



British–Irish Parliamentary Assembly
Tionól Parlaiminteach na Breataine agus na hÉireann

Report from
Committee D (Environment and Social Affairs)
on
Flooding



Introduction

1. During the plenary meeting of the Assembly in Brighton in October 2011 severe flooding occurred in Dublin, causing significant damage and leading to mass evacuations of properties. During subsequent debates in the plenary session a number of speakers suggested that committee D might look into flooding as a matter of urgency. Accordingly, we have undertaken this short inquiry into the subject. In order to report in time for the next plenary meeting, in Dublin in May 2012, we have not been able to carry out as comprehensive an inquiry as we might have wanted and so were able to hold only two sets of evidence sessions: in Dublin in February 2012 and in London in March 2012. Nonetheless the evidence we heard was very useful and we are indebted to those who gave up their time to speak to us. Further details of our witnesses are at the back of this report.
2. The floods that hit Dublin on 24 October 2011 were sudden and heavy. A month's-worth of rain fell within three hours. Dublin City Council declared a major emergency and thousands of properties were evacuated. All available emergency services were deployed to respond to the floods, with 700 calls to them made. However, it was not the first example of heavy rain in Dublin in recent years. Since 2000 every year has had a flooding event classified as a 1/100 years event. In summers 2008 and 2009 there was intense and unpredicted rainfall, with around 500 flooding incidents on each occasion.
3. The United Kingdom has also been afflicted by severe flooding in recent years. In summer 2007 heavy rain caused flooding in large parts of the west of England, Northern Ireland and Wales. 13 people died; and 49,000 households and 7,000 other properties were affected. The estimated total cost of the floods was £4 billion. In autumn 2009 1,500 properties in Cumbria were flooded following the most intense rain ever recorded in the United Kingdom. Hundreds of people were displaced, and a police officer died when a bridge he was directing motorists away from collapsed. The floods in Cumbria were estimated to cost £276 million.¹
4. There have been similar incidents in the rest of the UK and across Europe and the world over recent years. The risk of flooding is predicted to increase due to climate change and the extreme weather events it brings. Its effects are likely to worsen owing to ageing flood defences and drainage, increased development on flood plains and countryside being replaced by urban developments using impermeable material (such as concrete).

Insurance

5. In England an estimated 500,000 properties are at significant risk of flooding; in Wales around 350,000. The risk is increasing. The annual cost of insuring properties against flooding in England is £8.4 billion. Obtaining cover in respect

¹ On the front cover of this report is a photograph of a pub in Cockermonth, one of the areas worst affected by the floods, showing the level the water rose to in 2009.

of flooding is a classic instance in which insurance is necessary—the risk of damage in any given year is low, but when it does occur the costs of repairing the damage can be very significant: the average cost of a flood claim is between £20,000 and £40,000. Thus the insurance industry plays a vital role in this area.

