood webpages http://www.environment-agency.gov.uk/homeandleisure/floods/31666.aspx

9 Environment Agency briefing note, *Flood and coastal risk management,* June 2010

Current funding arrangements

4. In January 2013, we published an analysis commissioned from the National Audit Office (NAO) setting out levels of public and private investment in flood defences and their maintenance, the level of protection this investment is providing, and how engaged local communities are in developing the delivery plans.[10] The NAO reports that Defra will spend an estimated £2.3 billion on coastal erosion and flood risk management in the current spending period.[11] This spend is divided into capital funding—on new and improved defences, major refurbishment of defences and other expenditure on assets, plant and equipment—and revenue expenditure.[12] The latter includes routine maintenance of flood defences, emergency planning and response, forecasting and warning services, and other running costs. Funding in 2012-13 was split with a capital budget of some £266 million, compared to a revenue budget of just under £295 million. For 2013-14, the figure for capital spend is higher at just under £294 million whilst revenue spend is set to decrease to around £280 million.[13]

5. Around 93% of Defra's flood defence budget is allocated to the EA as Flood and Coastal Erosion Risk Management Grant in Aid (FCRM GiA)which in turn is allocated to funding projects and ongoing work.[14] The method by which funding is allocated to specific projects changed from April 2012 to reflect a new 'Partnership Model.' This is discussed below. Defra retains a small proportion of the overall flood risk management budget for projects such as the Coastal Change Fund, Community Pathfinder projects, and research and development.[15]

6. Additionally, some £129 million will be provided over the current spending period in the form of retained business rates, revenue support grant and direct grants from Defra to Lead Local Flood Authorities (LLFAs) to support their new roles under the Flood and Water Management Act.[16] Central Government funding to local authorities via the Department for Communities and Local Government for flood and coastal erosion risk management has increased in recent years. Local authorities are free to decide how much of this amount to spend on their own flood and coastal risk management activity in light of other local priorities as the funding is not ring-fenced. Local authorities reported spending some £104 million in 2011-12 compared to some £90 million in 2008-09 on flood and

10 Ev w9. This information updated the NAO's 2011 *Flood Risk Management in England* report considered by the Public Accounts Committee in January 2012

11 The current spending period runs from 2011-12 to 2014-15

12 Revenue expenditure is also referred to by the EA as resource expenditure

13 Defra webpages,http://www.defra.gov.uk/environment/flooding/funding-outcomes-insurance/funding/

14 Ev w10. FCRM GiA was formerly known as Flood Defence Grant in Aid (FDGiA). £2.01 billion in this spending period is allocated to the EA as FDGiA and an additional £120 million capital funding was announced in the 2012 Autumn Statement

15 The Coastal Change programme provided funding for local authorities to help their communities adapt to changes in their area due to, for example, coastal erosion. Defra launched the Community Pathfinder project in December 2012 to fund "innovative community responses to increase flood resilience"

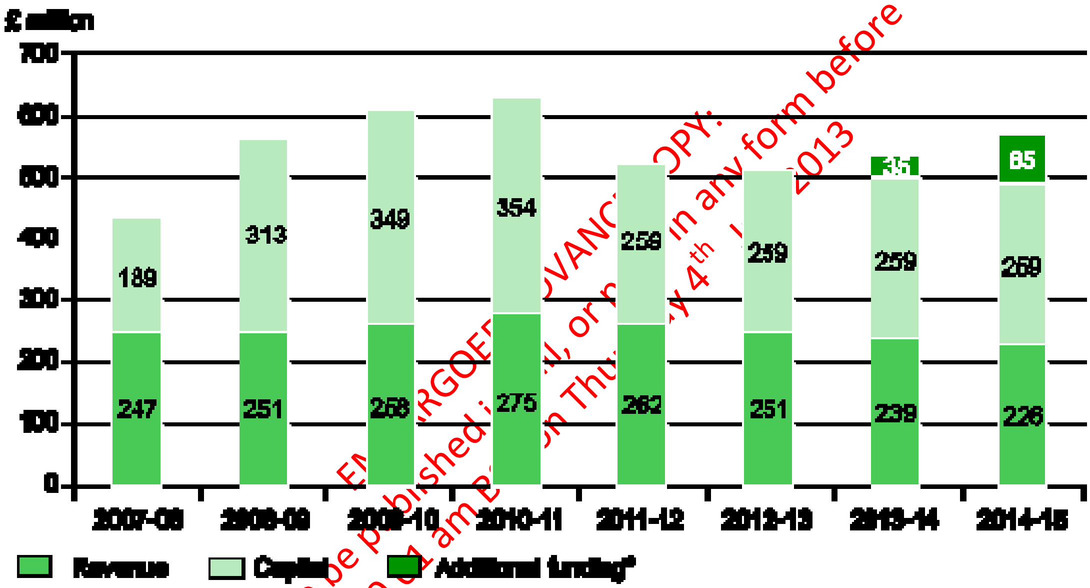
16 Ev w10

coastal erosion risk management.[17] Local authorities also pay local levies to the EA of some £30 million a year towards funding local priority schemes.[18]

Investment levels

7. The original provision of a total of £2.17 billion for the current spending review for flood and coastal defence works represents a 6% fall in central government funding compared to the previous spending period.[19] However, in the 2012 Autumn Statement the Chancellor of the Exchequer announced additional funding, raising spend to a level close to that of the previous spending period. Some £120 million of funding would be made available for flood defence work, to be spent in 2013-14 and 2014-15.[20] Table 1 below sets out the level of funding provided to the EA for 2007-08 to 2014-15.[21]

Table 1: Environment Agency Flood and Coastal Risk Management Grant-in-Aid Funding: 2007-08 to 2014-15



** Additional funding refers to £120 million announced in the Autumn Statement 2012*

Source: Report by the Comptroller and Auditor General, Department for Environment, Food and Rural Affairs and Environment Agency, Flood Risk Management in England, HC 1521, October 2011, p 13

8. The Secretary of State for Environment, Food and Rural Affairs, Rt Hon Owen Paterson MP, said that, when £148 million of partnership funding from sources other than central

17 Defra webpages, http://www.defra.gov.uk/environment/flooding/funding-outcomes-insurance/funding/

18 Q 115

19 Ev w10. The previous spending period ran from 2007-08 to 2010-11

20 "£120 million boost to flood defences will protect homes and businesses and help drive growth", HM Government press release, 1 November 2012

21 Report by the Comptroller and Auditor General, *Department for Environment, Food and Rural Affairs and Environment Agency, Flood Risk Management in England,* HC 1521, October 2011, p 13, updated to include additional capital funding information for 2013-14 and 2014-15 from HM Treasury press notice 115/12

government grants was included, more would be spent over the current four year spending period than during the preceding four years.[22]

9. In the last spending review period, 182,000 households were given improved flood protection against a target of 145,000.[23] No targets have been set for the current spending review period as Defra considers that short term targets do not always lead to the best long term outcomes.[24] Nevertheless, the Secretary of State told us that total funding committed to date would improve protection for some 165,000 homes by 2015; some 20,000 more than originally estimated reflecting the increased funding announced in the Autumn Statement.[25] This should be set in the context of the more than 5.5 million properties in England and Wales being at risk of flooding.

10. Many witnesses were concerned that overall funding for flood risk management was inadequate. The Local Government Association (LGA) considered funding was insufficient given the "huge" scale of the problem.[26] The Association of Drainage Authorities (ADA) pointed in particular to the "urgent need" for increased revenue funding for the EA.[27] Indeed, in 2009 the EA calculated that funding needed to increase by £20 million year on year between 2010 and 2035 to sustain current protection as risk increased owing to climate change. The EA considered that a "steady investment" in building and maintaining defences was needed so that funding would reach around £1 billion a year plus inflation by 2035.[28] This equates to an 80% increase on the £570 million investment in such work in 2010-11.[29] Funding for the current spending period would have needed to be some 9% higher.[30]

11. The NAO noted that current costs of damage to properties caused by flooding from rivers and the sea was around £1.3 billion per annum but that this could rise to between £2.1 and £12 billion by 2080, based on future population growth and if no adaptive action was taken.[31] The wide range in figures reflects the level of uncertainty over the impact of climate change and other factors on flooding over this long timescale.[32]

22 Q 294

23 Ev w14

24 Q 304

25 Q 301

26 Q 3

27 Ev 75

28 Environment Agency, *Investing for the Future: flood and coastal risk management in England, a long term investment strategy*, 2009

29 This would equate to around an additional £5 billion over a 25-year period

30 Report by the Comptroller and Auditor General, *Department for Environment, Food and Rural Affairs and Environment Agency, Flood Risk Management in England*, HC 1521, October 2011, summary. This report refers to the Environment Agency report, *Investing for the future: flood and coastal risk management in England, a long term investment strategy*, 2009

31 The Foresight Flooding report published by the Department of Trade and Industry in 2004 estimated potential annual economic damage of between £1.5 billion and £21 billion by the 2080s depending on scenarios with varying levels of GDP growth, economic development, government structure and climate change. "Looking ahead to reduce flood risks", DTI press release P/2004/150, 22 April 2004

32 The Met Office held a seminar in June 2013 to examine evidence on likely future trends in weather patterns. It noted that there was considerable uncertainty over trends for the coming decade. "Stand by for another decade of wet summers say Met Office meteorologists", *The Independent*, 18 June 2013

