

**REPORT TO:** Executive Board Sub Committee

**DATE:** 23 September 2010

**REPORTING OFFICER:** Strategic Director Environment & Economy

**SUBJECT:** Defra Consultation on Distributing Funding for Local Flood Risk Management

**WARDS:** Boroughwide

## **1.0 PURPOSE OF THE REPORT**

Defra has consulted Lead Local Flood Authorities (LLFAs) (including Halton) on how funding for the new duties under the Flood and Water Management Act (2010) should be distributed. This report sets out the options described in Defra's consultation paper and details Halton's response. It should be noted that the actual level of funding is subject to the outcome of the spending review and other decisions on local government finances.

## **2.0 RECOMMENDATION:**

**That the response, as set out in the Pro Forma attached as Appendix 3, which states Halton's preference for a 'flat rate of funding common to all LLFAs plus an additional amount based on flood risk (Option 2a), be noted and endorsed.**

## **3.0 SUPPORTING INFORMATION**

### **3.1 Introduction**

3.1.1 At its meeting on 16th June, the Urban Renewal Policy and Performance Board considered a report on the implications of the Flood and Water Management Act (2010) for Halton and noted the new duties imposed on the Council as a Lead Local Flood Authority (LLFA). The Board resolved to request the Executive Board to consider the financial and resource implications of the Act, including Defra's proposal to provide Area Based Grant to assist with the carrying out of its new duties. A copy of that report is attached as Appendix 1.

3.1.2 The Government recognises that becoming a LLFA represents a new pressure and, as part of the Spending Review, is considering how to distribute funding to local government to support it in delivering its new roles and responsibilities once the Act commences. Defra has written to all Lead Local Flood Authorities requesting their views on options for the distribution of funding – see questions in paragraph 3.8. A response to

these questions (together with additional commentary where necessary) has been prepared by the Strategic Director – Environment and Economy in consultation with the Executive Board Member for Transportation and has been sent to Defra as Halton’s response to the consultation to meet Defra’s required return date of 17<sup>th</sup> September.

## 3.2 Funding Streams

- 3.2.1 Local authorities currently receive funding for flood and coastal erosion risk management through Formula Grant, and through capital Grants from the Environment Agency (e.g. for the Surface Water Management Plan for Widnes). The Department for Communities and Local Government (DCLG) is currently consulting formally on changes to the Formula Grant. In terms of Flood and Coastal Erosion, the proposal is to move towards the use of geographical information on flood risk, utilising the Environment Agency’s flood risk maps, as the evidence base for funding, instead of using historical expenditure as an indicator of future need. This should result in a more accurate distribution of funding according to relative need. However, it should be noted that grant will be reduced due to the transfer of responsibility for private sewers and drains to the Water Companies, ending Local Authorities’ involvement in these matters.
- 3.2.2 Under the previous Government administration, Defra stated that it is fully committed to fully funding the *net* new burdens imposed on LLFAs, and to keeping costs under review. It is now proposing to use Area Based Grant rather than Formula Grant to fund the new duties of LLFAs. This would be allocated to each LLFA as additional revenue funding to supplement existing grant. Local authorities will be able to see how much it has been allocated according to transparent ‘policy criteria’ that are evidence based, as set out in Defra’s consultation document, and can resource and prioritise according to local need. The policy criteria are based on an assessment of the number of properties that are believed to be at risk of flooding from surface water, rivers and the sea.
- 3.2.3 The proposed funding for the new duties is separate to the recently announced £2m of additional funding to help local authorities deal with Preliminary Flood Risk Assessments, which are a requirement of the Flood Risk Regulations 2009. LLFA’s are expected to receive between £10,000 to £30,000 for this purpose, depending on the level of flood risk in their area. The planned funding does not affect the £100,000 grant for the development of a Surface Water Management Plan for Widnes, which was awarded to Halton in March this year.
- 3.2.4 The majority of new financial costs for a LLFA relate to the leadership role and to Sustainable Drainage System (SuDS) adoption and maintenance. The funding of SuDS responsibilities has not been included in these proposals, as separate work is underway on this.