6. The United Kingdom is almost unique in having flood insurance bound up with standard property insurance. In other countries cover is provided separately. In 2008 the UK government agreed a Statement of Principles with the insurance industry in England. This was originally put in place as a temporary measure in 2000. Under the Statement of Principles the industry undertook to provide insurance for all domestic properties and small businesses built before 2009 in high-risk areas; in return the government undertook to provide better data on flood risk, improved flood controls and not to allow further development in high-risk areas. The agreement relates only to the availability of insurance; there are no restrictions about the affordability of it. Similar agreements have been reached between the ABI and the governments in Belfast, Cardiff and Edinburgh.
7. The Statement of Principles is due to expire at the end of June 2013. At present it is not clear what will replace it; but the ABI is clear that it would not be renewed in its present form. The ABI thinks that the agreement distorts the market by providing cross-subsidies from low-risk to high-risk properties. By guaranteeing cover there is perhaps less incentive for governments, local authorities and individuals to take measures to lessen the chances of damage through flooding. The agreement was for insurers only to continue to provide cover; it does not allow for individuals to change insurer. In addition, the agreement does not reflect increases in flood risk.
8. Discussions are underway between the ABI and the UK government as to what will replace the Statement of Principles. The government have ruled out a general subsidy of the cost of insurance, as that would be likely disproportionately to benefit affluent households. (In Ireland the previous government considered creating a government-backed scheme for flood insurance but came out against it.) The ABI propose an insurance model based on that for commercial terrorism. Under this model those properties at high risk would pay a premium in respect of that risk. Those premiums would be paid into a pool, which would be supplemented by contributions from premiums paid in respect of properties not at high risk. When a major flood occurs, the costs of paying out would come from the pool. If there is not enough in the pool, the government would guarantee an overdraft to cover the cost. The ABI thought this proposal was better for all concerned than the Statement of Principles.
9. However, there are suggestions that under the model proposed by the ABI insurers may decide some properties are at too great a risk to warrant insuring—something they cannot do at present, so long as the property was built before 2009. In addition, not all insurers may sign up to the scheme, though the ABI is confident that they would. At the time of writing it is not clear whether agreement can be reached on the ABI's proposals. What is clear is that unless agreement of one form or another is reached by the end of June 2013 the households and small

businesses at greatest risk could be left without any cover. We have heard suggestions that premiums are increasing and more properties are being left uncovered in anticipation of the agreement expiring.

- 10. We strongly urge the relevant governments in the UK and the insurance industry to reach agreement on a new model to replace the Statement of Principles as a matter of urgency. Such a model should provide universal cover against flooding which, whilst reflecting the level of risk, is reasonably affordable. Any delay in reaching such agreement will increase the anxiety of owners of at-risk properties and distort the insurance market.**

Flood mapping and collation of data

11. Insurance premiums can only be accurately assessed if there are reliable data on the prevalence of flooding and the level of risk present for any particular area or property. Accurate, authoritative data are also essential for property owners, businesses, local and central government and those involved in planning decisions. An inherent problem in predicting flood risk is that historic analysis of flooding in an area is not necessarily a good guide to the future: estimates of a 1-in-20-years event, for example, will be based on the historic frequency of flooding.
12. Ireland, like many other countries, has a sophisticated system of weather alerts. However, these are not the same as flood alerts. For example, on 1 October 2011 a similar level of rain fell in Dublin as on 24 October, but without major incident. On 24 October (the day of the severe flooding described in the introduction) heavy rain was expected, but it was not possible to predict where it would flood. The Irish government already have a flood maps website, which enables the public and planners to assess flood risk. The website contains photos, videos and press reports of recent flood events. The government is examining the feasibility of creating a national flood warning system in the next few years.
13. In Ireland the Office of Public Works (OPW) keeps the insurance industry up to date with government schemes for flood defences. The OPW also provides data on the historic level of flooding in an area, and will in future take into account predictions of the effects of climate change. However, we have heard that insurers in Ireland do not always have the latest information, and may not always adapt their policies speedily to take account of it. Accordingly, investment in flood defences may not quickly translate into reduced premiums for those properties newly protected. There have also been suggestions that insurers are circumspect about how they calculate individual premiums.
14. In England the Environment Agency provides data showing a national assessment of the likelihood of flooding from rivers and the sea. These data and accompanying maps are on its website and are updated, where necessary, every three months. The data show the flood risk for areas of land, not for individual properties; accordingly, the Agency urges insurers not to use the data in isolation, as it does not take account of the features of individual properties. Individuals can

type in a postcode on the website to obtain an assessment for that area, but not for an individual property. However, where insurers rely only on the postcode to assess flood risk, this can be a blunt instrument as rural postcodes can cover a large area, some of which may be at high risk and some at no risk. The ABI told us that some insurers use the Environment Agency's data, and some their own. All insurers now automate their processes for calculating risk; there are no visits to assess in person the level of risk. However, often local communities are well placed to provide guidance on the level of risk in a particular area or for a particular property. Such knowledge can be helpful in preventing poor planning decisions; it seems sensible that it should, where appropriate, be taken into account in setting insurance premiums.