12. We received evidence on the high ratio of benefits to investment in flood defences, with some £8 of benefits achieved for every £1 spent on flood defence work.[33] The Chairman of the EA, Rt Hon Lord Smith of Finsbury, considered that such a ratio compared "robustly with virtually any other bit of infrastructure development that the Government seeks to undertake".[34] He outlined strong reasons why HM Treasury should ring-fence flood funding, including the efficiency of the EA's programme, the 200,000 properties protected during the floods of late 2012 and early 2013, the increasing threat of erratic weather patterns, and the high benefit-to-cost ratio of schemes.[35]

13. HM Treasury appears to have recognised the economic growth and regeneration benefits to be gained from investing in flood defences. It stated that the additional capital funding of £120 million announced in the Autumn Statement in December 2012 would deliver up to £1 billion of economic benefits and "help drive growth".[36] The Secretary of State told us that "emphatically these flood defence schemes help grow the economy".[37] However, the press reported that Defra Ministers had to fight to preserve flood defence spending in the next spending period.[38]

14. After we finished taking evidence, on 26 June, the Chancellor announced that Defra's budget for 2015-16 would be reduced by 10%; from £2.2 billion in 2014-15 to £2 billion in 2015-16. However, the settlement maintained resource spending on flood defences in cash terms.[39] Defra subsequently announced an additional £5 million for EA maintenance work.[40] Nevertheless, this is a modest increase since revenue funding for the EA is at its lowest since 2007 and some £50 million lower than in 2011-12.[41] The Chancellor also announced that there would be a "major commitment" of capital funding for new flood defences for the rest of the decade as part of an overall investment of £10 billion for specific science, housing and flood defence infrastructure projects over the period of the next Parliament.[42] Funding would rise to £370 million in 2015-16 then be protected in real terms until 2020.[43] This would deliver improved protection to at least 300,000 homes.[44] Despite this increase, capital funding in 2015-16 will be only £16 million higher than in 2010-11, and around £80 million lower than the level the EA anticipated would be necessary to match rising flood risk. Retaining funding constant until the end of 2020 will

33 Report by the Comptroller and Auditor General, *Department for Environment, Food and Rural Affairs and Environment Agency, Flood Risk Management in England,* HC 1521, October 2011

34 Q 100

35 Q 113

36 "£120 million boost to flood defences will protect homes and businesses and help drive growth", HM Government press release, 1 November 2012

37 Q 296

38 "Cabinet battle over flood defence budget", *The Telegraph,* 2 June 2013

39 HM Treasury, *Spending Round 2013,* June 2013, Cm 8639, p 47

40 Letter from Secretary of State, Rt Hon Owen Paterson, to Anne McIntosh MP, on Spending Review 2013, 27 June 2013

41 Report by the Comptroller and Auditor General, *Department for Environment, Food and Rural Affairs and Environment Agency, Flood Risk Management in England,* HC 1521, October 2011

42 HC Deb, 26 June 2013,col 310

43 From £344 million in 2014-15; a 7.6% increase

44 HM Treasury, *Investing in Britain's Future,* June 2013 , Cm 8669

further increase the shortfall as the EA estimated that funding would need to continue to rise to reach £550 million in 2020-21.[45]

15. **We welcome the Government's recognition that effective flood protection is essential for economic growth and for the regeneration of key parts of the country. Additional capital funding until the end of the decade announced by the Chancellor in the 2013 spending round is essential for securing flood defences to protect homes and businesses. However, funding has not kept pace in recent years with an increased risk of flooding from more frequent severe weather events and the relatively modest additional sums to be provided up to 2020 will not be sufficient to plug the funding gap.**

16. **Defra, together with the Department for Communities and Local Government, should act as an advocate for local communities with HM Treasury to secure additional investment for local flood defences. Defra must set out detailed evidence to demonstrate to HM Treasury that flood management capital funding must rise year on year by £20 million over the next 25 years to keep pace with increasing flood threat. This must be matched by a better balance between revenue and capital funding, whether from government or other sources. A review must take place prior to each spending period to ensure that funding is neither excessive nor inadequate in the light of developing scientific evidence on the likely long term impacts of changing weather patterns on flood risk.**

Partnership funding

17. From April 2012, the EA has operated the Flood and Coastal Erosion Resilience Partnership Funding model, a new scheme for allocating funding to specific projects. It aims to encourage non-Government sources to provide funding for flood defence schemes. The proportion of central funding that a project receives will depend on the benefits it will bring. The EA notes that "instead of meeting the full costs of a limited number of schemes, the partnership funding approach means that government money can help meet the costs of any worthwhile scheme [...] As a result, more schemes are likely to go ahead than under the previous 'all or nothing' funding system". The amount of money that the Government will allocate to a scheme is based on the numbers of households protected, the damages being prevented, and other benefits the project would deliver.[46]

18. The Public Accounts Committee has questioned the extent to which Defra could rely on funding from local sources for flood risk management given that local authorities face their own funding challenges.[47] These challenges have increased with the 2013 spending round announcement of a reduction in local government spending of a further 2.3% for 2015-16.[48] The NAO told us that during the previous spending review period sources other than central government funded only a relatively small proportion of the overall £1.02

45 In his 27 June 2013 letter to Anne McIntosh MP on the Spending Review 2013, Defra Secretary of State, Rt Hon Owen Paterson MP, states that funding in 2020-21 will be over £400 million

46 www.gov.uk flood and coastal erosion risk management pages

47 Public Accounts Committee, Sixty-fourth report of Session 2010-12, *Flood Risk Management in England,* HC 1659, recommendation 2

48 HM Treasury, *Spending Round 2013,* June 2013, Cm 8639

billion budget: £2 million in 2008-09 rising to nearly £13 million in 2010-11. The private sector contributed 20% of this external funding. The EA had expected that under the new approach external funding of £9.5 million would be achieved by 2011-12, with 70% coming from the private sector over that year and the following year. However, out-turn figures show that a total of only £5.3 million of partnership funding (from public and private contributions) was achieved for 2011–12. Nevertheless, the EA now expects that partnership funding between 2012–13 and 2014–15 will total £70.6 million, rising to around £160 million if local levy contributions are included.[49] Although higher than estimated at the time of the NAO's previous report, total funding from non-government sources remains low and only a small proportion of this is from the private sector with relatively few schemes including significant private funding.

19. Evidence on the effectiveness of the partnership approach was mixed. The LGA welcomed the principle of levering in private funds since this potentially allowed more schemes to go ahead than the previous system and established an "important link between the beneficiaries and flood defence investment". However, the Association also considered that the model needed to be reviewed to ensure that communities achieved the best value for money from limited public funds. It recommended speeding up the approval process which was currently "too long and complex", taking up to a year before final funding approval was given. Councils considered that this lowered confidence among potential funding partners and made long term planning difficult. The Association also wanted support for a more diverse set of outcomes since "smaller, more rural and dispersed areas" were unable to compete for funding owing to the allocation criteria being applied on a national basis according to outcomes set out in the Partnership Funding Score.[50] The Association also noted that, while many local communities recognised the need for more funding to go into flood defences, in many areas there were "simply not the businesses" to fund this.[51]

20. There were concerns that the partnership approach could allow some schemes to proceed ahead of more urgent schemes owing to their ability to secure additional funding from private sector or other partners. The EA acknowledged that there would be projects which had not proceeded that might have under the old system, but argued that other projects had gone ahead that would not have under the previous system.[52] Lord Smith noted that there were only a "handful" of schemes which had gone ahead with private sector investment.[53] The Secretary of State told us that the Partnership approach was a "good thing",[54] referring to schemes, such as a project in Leeds, which were going ahead

49 Ev 9. The Local Levy is raised by Regional Flood and Coastal Committees (RFCCs) and their predecessor Regional Flood Defence Committees (RFDCs) from county and unitary councils and is used to support flood risk management projects that are not considered to be national priorities and so do not attract national funding

50 Ev 99

51 Q 4

52 Q 117

53 Q 129

54 Q 344

that would not have done so previously.[55] However, he acknowledged that more private money could be delivered.[56]

21. In our 2010 report *Future Flood and Water Management Legislation,* we supported the principle that beneficiaries such as developers should help to fund new schemes but doubted whether additional contributions from other sectors would be forthcoming, particularly from local government which is already contributing to many existing and planned local flood defence projects.[57] On the evidence of early experience of the scheme, those doubts appear to have been well-founded.

22. **Although the effectiveness of the Partnership model for allocating flood funding will become fully apparent in time, we are concerned that only small amounts of private sector funding have been secured to date. Defra must demonstrate in the next 18 months that this model can deliver much greater private sector funding**.