The funding proposals now under consideration relate to the new burdens and leadership role of LLFAs under the Flood and Water Management Act (FWMA) which include:

- Developing local flood risk management strategies;
- Undertaking Surface Water Management Plans and delivering some early or priority actions they contain;
- Co-ordinating partnership activity;
- Mapping and registering significant assets and features;
- Designating third party assets and features;
- Running oversight and scrutiny committees;
- Administering consents in relation to ordinary watercourses.

3.2.5 The consultation paper illustrates how £36 million a year could be distributed to LLFAs using Area Based Grant. This is Defra's assessment of the cost of new burdens and is based on the upper-end of cost estimates and conservative saving assumptions. However, the actual level of funding is subject to the outcome of the spending review and other decisions on local government finances. Also, funding illustrations have been prepared to show the effect of a phased implementation of the Act over three years.

### **3.3 Defra's Methodology to Determine Distribution of Funding**

3.3.1 Defra propose that an assessment of the number of properties at risk of flooding is a suitable indicator for measuring the funding need of each LLFA. Data is currently available in the form of geographical information to enable the number of properties at risk to be determined, nationally and within each LLFA area. This is the Evidence Base, and it is used to measure the relative share of funding. Using existing Surface Water Vulnerability Maps, the Environment Agency's Flood Maps and the National Property Database, Defra has considered the number of properties at risk of river, sea and surface water flooding. They have then 'weighted' the results according to degree or likelihood of flooding, and have applied a ratio according to the anticipated split of new duties attributable to each type of flooding. This enables calculations to be made of each authority's relative need in terms of properties affected, expressed as a percentage of the national total, which can be used to determine its share of the available funding.

3.3.2 Four alternative approaches have been investigated by Defra, but were not progressed as they produced various flaws, inaccuracies or unfairness in proposed distribution.

### **3.4 Defra's Results**

3.4.1 Defra's results are set out in more detail in Appendix 2 but it is seeking views on three possible options.

**3.4.2 Option 1 – Funding distributed based purely on the geographical assessment of flood risk.** A percentage figure for each LLFA is determined that represents its share of property at risk nationally and therefore its share of funding. Assuming that £36 million per annum is available for Area Based Grant, a maximum grant allocation of £1,160,800 would be awarded (representing a 3.22% share of property at risk in Lincolnshire) with a minimum of £19,900 (representing a 0.3% share of property at risk in Rutland). If funding were to be distributed in this way, Halton would be allocated £49,100 (representing a 0.7% share of properties and on being 140<sup>th</sup> in the list of LLFAs).

### **3.4.3 The case for a ‘funding floor’ to set a minimum level of grant**

3.4.4 Defra acknowledge that all LLFAs will be expected to undertake certain actions to meet the requirements of the Act. These may not correspond perfectly to the level of risk although more work would be required where risk is higher than in areas where it is less. This suggests that a funding ‘floor’ may need to be set. Defra consider that it is reasonable to assume that one or two people will be needed in addition to existing teams to carry out the new functions under the Act, even where risk is relatively low. Its paper presents the options of setting a funding floor at £110,000 (equivalent to 1.5 Chartered Engineer FTEs or 2 Technician FTEs).

3.4.5 If a funding floor is introduced as suggested, of the assumed £36 million, £16.39 million would be evenly distributed across all 149 LLFAs. Defra present two further options for the distribution of the remainder of the funding as described below.

### **3.5 Option 2a – ‘Top-up Floor’**

3.5.1 Here, after each authority is provided with the flat rate of funding as a floor, the remaining funding is distributed (in addition to the floor already provided) on the basis of the assessment of geographical information on flood risk. This option continues to provide each LLFA with a level of funding according to the level of risk. Under this option the Grant allocations range from £742,300 to £120,900. Halton’s maximum grant would be £136,700.

### **3.6 Option 2b – ‘Adjusted Floor’**

3.6.1 This option distributes the funding according to flood risk – as with option 1, but for those 55 authorities (including Halton) that fall below the suggested ‘floor’ of £110,000, the grant is adjusted to that minimum level. The balance of funding (£29.95m) is distributed to the remaining authorities giving a maximum grant of £1,060,000. In this case Halton would receive only the funding floor amount (£110,000) with no ‘top-up’ based on risk to properties.