- 15. Without accurate data it is impossible for all concerned to plan appropriately for the level of flood risk. This affects households, property owners, businesses, central and local government and those involved in the planning process. It also has a significant impact on the level of insurance premiums. We recommend that government schemes to provide more accurate and detailed flood predictions continue apace. Meanwhile, in recognising that no flood forecasts can ever be 100 per cent accurate, we would expect insurers to make full use of the latest data and local knowledge. Where the risk for a property is reduced due to new flood defences, we believe that insurance companies should speedily reflect that in lower premiums.**

Co-operation between bodies

16. In each of the jurisdictions responsibility for managing flood risks and responding to floods is shared amongst a number of bodies, both public and private sector. In Ireland, local authorities are responsible for water supply, drainage and the fire brigade. The Office of Public Works supports emergency responses but is not the principal agency for them. The OPW designs flood defences or assists local authorities in designing them. They are largely constructed by the private sector, as the public sector does not have sufficient capacity. Contingency funds come from central government in the form of block grants, to which local authorities are not required to contribute.
17. In the United Kingdom, responsibility for flooding is devolved to the administrations in Northern Ireland, Scotland and Wales. In England responsibilities for flood management were set by the Flood and Water Management Act 2010. This was passed to implement the recommendations of the review carried out by Sir Michael Pitt into the 2007 floods. The then Government accepted the review's 92 recommendations in full. Under the 2010 Act the Environment Agency has overall responsibility for flood management strategy. County or unitary councils are Lead Local Flood Authorities, responsible for co-ordinating flood risk management in their areas. Other bodies, such as district councils, internal drainage boards, and water and sewerage companies, are under a duty to co-operate with Lead Local Flood Authorities. National policy is set by a combination of the Department for Environment, Food and Rural Affairs, the Communities and Local Government Department and the Cabinet Office.

18. The Welsh Assembly Government is responsible for developing flood risk management policy in Wales and largely funds flood protection projects there. It is currently producing a national strategy, which local authorities will base their local strategies on. In Northern Ireland the lead department dealing with flood prevention is the Department of Agriculture and Rural Development, though much of the day-to-day activity rests with the Rivers Agency of Northern Ireland. In addition, throughout the UK and Ireland there is an EU dimension, principally through the EU Floods Directive and the Water Framework Directive.
19. We heard encouraging evidence about the level of co-operation between the various bodies involved in flood management. In Ireland the OPW is in regular contact with the Rivers Agency of Northern Ireland; indeed, there is a legal requirement for cross-border co-operation. There is also east-west co-operation, with the OPW regularly meeting the Environment Agency and through the east-west flood directive group. In Scotland the Flood Risk Management (Scotland) Act 2009 places a duty on various agencies involved in flood management to co-ordinate their activities. As mentioned above, in England there is a statutory duty on bodies involved in flood management to co-operate. However, we have heard that in all the jurisdictions the attention paid by local authorities to flood management issues can vary significantly, with differences mainly due to the level of awareness of recent floods. In addition, many local authorities feel they lack the engineering and technical expertise necessary to carry out their duties effectively.
20. **We are encouraged by the level of co-operation between the various authorities within each jurisdiction, and between jurisdictions. Whatever further changes are made to the responsibilities and funding of these bodies this co-operation should continue, and should deepen. It is important that best practice and new ideas are shared as widely as possible. Accordingly, we call on the governments of the various jurisdictions in the Assembly regularly to review the level of co-operation between the various agencies with responsibility for flooding.**

Funding for flood management and community involvement

21. Spending on flood management has, in common with expenditure in other public-sector areas, decreased over the last couple of years and is projected to continue declining. In England spending on flood defence projects will be reduced by 8 per cent over the four-year period covered by the current Comprehensive Spending Review (it will amount to £2.1 billion in total and is estimated to protect an additional 145,000 homes). Central government grants to local authorities will decline by 26 per cent on average over four years, with most grants ceasing to be ring-fenced. The Environment Agency's budget will be reduced by 10 per cent over that period. Reductions are also taking place in the amount of funding available in Ireland.