23. **The Department and the Environment Agency must simplify procedures to speed up delivery of funding to local authorities for whom efficient cash-flow is vital if project funding is to be secured from private bodies.**

24. Our *Natural Environment White Paper* report published in July last year recommended that the Government work with like-minded Member States to incorporate sufficient flexibility in the revised Common Agricultural Policy such that agri-environment scheme funding could be spent on ecosystems management schemes, such as land management to reduce flooding.[58] **The Government should ensure that maximum use is made of natural methods to prevent and manage flooding, which could enable the application of wider funding streams such as those available for EU agri-environment schemes.**

25. We recommended in that report that Defra commissions and publishes an assessment of the possibility of requiring licensed water supply companies to deliver specific benefits to the natural environment, including improved water flow management. We further recommended that a series of pilot schemes, similar to that in Pickering, Yorkshire, which use ecosystems management approaches to slow the flow of water be established across England and Wales.[59] The Government's response explained that such approaches were being evaluated and that consideration of such issues took place within the price review process.[60] **We regret that the current regulatory framework does not permit innovative investment in natural flood defences by water companies and expect Ofwat's next Price Review to rectify this.**

55 Q 311

56 Q 344

57 Environment, Food and Rural Affairs Committee, First Report of 2010-11, *Future Flood and Water Management Legislation,* HC 522

58 Environment, Food and Rural Affairs Committee, Fourth Report of Session 2012-13, *Natural Environment White Paper,* HC 492

59 Environment, Food and Rural Affairs Committee, Fourth Report of Session 2012-13, *Natural Environment White Paper,* HC 492

60 Environment, Food and Rural Affairs Committee, Fifth Special Report of Session 2012-13, *Natural Environment White Paper: Government response,* HC 653

Funding the defence of agricultural land

26. Some 14% of the agricultural land in England and Wales is at risk of flooding from rivers or from the sea.[61] The National Farmers' Union (NFU) told us that 58% of the most productive English farmland (grade 1 land) is within the floodplain.[62] The EA recognised the benefits of flood defences for agricultural land, noting that projects in 2011-12 had provided flood protection to more than 74,000 hectares of agricultural land.[63] Nevertheless, around 30,000 hectares of high-quality arable and horticultural land floods each year and this figure is likely to increase. Defra has estimated that some 35,000 hectares of high-quality horticultural and arable land will be flooded at least once every three years by the 2020s, and that this could rise to around 130,000 hectares by the 2080s if there is no change to current flood defence provision.[64]

27. Witnesses criticised the method used by the EA to assess the benefits of schemes since this skewed funding allocations. The NFU considered that the Agency's scoring model failed to reflect fully the benefits for food security of protecting agricultural land and that greater consideration must be given to the future value of food production.[65] The Country Land and Business Association questioned the 5 to 1 cost-to-benefit ratio set for household protection schemes, whilst for other assets the ratio was required to be much higher at 18 to 1.[66] The LGA also expressed concerns that the mechanism for partnership funding would not lead to strategic protection of land required for food security, and that it was not feasible for local communities to fund the necessary protection measures.[67] The EA acknowledged that the impact of flooding over a sustained period on places such as the Somerset Levels had "diminished the economic prospects of the farming community very substantially".[68]

28. We acknowledge the need to protect life and property adequately from the impacts of flooding but this does not mean that other imperatives, including the need to ensure food security, should not be taken into account when decisions are made on allocating scarce flood defence funding. We concluded in a previous report on food security that, faced with global challenges of meeting the world's demand for food in the face of climate change and population growth, the UK has a "moral duty" to make the most of its natural advantages for producing certain types of food and should aim to "increase production of those crops suited to be grown here".[69] The Prime Minister told the House in June that farmland must be protected "not least because, with global populations rising, the demand for food production is going to increase, and we should make sure we have a good level of food

61 Q 135. 1.5 million hectares

62 Ev w21

63 Q 132

64 Defra, *UK climate change risk assessment 2012,* July 2012, Agriculture section. Figures are for England and Wales

65 Ev w22

66 Ev w6

67 Ev 99

68 Q 136

69 Environment, Food and Rural Affairs Committee, Fourth report of Session 2008-09, *Securing food supplies up to 2050, the challenges facing the UK,* HC 213

security in this country".[70] However, failure to adequately protect agricultural land from flooding is working counter to that aim and threatens to undermine the UK's ability to buffer itself against future crises in food supply.

29. **The current model for allocating flood defence funding is biased towards protecting property, which means that funding is largely allocated to urban areas. Defra's failure to protect rural areas poses a long term risk to the security of UK food production as a high proportion of the most valuable agricultural land is at risk of flooding. Defra must require the Environment Agency to amend its scoring system to put a higher value on the benefits delivered by agricultural land, so that such land becomes eligible for a higher proportion of flood defence funding.**

70 HC Deb, 19 June 2013, col 887

3 Maintenance of flood defences and watercourses

30. The EA has powers to conduct maintenance work on main rivers and the coast, with local authorities having powers to carry out work on other watercourses and coastal erosion protection assets, except for watercourses in Internal Drainage Board (IDB) districts and public sewers (which are the responsibility of IDBs and water companies respectively).

31. Maintenance is prioritised according to flood risk, with 79% of the EA's £81 million revenue maintenance budget for 2012-13 allocated to high-consequence systems.[71] In March 2012 more than 98% of assets in high-consequence areas were maintained at or above target condition.[72] The EA spends £20 million a year on channel maintenance.[73]

32. The Association of Drainage Authorities (ADA) criticised the EA's maintenance approaches. The EA's annual regional revenue maintenance budget for 2010-11 was just over £100 million but was set to decrease to £60.7 million in 2014-15. This was "significantly short of the investment required to keep up with even the most essential works to keep our rivers flowing". The ADA concluded that "in short, the Environment Agency's maintenance budget will have nearly halved since the turn of the decade. Yet this budget will have to stretch ever further" with new capital investment in defences.[74]

33. The EA told us that future investment in maintenance would continue to be prioritised to ensure that the greatest possible overall outcome was achieved with the funding available. Works fell into four categories with the top priority being assets for which there was an economic case for maintenance to reduce the risk from flooding to people and property.[75] Nevertheless, the EA acknowledged that maintenance budgets were on a "slightly reducing line".[76] Lord Smith stated that asset management spend would equate to £169 million in 2012-13, reducing to £146 million in 2013-14 and £136 million in 2014-15.[77] He noted that there were some "pinch points" in specific places such as on the Parrett and Tone rivers.[78] He further noted that no additional revenue or operating funding was being provided to match the new £120 million capital funding announced in the Autumn Statement.[79]

71 The Environment Agency classifies maintenance according to the impact of flooding on people and property depending on factors including land use, population, topography, and development proposals. A 'high consequence' system is one where thousands of people are at risk

72 Ev w11. See also Ev 106. Since March 2012 there has been a small fall in asset condition as a result of extreme wet weather in 2012-13 and reductions in overall expenditure on maintaining and replacing assets

73 Q 141. See also Ev 106. The EA estimated in 2012-13 that dredging investment alone was between £10-20 million per year

74 Ev 76

75 Environment Agency, *Protocol for the maintenance of flood and coastal risk management assets (England only)*, November 2011

76 Q 94

77 As above

78 Q 97

79 Q 145

34. Local authorities allocate funds to the maintenance of ordinary water courses and coastal defences in their areas according to local needs and priorities. In 2011-12, local authorities spent £88.6 million on flood defence and land drainage.[80] The LGA noted that councils worked locally with the EA and other partners to find “long term sustainable solutions to the withdrawal of maintenance activity” by the Environment Agency. However, it stated that the EA “must ensure that its withdrawal does not place additional cost burdens on councils and local taxpayers”.[81]

35. The Secretary of State acknowledged that some rural waterways had been allowed to get blocked up, flooding agricultural land and eroding bridges and other assets. This needed to be resolved.[82] However, as noted above, only £20 million a year is spent on channel maintenance, including dredging. On 27 June, the Secretary of State informed us that an additional £5 million would be provided for EA maintenance work.[83] However, this represents only a fraction of the increase necessary to counterbalance budget reductions of recent years. The EA’s revenue funding for 2014-15 is at the lowest level since 2007 and is some £50 million below 2010-11 levels.[84]

36. **We are deeply concerned at the decision to reduce funding for maintenance of flood defences and watercourses which could leave communities exposed to the threat of flooding despite having benefited from considerable capital investment in flood defences. It is essential that adequate revenue funding is provided to enable the Environment Agency to conduct the necessary dredging and maintenance of watercourses so as to minimise flood risk to local communities.**

Role of Internal Drainage Boards

37. Internal Drainage Boards supervise water level management of land within their district boundaries.[85] The ADA told us that its members would welcome in principle the maintenance of some main rivers being transferred to new and existing IDB’s, particularly where the river was maintained by an IDB prior to its designation as a main river in the mid-2000s. However, it urged that proper financial support be provided in the transitional period to avoid management of sections of the main river network becoming “piecemeal and disjointed”.[86] Further, a commensurate reduction in the precept paid to the EA by IDBs undertaking this work was needed.[87] The EA told us that if the IDBs were willing to

80 Ev w11

81 Ev 100

82 Q 316

83 Letter from Secretary of State to Anne McIntosh MP on the Spending Review 2013, 27 June 2013

84 HM Treasury, *Spending Round 2013,* June 2013, Cm 8639

85 Internal Drainage Boards (IDBs) are independent statutory bodies responsible for the land drainage of more than 1.2 million acres of lowland England which comprise areas of special drainage need. These bodies operate predominantly under the Land Drainage Act 1991 and have permissive powers to undertake work to secure drainage and water level management of their districts. They may also undertake flood defence works on ordinary watercourses (i.e. watercourses other than ‘main river’)

86 Ev 77

87 Q 58

do the work then it was likely that the local flood committees would be willing to consider this.[88]