- 3.7** As stated in paragraph 3.2.5 funding illustrations have been provided by Defra for all three options based upon a phased implementation of the Act over three years – 60% in year 1 (£26.1m), 80% in year 2 (£28.8m) and 100% in year 3 and thereon (£36m).

Under these three scenarios Halton would receive the following:

	<b>Option 1</b> (£000s)	<b>2a</b> (£000s)	<b>2b</b> (£000s)
<b>Year 1</b>	29.5	117.1	110.0
<b>Year 2</b>	38.7	126.9	110.0
<b>Year 3</b>	49.1	136.7	110.0

From the above, it can be seen that Option 2a is the most financially favourable to Halton. It should, therefore, permit greater resources to be deployed to carry out the new duties and hence has been submitted as the preferred option to Defra. If adopted, this option could result in less funds being available for some authorities deemed to be at greater risk of flooding, but it must be remembered these funds are to help carry out the duties, mainly through the deployment of staff and consultancies, and not to provide flood defence measures. However, as the new burdens and consequent pressures are not yet fully understood it is felt prudent to attempt to maximize new funding in the face of potentially significant cuts elsewhere.

### **3.8 Halton's Response and Commentary**

- 3.8.1 In its consultation, Defra invited LLFA's to respond to nine questions. Halton's response is attached on the Pro Forma at Appendix 3 and, where appropriate, additional commentary is included to assist Members' understanding of the issue (but note these commentaries were not submitted as part of the response). It is now recommended that Members note and endorse this response.

The questions, together with a brief summary of the response, are:

1. *Do you have a preference on how funding for LLFAs is provided?*  
Prefer Area Based Grant.
2. *Do you agree that Government distribute funding for LLFAs on the basis of geographical data such as flood maps and surface water vulnerability maps?*  
Agree.

3. *Do you agree that a minimum amount of funding should be set (as a floor) that any one authority will receive?*  
Strongly agree.
4. *If you agreed at question 2, what would you consider should be the minimum amount of funding an authority receives?*  
Value of the floor indicated in the paper i.e. £110,000.
5. *If you answered question 3 and 4, please explain any evidence you may have to support your answer.*  
A number of staff are already deployed on existing flood risk and water management duties. Additional duties benefit from additional resources.
6. *Do you agree that the assumptions about staff costs are correct?*  
Agree.
7. *Which of the options presented in the paper do you prefer?*  
Option 2a.
8. *Do you agree with the weightings suggested in the paper?*  
Neutral.
9. *Are there any other comments or suggestions that you would like to make?*  
It is essential to protect the proposed funding package through the Spending Review.

## **4.0 POLICY IMPLICATIONS**

- 4.1 Defra's paper defines the policy criteria that it proposes to use in determining the distribution of funding via Area based Grant to the lead Local Flood Authorities, i.e. what is it that attracts the funding? Essentially this is the number of properties at risk of flooding, either from surface water or from rivers and the sea. Defra's funding proposals are in keeping with the previous Government's commitment to fund new burdens under the Act in full and to keep costs under review. This funding would underpin the delivery of actions under the Act, in line with national, regional and local policies and strategies for flood risk management. These were detailed in the report to UR PPB, see Appendix 1.

## **5.0 OTHER IMPLICATIONS**

### **5.1 Resource Implications**

The report details an illustrative distribution of funding for each of the Options described in Defra's paper. It should be noted that final distribution is dependant upon the outcome of the Spending Review, related reviews (such as of Local Government Finance), improvements to the evidence base over time and decisions on the commencement of the Flood and Water Management Act. The indicative level of funding for Halton lies between £49,100 and £136,700 depending upon the distribution option finally selected and any phased implementation. However, these should not at this stage be considered indicative of the final funding settlement and

they could change. The suggested introduction of a ‘funding floor’ is designed to enable the appointment of additional staff resources - 1½ to 2 FTEs to undertake the new roles and responsibilities under the Act.

## **5.2 Sustainability**

Defra’s whole approach to flood and coastal erosion risk management is based upon sustainable strategies. This is delivered in partnership with the Environment Agency, through the strategic, sustainable, flood risk management approaches including Catchment Flood Management Plans and the Shoreline Management Plans and Surface Water Management. The funding is intended to enable LLFAs to fulfill the leadership role under the FWMA, as described in paragraph 3.2.

