

Committee on Climate Change  
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Dan Rogerson MP  
Parliamentary Under Secretary of State  
Department for Environment, Food and Rural Affairs  
Nobel House  
17 Smith Square  
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*Dear Dan*

### **Flood risk management analysis in the ASC's 2014 progress report**

Thank you for your letter of 13 August regarding our latest progress report, and in particular the analysis the report presented concerning expenditure on flood and coastal defence assets.

As your letter identifies, defences prevented flooding in many parts of the country last winter. Our report recognises this, quoting as you do that despite the winter storms 94% of assets in high consequence areas were found to be in target condition in March 2014. However we must also recognise that with falling maintenance budgets the condition of flood defence assets was in decline before the winter storms struck, and that only a proportion of asset systems are classified as 'high consequence'. Keeping assets in the required condition over the long-term whilst securing best value for taxpayers' money will depend on whether sufficient ongoing maintenance is undertaken.

That is why our report looked beyond the current condition of the highest consequence assets to consider whether there is sufficient funding to maintain all flood asset systems according to their identified needs. Data from the Environment Agency suggest that only one quarter of systems will be maintained this year according to their long-term needs.

The immediate condition of assets will no doubt improve with the temporary funding boost announced after the storms. We also recognise the public spending constraints that remain in place. However, the concern is whether we will see a repeat in the decline in the condition of flood defence assets in the coming years, once the additional funds are exhausted, even with the revenue maintenance budget reinstated to the 2010/11 level of around £170 million.

Increasing the maintenance budget further is likely to result in additional net benefits in flood risk terms and reduce the whole-life costs of asset management. Similarly, an increase in the capital budget would allow more schemes to be delivered sooner, to protect more homes and businesses whilst increasing the net benefit of the investment programme. This year, as you imply, schemes had to deliver more than twice the required level of benefit to secure national funding. If this situation persists it will be a clear indication that scarce national funding is delaying the construction of good value for money schemes.

Our report on page 38 recognises the benefit of having a six-year capital settlement in programming and efficiency terms. With these benefits factored in, and assuming the expected external contributions are secured, the next six years will see annual expenditure maintained at a level similar to the previous peak in 2010/11, in real terms. However this expenditure level remains considerably below previous assessments of need if an increase in the number of properties at significant flood risk is to be avoided.

The Environment Agency is due to present to you a new assessment of long-term spending needs, prior to its publication alongside the Autumn Statement. We think it important that the new assessment does not take current spending plans as a given, but instead looks again at the trade-off between costs and benefits, and between revenue spending and capital investment. As well as the need to counter asset deterioration, there is evidence that the impacts of climate change are already being felt, diminishing the standard of protection being provided by older defences. Furthermore the first long-term investment strategy in 2009 assumed new development would not add to long-term flood risk, and took only a rudimentary approach to costing the management of surface water flooding. As our progress report recommended, more realistic and rigorous, evidence-based assessments are needed.

I would like to thank you again for your support in launching the report and of the work of the committee in general. Flood risk management is amongst my committee's main areas of interest and I look forward to the further announcements due in this area this autumn.

I am copying this letter to the Secretary of State for Environment, Food and Rural Affairs.

*Yours ever*



**PROFESSOR LORD KREBS Kt FRS**  
Chairman, Adaptation Sub-Committee