38. **We recommend that Internal Drainage Boards which wish to undertake maintenance of local watercourses be supported in doing so, including by enabling them to retain the funding they currently provide to the Environment Agency for these services.**

39. Schedules of work for river clearance and dredging have been shared with partners including IDBs in response to the recommendation in the Pitt Report that the maintenance work undertaken by the EA be made more transparent.[89] The use of conservation volunteers should be encouraged. We endorse this approach. **We recommend that the Environment Agency continues to provide Internal Drainage Boards and local authorities with schedules of maintenance work to enable effective co-ordination of such work. Information should be published so that interested parties and the public are fully informed on the activities being undertaken.**

88 Q 95. The local committees referred to are the Regional Flood and Coastal Committees. These have a duty to levy a precept on IDBs to contribute towards maintaining the main river due to the benefits that accrue to the Boards

89 Sir Michael Pitt, *The Pitt Review: Lessons learnt from the 2007 summer floods*, June 2008

4 Local authority flood recovery work

Bellwin scheme

40. In 2011-12, local authorities spent £156.3 million on flood defences, land drainage and coastal protection. This is up from £91.5 million in 2009-10.[90] Nonetheless, many communities have suffered costly damage in recent floods. The LGA noted that summer rainfall and flooding had caused "substantial damage" in 2012 to local highways and transport infrastructure in a number of areas. The Association highlighted the "pivotal" role of councils in helping affected communities to recover from recent floods.[91]

41. The Bellwin scheme provides emergency financial assistance from central government funds to help local authorities meet uninsurable costs incurred when responding to a major emergency. However, there are statutory restrictions on the types of expenditure eligible for central funding. The Government will reimburse authorities for 85% of the costs of "immediate action to safeguard life or property or prevent suffering or severe inconvenience to inhabitants", so long as these are more than 0.2% of the authority's annual revenue budget.[92] Both the threshold of spend required before help is provided and the narrow criteria for assessing eligible costs were criticised by local government witnesses.

42. The LGA told us that setting a percentage threshold presented a problem to county and/or large unitary councils, where parts of their area might have suffered significant economic damage from flooding but the overall impact was diluted across a large area so that costs might not reach the threshold for securing assistance.[93] This problem is particularly evident for those large unitary authorities which have recently replaced the previous two-tier county and district authorities.[94]

43. Furthermore, the Bellwin scheme does not fund capital repairs such as those to roads and bridges. We note that the Department for Transport set up an Emergency Capital Highways Maintenance Fund to provide funding to repair exceptional damage to such infrastructure caused by the summer 2007 floods. The LGA told us that, in the absence of a similar capital fund being established in response to more recent flood episodes, councils have had to divert funding from planned improvements to support their local economies.[95] The Association acknowledged that although extending the scheme to apply to costs of repairing infrastructure would be expensive, it would represent only a very small proportion of central government budgets.[96] Defra told us that 100% of eligible costs of floods in June and July 2012 were refunded by the Government and that emergency funds

90 Ev w11

91 Ev 97

92 See Section 155 of the Local Government and Housing Act 1989

93 Q 13

94 For example, for Cornwall the threshold for Bellwin Funding is equivalent to £1.4 million, compared to a threshold which previously applied for the districts of Restormel and Caradon councils of £30,994 and £26, 908 respectively

95 Ev 100

96 Q 17

were available to deal with specific impacts on infrastructure. However, no single flood incident in 2012 had had an impact sufficient to release these funds.[97]

44. **We recommend that the Bellwin scheme be amended to enable local authorities to secure central government assistance for repairing and reinstating roads and other infrastructure damaged by flooding.**

45. **It is not logical that the size of a local authority should determine whether or not it is eligible for central government support in the event of a flood. We recommend that the requirement for a local authority to incur costs of at least 0.2% of its annual revenue budget in order for it to qualify for Bellwin Scheme funding be reviewed. A fairer measure of the impact of an event on a locality must be adopted.**

97 Ev 105

5 Sustainable Drainage Systems (SUDs)

46. Councils are already working with developers to introduce Sustainable Drainage Systems (SUDs) to reduce flood risk. The LGA noted that more than 40% of newly built properties have connections to SUDs.[98] However, key provisions of the Flood and Water Management Act which require new developments of two or more properties to adopt SUDs are yet to be commenced, some three years after enactment. These measures would make the right to connect surface water to the public sewer conditional on the drainage system being approved by a SUDs Approving Body. Sewerage undertakers, the EA, IDBs, British Waterways and Highway Authorities are to be statutory consultees to the Approving Body.[99]

47. We expressed dismay in our report on the *Draft Water Bill* published in February 2013 that implementation of the SUDs regulations had been put back until April 2014. Witnesses to this inquiry were also disappointed at the lack of action to implement these measures. The LGA noted that councils were "frustrated by the delays" since the publication of national standards and establishment of SUDs Approving Bodies would provide "certainty for developers and councils in the design and approval of suitable schemes".[100] The Secretary of State gave assurances that the Water Bill would include measures to encourage water companies to use SUDs.[101] After we finished taking evidence, on 27 June, the Government introduced a Water Bill. This includes measures aimed at encouraging the use of SUDs by sewerage undertakers which we will wish to examine. However, we remain concerned that existing primary legislation on SUDs remains to be commenced.

48. **Three years after enactment of the Flood and Water Management Act 2010, its provisions on sustainable drainage have yet to be implemented. We have previously criticised the Government for failure to reach agreement with key parties, such as local authorities, on how implementation is to be funded and managed, yet Defra is unable to commit to commencement before April 2014. Sustainable drainage is a key aspect of managing flood risk and it is vital that the measures are implemented without further delay.**

49. We were not able to examine in this inquiry wider issues on SUDs such as the potential for such systems to minimise water run-off from roads. There is a need for Highways Authorities and local councils to take more action to prevent surface water from highways overwhelming the capacity of combined sewers and flooding homes and businesses. **Defra must liaise with the Department for Transport and the Department for Communities and Local Government on measures to encourage local authorities and Highways Authorities to install sustainable drainage measures which will improve the management of water run-off from roads.**

98 Ev 100

99 British Waterways became the Canal and River Trust in July 2012

100 As above

101 Q 353

6 Planning issues

50. The coalition agreement states that the Government will “prevent unnecessary building in areas of high flood risk”.[102] Evidence to the Committee’s previous *Future Flood Management Legislation* inquiry supported this approach—for example, an insurance company urged that “clear attention” be given to curbing construction in areas exposed to high flood risk.[103] Evidence to that inquiry also noted that although the then current Planning Policy Statement on flooding (PPS 25) was helpful, it was not being applied consistently across the country.[104] The Government reviewed national planning policy and published the National Planning Policy Framework in March 2012; this largely adopted the principles of PPS 25 and existing technical guidance on its application was retained.[105]

51. A key aim of the PPS was to ensure that local authorities framed policies to locate development in places that “avoid flood risk to people and property where possible”, and which “manage any residual risk, taking account of the impacts of climate change”.[106]

52. Under the policy, local planning authorities (LPAs) are required to consult the EA on developments and the EA may object. However the LPA is not obliged to accept the objection, although it must notify the Secretary of State. Dialogue between the EA and planners is encouraged to try to identify solutions which would enable the EA to withdraw its objection. The LGA noted that councils avoided “unnecessary development” in areas of risk and ensured that new developments built in such areas were more resilient to flooding. The Association referred to evidence from 2011-12 which showed that EA advice was followed in more than 99% of planning decisions on new residential units.[107]

53. However, the position remains that many new developments receive planning permission despite being located in flood risk areas. The press reported that in the last year the EA objected to some 3,000 applications which would lead to nearly 28,000 homes being built in areas prone to flooding.[108] The Home Builders Federation told us that “clearly” homes had been built in areas of flood risk but that planning permission would always be dependent on putting appropriate mitigation or defence mechanisms in place.[109] The Secretary of State acknowledged that “some properties have been built in idiotic, silly

102 Coalition agreement p 17

103 Environment, Food and Rural Affairs Committee, First Report of Session 2010-12, *Future Flood and Water Management,* HC 522

104 As above

105 www.gov.uk planning webpage https://www.gov.uk/government/publications/national-planning-policy-framework--2

106 Planning Policy Statement 25, *Development and Flood risk*, was published by the Department for Communities and Local Government. It has been superseded by the Department for Communities and Local Government, National Planning Policy Framework, March 2012. PPS 25 technical guidance is extant. www.gov.uk

107 Ev 98

108 HC 714-iii Q 228 refers to the Daily Telegraph article, “Thousands of homes planned for flood plains”, 1 December 2012

109 Environment, Food and Rural Affairs Committee, *Rural communities,* HC (Session 2012-13) 714-iii Q 225

places" but that new guidance was clear with a "very clear steer not to build in places where there is a risk of flooding".[110]

54. **We are disappointed that the coalition agreement's commitment to end unnecessary building in flood plains has not yet been translated into effective action. Planning guidance allows building to take place too readily in areas at high flood risk. Local planning authorities need stronger support from the Government to resist inappropriate developments in such places. We recommend that the Government review how effective the National Planning Policy Framework has been in preventing new development from increasing flood risk. If necessary, guidance must be amended to enable local authorities to reject planning applications where flood risk will be increased as a result of building in a specific location. Liability for householders' future costs, for example for increased insurance premiums, needs to be placed on the final planning authority for new developments authorised in areas the Environment Agency considers to be at high risk of flooding.**