22. The benefits of improving flood defences are clear: the Environment Agency in England estimates that every £1 spent on new flood defence schemes generates £8 of benefits in the long term. The Agency forecast that in order to maintain the current level of protection spending on flood defences needs to double by 2035. The Agency hopes to achieve efficiency savings in capital investment in flood defences of 15 per cent by 2014–15.
23. Partly in response to the reduced level of government funding, the UK government is seeking greater community involvement in reducing flood risk. Previously the government selected those flood defence projects which they considered delivered best value for money, and provided 100 per cent of the funding for them. Projects which didn't obtain 100 per cent government funding would have to be fully funded from elsewhere, or deferred. The new "partnership approach" to funding will involve 100 per cent government funding becoming the exception, with the government funding projects in proportion to their benefits. Additional funding can come from a variety of sources—for example, from businesses if they benefit from the new measures, or from developers through a Community Infrastructure Levy. In Cockermouth in Cumbria, which was severely affected by floods in autumn 2009, a referendum was held on whether to pay an additional £20 per annum on top of council tax to fund a flood defence scheme. The referendum was passed overwhelmingly.
24. The UK government believe that the new approach to joint funding will enable communities and individuals to take greater responsibility for flood management in their area. Figures show that only 7 per cent of people who live at significant risk of flooding are aware of the level of risk. They predict that more schemes will go ahead under the new arrangements, and that there will be greater certainty of funding and more local choice in how and where schemes are delivered. Others say that it will be hard to generate third-party contributions to flood prevention schemes in the current economic climate, and that if a number of bodies are involved in funding a scheme the bureaucracy involved in it could be significant, leading to extra cost and complexity.
25. **We welcome measures to improve awareness of flood issues in local communities, and to increase communities' and individuals' sense of responsibility for improving flood resilience. We also welcome schemes to increase the sources of capital funding for flood defences. However, in allocating funding to projects governments should be acutely aware that some projects may be essential and represent good value for money, but are not able to attract third-party funding. In such cases there should not be a blanket ban on government funding. Future spending rounds should ensure funding for improved flood defences takes full account of their long-term benefits.**

Planning

26. An issue raised by all of our witnesses is the granting of planning permission for development in areas at risk of flooding. Here there is an obvious tension between

on the one hand the need to build new properties to accommodate expanding populations and changing lifestyles, and the limited land available for such development; and on the other the need for new developments to be sustainable.

27. In Ireland the Planning and Development Act 2000 was the first legislation explicitly to allow local authorities to refuse planning permission on the ground of flood risk without having to provide compensation. Local authorities have primary responsibility for planning decisions; the OPW can try to influence development plans, but cannot veto individual applications for planning permission. In any event, the office has insufficient resources to examine each application. The relevant minister has recently introduced guidance, which includes three categories of risk: land at the highest risk should not be subject to development; some development is allowed on land at moderate risk, but not development that would leave it vulnerable; and there are few restrictions on land at low risk. This guidance is starting to influence development plans.
28. In England new development on flood plains accounts for 9 per cent of all developments—it has been around that figure for the last three years. The Environment Agency has to be consulted by planning authorities on applications. From April 2008 to May 2011 it influenced proposals for 98 per cent of residential units proposed on flood plains. If a planning authority does not follow the Agency's advice the matter can be taken up by the Secretary of State for Communities and Local Government. The Coalition Agreement aimed to prevent "unnecessary building in areas of high risk". In March 2012 a new National Planning Policy Framework was produced, with briefer guidance on all aspects of planning policy, including flood management. Insurers are not consulted in the planning process, though they can decline to insure any newly built property. The ABI thought there had been a marked reduction in poor planning decisions over the last few years, and that local knowledge can be very helpful in preventing poor planning.
29. **The granting of planning permission for developments in areas of high flood risk should be exceptional, and should only occur where the benefits are significant and there are substantial mitigatory measures. We welcome the evidence that fewer properties are being built on flood plains; this trend should continue. The introduction of new planning guidance in England should not be taken as a sign to be less stringent about applications for such development.**