55. In 2013, the Government announced that it would relax planning rules to allow some houses to be extended up to a certain length under permitted development rules, rather than requiring planning permission to be obtained.[111] This policy runs counter to aims of limiting the impact of development on surface water run-off which have been embedded in recent planning policy changes supported by Defra. For example, in 2008 the then Government imposed planning restrictions such that permission was required for the laying of impermeable driveways larger than a certain size in recognition of the cumulative impact of small developments on the ability of urban drainage systems to cope with surface water run-off.[112]

56. **Extending permitted development rights, for example to certain house extensions, could have incrementally small but cumulatively significant impacts on the ability of local areas to manage surface water flows. Defra must in future liaise more closely with the Department for Communities and Local Government to ensure that all planning rules are consistent with sustainable drainage aims. We invite Defra to set out the mechanism to be used to establish such closer liaison.**

57. The impact of new development must be considered fully in respect not only of flood management but also in relation to demand for water, yet at present there is no mechanism to enable water supply constraints to be taken into account within the planning system for new developments. In our *Future Flood and Water Management* report published in 2010, we noted that some regions of England, such as the South East, suffer serious water stress with average water availability per person lower than in many Mediterranean countries.[113]Water companies considered that they should be included in the list of statutory consultees with whom planners are required to liaise when making decisions on

110 As above Q 361

111 During passage of the Growth and Infrastructure Act 2013 the Government indicated that it wished to extend permitted development rights in some circumstances for house extensions. These have now been introduced to apply from May 2013 to May 2016 to extensions up to 6m or 8m in length dependent on house type, with the additional requirement that a neighbour consultation process is followed. www.planningportal.gov.uk

112 See Communities and Local Government/Environment Agency, *Guidance on the permeable surfacing of front gardens, September 2008*

113 Environment Agency, *Household metering: position statement*, November 2010

planning applications for new developments since large-scale new developments in water-stressed areas, such as South East England, could lead to “deeply unsustainable communities”.[114] The LGA told us that it would be helpful for water companies to be statutory consultees on planning applications for this reason. It noted that the companies were already providing pre-application advice to councils considering schemes and developing local plans.[115] The Secretary of State told us that as “local organisations of some significance, water companies can always make a submission on any planning application”.[116]

58. In its response to the recommendation made in our 2010 report, Defra undertook to consider with the Department for Communities and Local Government the case for a statutory requirement for consultation with water and sewerage companies on those making applications for specified developments. **The Government must now set out how it will reform the planning system to ensure that new developments do not jeopardise water supplies in areas of water stress, for example by placing a statutory requirement on all those making applications for developments consisting of more than 10 homes or on sites larger than 1 hectare to consult water and sewerage companies.**

Reservoir safety

59. The Flood and Water Management Act 2010 included measures to introduce a new regime for reservoir safety, including arrangements for inspection of reservoirs. Regulations have recently been approved by the House to bring these arrangements into effect, some three years after enactment of the 2010 Act.[117] However the necessary guidance has not yet been published despite Defra officials' assurances that this would be published in June at the same time as regulations were passed.[118] Defra now expects to publish the *Guide to the Reservoirs Act* in July, with publication by the Institution of Civil Engineers of the *Floods and Reservoir Safety 3rd Edition* by the end of June 2014.[119] **We regret the delay in introducing vital measures to improve the reservoir safety regime and urge the Government to publish for scrutiny necessary guidance on the regulations at the earliest opportunity.**

114 Environment, Food and Rural Affairs Committee, First Report of Session 2010-12, *Future flood and water management legislation,* HC 522

115 Q 50

116 Q 367

117 Draft Reservoirs Act (Exemption, Appeals and Inspections) (England) Regulations 2013

118 Q 286

119 HM Government, *Government response to the EFRA Committee's pre-legislative scrutiny of the draft Water Bill,* June 2013, Cm 8643 (see recommendation 15)

7 Household flood insurance

60. Around 2% of households are considered to be at high risk of flooding; in a free market these properties would incur higher premiums than if they were located in a low flood risk areas to reflect the higher risk of claims for flood damage.[120] Insurance for such homes, as well as for small businesses, is currently provided in line with a ‘Statement of Principles’ agreed between the Association of British Insurers (ABI) and the Government in July 2008. Under this, insurers agreed to provide until the end of June 2013 flood insurance to the vast majority of households and small businesses in areas of ‘significant flood risk’ where plans exist to reduce the risk below ‘significant’ within five years. Properties built from 2009 onwards are not covered by the Statement.

61. The ABI considered that the Statement of Principles was only ever meant to be a temporary “sticking plaster,” not appropriate for the long term for the key reasons that customers typically tend to have no choice of insurer, affordability is not safeguarded, and those new to insuring homes have no legacy of commitments under the agreement giving them a “a significant commercial advantage”.[121] We raised with Ministers on numerous occasions the urgent need to reach agreement, including in our *Draft Water Bill* report published in February.[122] The report cited evidence from the Local Government Association that, should the insurance industry’s agreement to provide cover to the more than 5 million properties in flood risk areas be withdrawn, there would be a danger of blight, with significant impacts on the housing market and social cohesion.

62. Ministers told us that they were working urgently to find a solution with the insurance industry, but did not wish to conduct negotiations in public.[123] We requested that Defra provide details of the legislative solutions being considered in the Government’s response to our *Draft Water Bill* report. We regret that, in spite of repeated requests from us, the Government only published this on 27 June, promising a further public update at the earliest opportunity.[124] On the same day, Defra launched a public consultation on how the Government intended to move forward. Insurers agreed to continue to meet their commitments under the Statement of Principles until such time as a new model, Flood Re, could begin operating.[125]

63. **We welcome the Government’s increased funding for flood defences which has enabled the insurance industry to undertake to continue to provide affordable flood insurance under the Statement of Principles regime until new arrangements can be put in place. The Government and insurance industry have had a number of years to consider future arrangements and we regret the delay in announcing a solution. This uncertainty has exacerbated the concerns of householders facing potentially significant**

120 Q 168

121 Ev 71

122 Environment, Food and Rural Affairs Committee, Sixth Report of Session 2012-13, *Draft Water Bill,* HC 674

123 Q 374

124 HM Government, *Government response to the EFRA Committee’s pre-legislative scrutiny of the draft Water Bill,* June 2013, Cm 8643

125 Defra, *Securing the future availability and affordability of home insurance in areas of flood risk,* June 2013

rises in insurance premiums. The Government must conclude negotiations urgently on the details of the measures it proposes so as to spell out clearly the arrangements which will apply in the future and end the current uncertainty.

Potential models for flood insurance provision

64. The focus of evidence to us was on two main approaches—'Flood Re' and 'Noah' (modified to 'Flood Mu'). Much media focus has been on the former; a model proposed by the ABI. However, representatives of the insurance and reinsurance industry presented arguments to us on the merits of alternative models, including the Noah/Flood Mu model, and Flood Re Mutual proposed by Richfords Fire and Flood, discussed below. Media reports indicate a high level of disagreement within the sector over the best way forward. and no model garnered universal support from witnesses to this inquiry.[126]

Flood Re

65. The ABI told us that, in the absence of any proposals from Defra, the insurance industry had developed a 'Flood Re' model with economic consultants Oxera. This approach would provide a not-for-profit fund to provide flood insurance to the 1-2% (around 200,000) of properties where, according to the ABI, obtaining insurance on the open market would be "problematic".[127] The Association told us that under Flood Re policies for these properties would be charged at a set price, according to council tax band. It estimated that in a free market premiums for a home in a high risk area would be around £1,400 as opposed to around £750 under Flood Re.[128] Any insurer paying a claim for flood damage to such a property would be compensated from a fund built up from annual contributions from insurance companies based on their level of overall premium income. Companies would fund this contribution from a levy applied to all their household insurance premiums.[129] The ABI told us that this household levy would be around £3 per contents policy and £5 per buildings policy per annum.[130] Under this model, the Government would be required, at least initially, to be the 'insurer of last resort' in the event of an extreme flood event that overwhelmed the capacity of the fund to meet consequent claims. The ABI noted that taxpayer support would be withdrawn once the fund had accumulated sufficient funds to enable it to "handle any likely flood on its own".[131] However, if the Government did not provide such back-stop funding guarantees, the scheme costs would increase from the current annual cross-subsidy value of some £150 million to around £280 million.[132] This would significantly increase the estimated cost per household per year.[133]

126 For example "Free Market looms for flood insurance", POST online, 27 March 2013

127 Q 168

128 Ev 72

129 As above

130 Q179

131 "Flood insurance talks at critical juncture", ADA Gazette, Winter 2012

132 Q 222

133 The cost per household premium per year is cited in the Government's consultation on Flood Re as being £10.50 per year

66. Flood reinsurance is a key aspect of the model. Reinsurance company, Aon Benfield, which has been working with the ABI on the details of Flood Re, noted that all insurance companies in the UK buy some form of reinsurance protection for their property exposures (risks) which provides "a robust, proven, and well regulated mechanism for transferring risk and protecting insurers' financial positions".[134] The company considered that reinsurance had a key role to play in managing Flood Re's 'survivability' (the ability to meet its obligations) and 'sustainability' (the ability to survive and trade after an event). Reinsurance achieved this through substantially reducing both the probability of failure and the volatility of results. The company's early estimates were that Flood Re's ability to pay out for a single catastrophic event would be some £2 billion, "far in excess" of the scheme's estimated premium income.[135]

67. However, Flood Re has been criticised by some in the insurance and reinsurance industry. Insurance company Marsh Ltd suggested that the model would create perverse incentives for homes in high-risk areas not to manage their flood risk and for developers to build in such areas, prices would rise excessively as tariffs would not be contested, and reinsurance costs would be substantial.[136] The ABI countered that the scheme would not apply to newly built homes and that by improving individual property protection a home could come out of the scheme and find cheaper cover in the 98% of the market which remained a free market.[137]

Noah/Flood Mu

68. An alternative approach, Project Noah, was proposed in April 2012 by the insurance companies Marsh and Guy Carpenter.[138] This aims to provide a pooled risk approach and is predicated on balancing out risk across the country since it was considered unlikely that floods would impact on all areas of the UK at once. Risk would be ceded in some proportion to the reinsurance industry. The model would use detailed flood risk maps to assess premiums and risk. The company described a key advantage of Noah as the fact that the model would require "no taxation, no subsidy, no levies, no legislation, and no additional infrastructure". Further, under Noah, there would be no contingent liability on the Government for flood losses, the relative merits of proposed flood defences could be considered, and householders could reduce premiums by improving their property's resilience to flood.[139] The ABI has criticised the Noah model, stating that it would not ensure affordable cover for customers, would require extensive government support, and was reliant on the international reinsurance market being able to accommodate it. It further added that control over price would sit with one organisation in charge of the Noah pool and that this would lead to the loss of the free market advantages which would,

134 Ev 68

135 As above

136 Ev 103

137 Ev 75

138 "Ground breaking industry solution to enable fairly priced flood insurance for all UK households", Marsh Ltd press release, 3 April 2012

139 Marsh Ltd background note to the Committee

however, continue to apply under Flood Re.[140] Noah was therefore not supported by the ABI's members.[141]

69. Marsh Ltd presented a variation on Noah, 'Flood Mu', during its evidence session with us in March. This proposed a risk-pooling solution, with a pre-set amount of flood claims in a given period being redistributed across all insurers in proportion to the size of their business in household cover. Some risk would stay with the original insurer, the proportion of which had yet to be determined.[142] Insurance companies could obtain reinsurance for their retained risk via the Noah model. The ABI also criticised this variant of Marsh's model, considering that it would not safeguard affordability of premiums or the availability of cover, nor would it incentivise the Government to invest in flood defences.[143]

Flood Re Mutual

70. The Committee received evidence from Richfords Fire and Flood proposing a variation on the Flood Re model; 'Flood Re Mutual' under which a levy on all insurers offering household insurance would be pooled to fund reinsurance and pay out for areas with a greater than 1-in-75 year flood risk.[144] It considered the advantage of this approach would be that the insurer of last resort would be a mutual fund with assets invested for the benefit of its members—the UK public not corporate shareholders. Richfords recommended that legislation be put in place requiring all insurance companies to impose a levy equivalent to the value of 0.03% of the rebuilding cost specified in buildings insurance policies and 0.06% of the sum assured in contents polices".[145] This appears to produce a higher average cost per household than Flood Re. The ABI questioned whether a method similar to that used by Noah, such as the Richfords model, which cedes flood risk into a mutual pool could guarantee to maintain affordable premiums.[146]

Open market

71. It should be noted that some parts of the industry consider that an open market in flood insurance could provide an affordable approach for homeowners. The British Insurance Brokers Association (BIBA) told us that, for the 2% of high-risk properties which found it harder to find insurance, the Association's not-for-profit signposting facility would help "suitable cover" from a specialist broker.[147] BIBA stated that its members already found cover for 95% of homes rejected by insurers for flood cover. Under a free market the vast majority of property owners would continue to access flood insurance "in the normal way with insurers providing cover as part of the standard bundle of perils".[148] The Association considered that only some 10,000 properties would present a

140 Q 172

141 POST online, 4 April 2012

142 Ev 103

143 Ev 74

144 This represents a 1.3% chance of a flood event occurring in any one year

145 Ev w25

146 Q 216

147 Q 242

148 Ev 85

real problem.[149] BIBA noted that any of the three approaches (Flood Re, Noah, or open market) could be developed to provide a "suitable solution" and recommended that a combination of approaches be discussed. However, for a market solution to work after the Statement of Principles expired it would be necessary for there to be signposting to specialist brokers, more promotion of resilience in properties, a fuller appreciation of the value of flood defence spending, and co-operation between owners, insurers, brokers, Defra, the EA, HM Treasury, reinsurers and local authorities.

Government proposals: Flood Re

72. After we finished taking evidence, on 27 June, the Government launched a six week public consultation on its proposal to adopt the Flood Re model under which up to 500,000 high risk households could benefit by paying "significantly less for their insurance than they might otherwise". The model would also constrain the excesses that could be imposed on households at high flood risk.[150] An insurance pool would be established in which premiums paid by households at low risk subsidised those of households at high risk of flooding. Ministers noted that as the levy would capture the existing cross-subsidy it would not impact customers' bills "in general".[151] The levy would be set at £180 million per annum which notionally equates to around £10.50 per customer per year, set for the first five years.[152] This is an increase on the £8 figure that the ABI cited in evidence to us as the likely cost per customer each year. If the scheme were to have insufficient income to meet outgoings, an additional amount would be charged to each member company. The Memorandum of Understanding between the Government and the insurance industry notes that the flood risk element of premiums paid by households in Flood Re would not exceed £210 for a council tax Band A property, rising to a limit of £540 per annum for a Band G property. However, "genuinely uninsurable" properties would be excluded from the scheme, as would Band H properties and those built after 2009. In addition, the Memorandum commits the Government to long term investment in flood defences and to taking primary responsibility in the event of an extreme flood event, with Flood Re and representatives of the insurance industry, in deciding how any available resources should be distributed to Flood Re customers as part of "wider Government action to respond to such a national emergency". The annual liability collectively to insurers would be capped at the level of claims payable in a 1 in 200 year loss scenario.[153]

73. Flood Re would only operate for a limited time; it would be withdrawn within 20-25 years. Whilst stating that an immediate move to a free market would cause "significant hardship for many households", the Government wished to see a "transition to a free market for flood insurance so that flood risk is accurately reflected in prices and the right incentives are in place to manage the risk of flooding".[154] Ministers stated that "in the long term we need to create a situation where everyone is fully aware of their level of flood risk,

149 Q 250

150 HC Deb, 27 June 2013, col W468

151 As above

152 Defra and Association of British Insurers, *Flood Re Proposal: Memorandum of Understanding between Defra and the Association of British Insurers*, June 2013

153 As above

154 Letter from Richard Benyon MP to Anne McIntosh MP, 27 June 2013. See www.parliament.uk/efracom

and households and communities are rewarded through their future bills for the steps they take to reduce flood risk”.[155] However, the consultation does not propose measures to ensure that developers who have built in areas at high flood risk share with householders the future costs of premiums which reflect fully the risk of flooding.

74. The Government acknowledges that Flood Re does not achieve “the level of value for money normally required of Government policies” since the costs of Flood Re, including the necessary reinsurance contract, are expected to be greater than its economic benefits. A Ministerial Direction would be required before implementation can proceed.[156] However, it is not clear how Parliament will scrutinise this Direction, but it must be subject to Parliamentary scrutiny.

75. Provisions are included in the Water Bill to enable direct regulation of the insurance market if Flood Re “does not deliver what we need and insurers are otherwise unable to keep prices at affordable levels”.[157] The regulatory fall-back option, the ‘Flood Insurance Obligation’, would require insurers to cover a set share of high risk properties or face penalties.[158] Such a regulatory framework must be open, transparent and subject to Parliamentary scrutiny.

76. Ministers concede that Flood Re constitutes a “novel approach” with many details still to be worked through with the industry, including the relationship between Flood Re and Parliament. Flood Re, rather than Ministers, would be directly accountable to Parliament for its operations, with Ministers remaining accountable for overall flood insurance policy. The Government proposes introducing a “bespoke scrutiny, administrative and regulatory arrangement” for Flood Re since this would avoid the scheme’s funding being considered tax and therefore public expenditure.[159] However, the Government states that these arrangements “offer Parliament less control and less insight into Flood Re’s operations” than if the scheme were treated as part of the public sector. Flood Re would also be likely to be classed as State Aid and would need European Commission approval.[160]

77. It is clear that no single approach has the backing of the entire insurance and reinsurance industry. There are advantages and disadvantages to each approach but the fundamental choice to be made is whether or not some flood insurance customers should be subsidised through an increase in premiums paid by all households. The ABI noted that it was a decision for “us as a society to make about our willingness for the 98% to effectively pay something towards the costs of the 2%”.[161] The Government has proposed that ultimately the free market should provide flood cover in order that risk is accurately reflected in the premiums charged so as to prompt the right decisions on the location and resilience of homes to flooding. It has, however, recognised that to move immediately to

155 As above

156 Defra, *Securing the future availability and affordability of home insurance in areas of flood risk,* June 2013

157 See Water Bill Clause 47 and Explanatory Memorandum

158 Letter from Richard Benyon MP to Anne McIntosh MP, 27 June 2013

159 Defra, *Securing the future availability and affordability of home insurance in areas of flood risk,* June 2013

160 As above

161 Q 174

such a free market would cause some people "significant hardship".[162] The Government estimates that some 500,000 households would benefit from a subsidy system, while the insurance industry told us that some 200,000 of the UK's 26 million households could face increases in premiums without it. However, according to insurance brokers only 10,000 households posed a significant problem. Nevertheless, the threat of increased premiums exacerbates the fears of those living in flood-prone areas about the impact not only on their ability to pay the annual insurance costs but also on the value of their homes and the potential blighting of whole communities.