Summary of conclusions and recommendations

We strongly urge the relevant governments in the UK and the insurance industry to reach agreement on a new model to replace the Statement of Principles as a matter of urgency. Such a model should provide universal cover against flooding which, whilst reflecting the level of risk, is reasonably affordable. Any delay in reaching such agreement will increase the anxiety of owners of at-risk properties and distort the insurance market.

Without accurate data it is impossible for all concerned to plan appropriately for the level of flood risk. This affects households, property owners, businesses, central and local government and those involved in the planning process. It also has a significant impact on the level of insurance premiums. We recommend that government schemes to provide more accurate and detailed flood predictions continue apace. Meanwhile, in recognising that no flood forecasts can ever be 100 per cent accurate, we would expect insurers to make full use of the latest data and local knowledge. Where the risk for a property is reduced due to new flood defences, we believe that insurance companies should speedily reflect that in lower premiums.

We are encouraged by the level of co-operation between the various authorities within each jurisdiction, and between jurisdictions. Whatever further changes are made to the responsibilities and funding of these bodies this co-operation should continue, and should deepen. It is important that best practice and new ideas are shared as widely as possible. Accordingly, we call on the governments of the various jurisdictions in the Assembly regularly to review the level of co-operation between the various agencies with responsibility for flooding.

We welcome measures to improve awareness of flood issues in local communities, and to increase communities' and individuals' sense of responsibility for improving flood resilience. We also welcome schemes to increase the sources of capital funding for flood defences. However, in allocating funding to projects governments should be acutely aware that some projects may be essential and represent good value for money, but are not able to attract third-party funding. In such cases there should not be a blanket ban on government funding. Future spending rounds should ensure funding for improved flood defences takes full account of their long-term benefits.

The granting of planning permission for developments in areas of high flood risk should be exceptional, and should only occur where the benefits are significant and there are substantial mitigatory measures. We welcome the evidence that fewer properties are being built on flood plains; this trend should continue. The introduction of new planning guidance in England should not be taken as a sign to be less stringent about applications for such development.

Committee meetings

Dublin: 20 February 2012

Lord Dubs (chair), Senator Maurice Cummins (vice-chair), Stephen Donnelly TD, Senator Cait Keane, Michael McMahon MSP, Jim Sheridan MP and Jim Wells MLA.

London: 26 March 2012

Lord Dubs (chair), Senator Maurice Cummins (vice-chair), Ciara Conway TD, Senator Jimmy Harte, Kris Hopkins MP, Senator Cait Keane, Chris Ruane MP, Jim Sheridan MP, Lord Skelmersdale, Baroness Smith of Basildon and Jim Wells MLA.

List of witnesses

The committee is indebted to the witnesses listed below who gave up their time to meet the committee in Dublin and London.

Tom Leahy, Dublin City Council

Tony Smyth, Director of Engineering Services, Office of Public Works

Mark Adamson, Assistant Chief Engineer, Office of Public Works

Nick Starling, director, Association of British Insurers

Phil Rothwell, Head of Strategy and Engagement, Environment Agency

David Rooke, Director of Flood Risk, Environment Agency

Daniel Johns, Head of Funding, Insurance and Outcomes, Flood and Coastal

Erosion Risk Management, Department for Environment, Food and Rural Affairs

Kamal Panchal, senior adviser, Local Government Association