78. The ABI conceded that evidence was "patchy" on whether or not those living outside high flood risk areas would be willing to pay a levy to support those living in such areas".[163] However, the current Statement of Principles already provides an element of cross-subsidy, albeit hidden within the insurance system.

79. **We were not persuaded that the open market would be able at present to offer affordable insurance to all households. We welcome the Government's recognition that, whilst premiums should in time reflect a property's risk of flooding, this transition should only take place over a long timescale. A solution must be found to ensure that insurance is available for those homes built in areas at high risk of flood which would be unable to obtain insurance.**

80. **We endorse in principle the agreement between the Government and the insurance industry to introduce a levy-funded insurance pool for households at high risk of flooding which will keep premiums affordable for all. Flood Re will make transparent the current implicit cross-subsidy under the Statement of Principles so that householders are fully aware of the contribution they are making. This approach will provide stability for communities and certainty for householders in future.**

81. **However, the Government's announcement raises many questions about the operation of Flood Re, in particular how the scheme will be accountable to Ministers and Parliament, and how taxpayers' interests will be protected in the event of an extreme flood event requiring funding beyond the capacity of the scheme. It is unclear who will bear the costs from such a 1 in 200 year flood event.**

82. **We are also concerned that the approach does not achieve the value for money normally required of Government policies. Furthermore, it is not clear how assurances will be enforced to limit the amount of levy to be paid by all householders and maintain premiums at affordable levels for those in the scheme. The regulatory regime must be fully transparent and open to Parliamentary scrutiny.**

83. **Ministers concede that they must publish further details on these issues. These must be provided urgently so that Parliament can scrutinise fully both the Flood Re scheme proposals and the measures in the Water Bill.**

162 Letter from Richard Benyon MP to Anne McIntosh MP, 27 June 2013

163 Q 180

8 Conclusion

84. One of Defra's core roles and largest area of expenditure is managing flood risk, including through ensuring the provision of effective flood defences. Measures to improve the value for money and co-ordination of flood risk management, including those introduced by the Flood and Water Management Act 2010, have undoubtedly improved the Department's ability to fulfil this role. Additional capital funding announced in June by HM Treasury is welcome, however in recent years overall funding has not kept pace with rising flood risk and these modest increases will not be sufficient to close the gap. Furthermore, revenue funding is set to stay at current low levels until at least 2015-16 with only modest increases in maintenance budgets. Protecting vital infrastructure and communities must be a priority for the Chancellor when setting budgets for future spending periods, both for capital flood defence works and for revenue funds to maintain assets and keep watercourses flowing effectively. Defra Ministers must ensure that Treasury and local government Ministers are given clear evidence to convince them fully of the benefits that sustained investment will bring not only through protecting individual properties but in spurring economic growth in key parts of the country.

85. The Government allowed uncertainty to continue for far too long over arrangements to apply after the ending of the insurance industry's Statement of Principles agreement with the Government. A more transparent framework is needed to embed the inherent cross-subsidy provided by all household insurance policies under the Statement of Principles such that those living in high-risk flood areas do not face unaffordable rises in their premiums. We support in principle the Government's proposal to introduce a Flood Re model, but there is an urgent need for Ministers to conclude negotiations with the insurance industry on the details of the scheme's application. Parliament must be reassured as to how such a model will be properly governed and scrutinised and must be given sufficient information to determine whether the policy delivers adequate value for money. The public must be reassured that the contributions of policy-holders will be set at a reasonable level and that the scheme's liabilities in the event of extreme floods are not passed on too readily by the insurance industry to the taxpayer. We will wish to return to these issues in due course and put forward any necessary amendments during the Water Bill's passage through the House.

Conclusions and recommendations

Funding for flood risk management

1. We welcome the Government's recognition that effective flood protection is essential for economic growth and for the regeneration of key parts of the country. Additional capital funding until the end of the decade announced by the Chancellor in the 2013 spending round is essential for securing flood defences to protect homes and businesses. However, funding has not kept pace in recent years with an increased risk of flooding from more frequent severe weather events and the relatively modest additional sums to be provided up to 2020 will not be sufficient to plug the funding gap. (Paragraph 15)

2. Defra, together with the Department for Communities and Local Government, should act as an advocate for local communities with HM Treasury to secure additional investment for local flood defences. Defra must set out detailed evidence to demonstrate to HM Treasury that flood management capital funding must rise year on year by £20 million over the next 25 years to keep pace with increasing flood threat. This must be matched by a better balance between revenue and capital funding, whether from government or other sources. A review must take place prior to each spending period to ensure that funding is neither excessive nor inadequate in the light of developing scientific evidence on the likely long term impacts of changing weather patterns on flood risk. (Paragraph 16)

3. Although the effectiveness of the Partnership model for allocating flood funding will become fully apparent in time, we are concerned that only small amounts of private sector funding have been secured to date. Defra must demonstrate in the next 18 months that this model can deliver much greater private sector funding (Paragraph 22)

4. The Department and the Environment Agency must simplify procedures to speed up delivery of funding to local authorities for whom efficient cash-flow is vital if project funding is to be secured from private bodies. (Paragraph 23)

5. The Government should ensure that maximum use is made of natural methods to prevent and manage flooding, which could enable the application of wider funding streams such as those available for EU agri-environment schemes. (Paragraph 24)

6. We regret that the current regulatory framework does not permit innovative investment in natural flood defences by water companies and expect Ofwat's next Price Review to rectify this. (Paragraph 25)

7. The current model for allocating flood defence funding is biased towards protecting property, which means that funding is largely allocated to urban areas. Defra's failure to protect rural areas poses a long term risk to the security of UK food production as a high proportion of the most valuable agricultural land is at risk of flooding. Defra must require the Environment Agency to amend its scoring system to put a higher value on the benefits delivered by agricultural land, so that such land becomes eligible for a higher proportion of flood defence funding. (Paragraph 29)

Maintenance of flood defences and watercourses

8. We are deeply concerned at the decision to reduce funding for maintenance of flood defences and watercourses which could leave communities exposed to the threat of flooding despite having benefited from considerable capital investment in flood defences. It is essential that adequate revenue funding is provided to enable the Environment Agency to conduct the necessary dredging and maintenance of watercourses so as to minimise flood risk to local communities (Paragraph 36)

9. We recommend that Internal Drainage Boards which wish to undertake maintenance of local watercourses be supported in doing so, including by enabling them to retain the funding they currently provide to the Environment Agency for these services. (Paragraph 38)

10. We recommend that the Environment Agency continues to provide Internal Drainage Boards and local authorities with schedules of maintenance work to enable effective co-ordination of such work. Information should be published so that interested parties and the public are fully informed on the activities being undertaken. (Paragraph 39)

Local authority flood recovery work

11. We recommend that the Bellwin scheme be amended to enable local authorities to secure central government assistance for repairing and reinstating roads and other infrastructure damaged by flooding. (Paragraph 44)

12. It is not logical that the size of a local authority should determine whether or not it is eligible for central government support in the event of a flood. We recommend that the requirement for a local authority to incur costs of at least 0.2% of its annual revenue budget in order for it to qualify for Bellwin Scheme funding be reviewed. A fairer measure of the impact of an event on a locality must be adopted. (Paragraph 45)

Sustainable Drainage Systems (SUDs)

13. Three years after enactment of the Flood and Water Management Act 2010, its provisions on sustainable drainage have yet to be implemented. We have previously criticised the Government for failure to reach agreement with key parties, such as local authorities, on how implementation is to be funded and managed, yet Defra is unable to commit to commencement before April 2014. Sustainable drainage is a key aspect of managing flood risk and it is vital that the measures are implemented without further delay. (Paragraph 48)

14. Defra must liaise with the Department for Transport and the Department for Communities and Local Government on measures to encourage local authorities and Highways Authorities to install sustainable drainage measures which will improve the management of water run-off from roads. (Paragraph 49)

Planning issues

15. We are disappointed that the coalition agreement's commitment to end unnecessary building in flood plains has not yet been translated into effective action. Planning guidance allows building to take place too readily in areas at high flood risk. Local planning authorities need stronger support from the Government to resist inappropriate developments in such places. (Paragraph 54)

16. We recommend that the Government review how effective the National Planning Policy Framework has been in preventing new development from increasing flood risk. If necessary, guidance must be amended to enable local authorities to reject planning applications where flood risk will be increased as a result of building in a specific location. Liability for householders' future costs, for example for increased insurance premiums, needs to be placed on the final planning authority for new developments authorised in areas the Environment Agency considers to be at high risk of flooding. (Paragraph 54)

17. Extending permitted development rights, for example to certain house extensions, could have incrementally small but cumulatively significant impacts on the ability of local areas to manage surface water flows. Defra must in future liaise more closely with the Department for Communities and Local Government to ensure that all planning rules are consistent with sustainable drainage aims. We invite Defra to set out the mechanism to be used to establish such closer liaison. (Paragraph 56)

18. The Government must now set out how it will reform the planning system to ensure that new developments do not jeopardise water supplies in areas of water stress, for example by placing a statutory requirement on all those making applications for developments consisting of more than 10 homes or on sites larger than 1 hectare to consult water and sewerage companies. (Paragraph 58)

19. We regret the delay in introducing vital measures to improve the reservoir safety regime and urge the Government to publish for scrutiny necessary guidance on the regulations at the earliest opportunity. (Paragraph 59)

Household flood insurance

20. We welcome the Government's increased funding for flood defences which has enabled the insurance industry to undertake to continue to provide affordable flood insurance under the Statement of Principles regime until new arrangements can be put in place. The Government and insurance industry have had a number of years to consider future arrangements and we regret the delay in announcing a solution. This uncertainty has exacerbated the concerns of householders facing potentially significant rises in insurance premiums. The Government must conclude negotiations urgently on the details of the measures it proposes so as to spell out clearly the arrangements which will apply in the future and end the current uncertainty. (Paragraph 63)

21. We were not persuaded that the open market would be able at present to offer affordable insurance to all households. We welcome the Government's recognition that, whilst premiums should in time reflect a property's risk of flooding, this transition should only take place over a long timescale. A solution must be found to ensure that insurance is available for those homes built in areas at high risk of flood which would be unable to obtain insurance. (Paragraph 79)

22. We endorse in principle the agreement between the Government and the insurance industry to introduce a levy-funded insurance pool for households at high risk of flooding which will keep premiums affordable for all. Flood Re will make transparent the current implicit cross-subsidy under the Statement of Principles so that householders are fully aware of the contribution they are making. This approach will provide stability for communities and certainty for householders in future. (Paragraph 80)

23. The Government's announcement raises many questions about the operation of Flood Re, in particular how the scheme will be accountable to Ministers and Parliament, and how taxpayers' interests will be protected in the event of an extreme flood event requiring funding beyond the capacity of the scheme. It is unclear who will bear the costs from such a 1 in 200 year flood event. (Paragraph 81)

24. We are also concerned that the approach does not achieve the value for money normally required of Government policies. Furthermore, it is not clear how assurances will be enforced to limit the amount of levy to be paid by all householders and maintain premiums at affordable levels for those in the scheme. The regulatory regime must be fully transparent and open to Parliamentary scrutiny. (Paragraph 82)

25. Ministers concede that they must publish further details on these issues. These must be provided urgently so that Parliament can scrutinise fully both the Flood Re scheme proposals and the measures in the Water Bill. (Paragraph 83)

Formal Minutes

Tuesday 2 July 2013

Members present:

Miss Anne McIntosh, in the Chair

Richard Drax
George Eustice
Iain McKenzie
Sheryll Murray
Ms Margaret Ritchie
Dan Rogerson

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

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

Paragraphs 1 to 13 read and agreed to.

Paragraph 14 read, amended and agreed to.

Paragraph 15 read and agreed to.

Paragraph 16 read, amended and agreed to.

Paragraphs 17 to 20 read and agreed to.

Paragraph 21 read, divided and agreed to (now paragraphs 21 and 22)

Paragraph 22, now paragraph 23, read, amended and agreed to.

Paragraph—*(George Eustice)*—brought up and read the first and second time and added (now paragraph 24).

Paragraph—*(Miss Anne McIntosh)*—brought up and read the first and second time and added (now paragraph 25).

Paragraphs 23, to 31, now paragraphs 26 to 34, read and agreed to.

Paragraph 32, now paragraph 35, read, amended and agreed to.

Paragraph 33, now paragraph 36, read, amended and agreed to.

Paragraphs 34 and 35, now paragraphs 37 and 38, read and agreed to.

Paragraph 36, now paragraph 39, read, amended and agreed to.

Paragraph 37, now paragraph 40, read and agreed to.

Paragraph 38, read, divided, amended and agreed to (now paragraphs 41 and 42).

Paragraphs 39 to 49, now paragraphs 43 to 53, read and agreed to.

Paragraph 50, now paragraph 54, read, amended and agreed to.

Paragraphs 51 to 60, now paragraphs 55 to 64, read and agreed to.

Paragraph 61, now paragraph 65, read, amended and agreed to.

Paragraphs 62 to 67, now paragraphs 66 to 71, read and agreed to.

Paragraph 68, now paragraph 72, read, amended and agreed to.

Paragraph 69, now paragraph 73, read, amended and agreed to.

Paragraph 70, now paragraph 74, read, amended and agreed to.

Paragraph 71 read, divided, amended and agreed to (now paragraphs 75 and 76)

Paragraphs 72 and 73, now paragraphs 77 and 78, read and agreed to.

Paragraph 74, read, amended, divided and agreed to (now paragraphs 79 and 80).

Paragraph 75, read, divided, and agreed to (now paragraphs 81 and 82).

Paragraph 76, now paragraph 83, read and agreed to.

Paragraph 77, now paragraph 84, read, amended and agreed to.

Paragraph 78, now paragraph 85, read and agreed to.

Summary read, amended and agreed to.

Resolved, That the Report be the Third 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.

[Adjourned till Wednesday 3 July at 2.30 pm

Witnesses

Wednesday 6 February 2013	*Page*
Cllr Andrew Cooper, Deputy Chair, LGA Environment and Housing Board, and Leader Green Group, Kirklees Council **and Richard Wills,** Executive Director for Communities, Lincolnshire County Council	Ev 1
Henry Cator, Chairman, **Dr Jean Venables,** Chief Executive, and **Ian Moodie,** Policy and Technical Researcher, Association of Drainage Authorities	Ev 11

Wednesday 13 February 2013

Rt Hon Lord Smith of Finsbury, Chairman, and **David Rooke,** Director of Flood and Coastal Risk Management, Environment Agency	Ev 17

Tuesday 26 February 2013

Otto Thoresen, Director General, Association of British Insurers, **and Angus Milgate,** Managing Director UK and Ireland, AON Benfield	Ev 30

Wednesday 20 March 2013

Nick Starling, Director of General Insurance, Association of British Insurers, and **Paul Miller,** Head of International Catastrophe Management, Aon Benfield	Ev 37
Mark Weil, Chief Executive Officer, Marsh Ltd, and **Graeme Trudgill,** Head of Corporate Affairs, British Insurance Brokers Association	Ev 42

Tuesday 26 March 2013

Owen Paterson, Secretary of State for Environment, Food and Rural Affairs, **Sonia Phippard,** Director, Water and Flood Risk Management, Defra and **Andrew Rhodes,** Director of Operations, Food Standards Agency,	Ev 50

List of printed written evidence

Aon Benfield	Ev 68
Association of British Insurers	Ev 70; Ev 73; Ev 74
Association of Drainage Authorities	Ev 75
British Insurance Brokers' Association	Ev 85; Ev 87
Department of the Environment, Food and Rural Affairs	Ev 104
Environment Agency	Ev 91; Ev 96; Ev 97
Local Government Association	Ev 97; Ev 101
Marsh Ltd	Ev 102

List of additional written evidence

(published in Volume II on the Committee's website www.parliament.uk/efracom)

List of Reports from the Committee during the current Parliament

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

Session 2013–14

First Report	Draft Dangerous Dogs (Amendment) Bill	HC 95
Second Report	Vaccination against bovine TB	HC 258

Session 2012–13

First Report	Greening the Common Agricultural Policy	HC 170 (HC 654)
Second Report	The Water White Paper	HC 374 (HC 602)
Third Report	Pre-appointment hearing: Chair of the Water Services Regulation Authority (Ofwat)	HC 471-I & -II
Fourth Report	Natural Environment White Paper	HC 492 (HC 653)
Fifth Report	Desinewed Meat	HC 120 (Cm 8462)
Sixth Report	Draft Water Bill	HC 674 (Cm 8643)
Seventh Report	Dog Control and Welfare	HC 575 (HC 1092)
Eighth Report	Contamination of Beef Products	HC 946 (HC 1085)

Session 2010–12

First Report	Future Flood and Water Management Legislation	HC 522 (HC 922)
Second Report	The Marine Policy Statement	HC 635
Third Report	Farming in the Uplands	HC 556 (HC 953)
Fourth Report	The draft National Policy statement (NPS) on Waste Water	HC 736
Fifth Report	The Common Agricultural Policy after 2013	HC 671 (HC 1356)
Sixth Report	Implementation of the Common Fisheries Policy: Domestic Fisheries Management	HC 858 (HC 1485)
Seventh Report	Pre-appointment hearing: Chair of Gangmasters Licensing Authority	HC 1400-I & -II
Eighth Report	EU proposals for the dairy sector and the future of the dairy industry	HC 952 (HC 1548)
Ninth Report	The Welfare of Laying Hens Directive—Implications for the egg industry	HC 830 (HC 1664)
Tenth Report	The outcome of the independent Farming Regulation Task Force	HC 1266 (HC 1669)
Eleventh Report	The draft National Policy Statement for Hazardous Waste	HC 1465 (HC (Session 2012–13) 540)
Twelfth Report	EU proposals for reform of the Common Fisheries Policy	HC 1563-I & -II (HC (Session 2012–13) 108)