## **5.3 Legal Implications**

The Act places many new statutory duties on Halton as a LLFA. The purpose of the proposed funding is to enable authorities to deliver those duties, responsibilities and functions once the Act commences.

## **6.0 IMPLICATIONS FOR THE COUNCIL’S PRIORITIES**

### **6.1 Halton’s Urban Renewal**

The management of flood risk will have a beneficial effect on both the sustainability of existing development and the planning and delivery of new developments in Halton, particularly those areas with potential to suffer flooding. These include parts of southern Widnes where the expansion of industrial and commercial development continues apace, and areas of housing and commercial growth in east Runcorn. This funding would enable the development of plans and strategies designed to manage flood risk and coastal erosion in Halton and fulfil the leadership role under the Act.

## **7.0 RISK ANALYSIS**

7.1 There are no risks directly related to this report. The options for the distribution of funding by Defra for Halton’s leadership role as LLFA result in a range of projected grant allocations as indicated in paragraphs 3.7 and 5.1. Depending on what level of grant is awarded, and how it is used to meet the requirements of flood risk management, there may be implications for the Council with regard to the extent it is able to deliver the role and functions under the Act and therefore meets its duties and obligations in terms of performance.

## **8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 There are no Equality and Diversity Issues associated with the report.

## 9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

<b>Document</b>	<b>Place of Inspection</b>	<b>Contact Officer</b>
Letter from Defra Policy Advisor – Flood Management	Highways Transportation and Logistics Department, Rutland House, Runcorn	D. Cunliffe
Defra Paper – Distributing Funding to Lead Local Authorities for Local Flood Risk Management.	Ditto	D.Cunliffe
Including:		
Annex A summary of Evidence base	Ditto	D.Cunliffe
Annex B Summary of Results for each funding Option.	Ditto	D.Cunliffe



## Appendix 1

**REPORT TO:** Environment and Urban Renewal Policy and Performance Board

**DATE:** 16 June 2010

**REPORTING OFFICER:** Strategic Director Environment & Economy

**SUBJECT:** Flood Risk Management

**WARDS:** Boroughwide

### 1.1 PURPOSE OF THE REPORT

To brief Members on the implications of the Flood and Water Management Act (2010) for Halton and provide information on the status of the various plans and funding arrangements which support its introduction.

### 2.0 RECOMMENDATION:

- 1) That the Board note the new duties imposed on the Council as a Lead Local Flood Authority and the financial and resource implications associated with them; and
- 2) That the Executive Board be requested to consider the financial and resource implications of the Flood and Water Management Act for Halton, including Defra's proposal to provide Area Based Grant to assist with the carrying out of its new duties.

### 4.0 SUPPORTING INFORMATION

#### 3.1 The Flood and Water Management Act 2010

This new Act, which is designed to provide more comprehensive management of flood risk for people, homes and businesses, received Royal Assent on 8th April 2010. The Act has very significant implications for Lead Local Authorities:

- **A new statutory responsibility for managing flood risk**

Whilst the Environment Agency will have an overview of all flood and coastal erosion risk management, Unitary and County Councils will become Lead Local Flood Authorities (LLFAs) responsible for managing local flood risk, in accordance with the national strategy. They will bring together relevant bodies, which will have a duty to co-operate, to develop Local Flood Risk Management

Strategies for surface water run-off, groundwater and non-main rivers. The Act places new duties on LLFAs, to investigate flooding incidents in their area and to maintain a register of structures or features which effect flood risk. The Act provides powers to carry out works for the management of surface water run-off and groundwater, and also environmental powers for works that would deliver leisure, habitat and other environmental benefits.

- **Responsibility for approving and maintaining sustainable drainage**

The automatic right for developers to connect to public sewers will be removed. Drainage systems for all new developments and redevelopments will need to incorporate sustainable drainage systems (SuDS) and be in line with new National Standards to help manage and reduce the flow of surface water into the sewerage system. County and Unitary Local Authorities will be SuDS Approving Bodies (SAB), responsible for approving SuDS before the developer can commence construction and for subsequent adoption and maintenance of the systems, which will be recorded on the local register of drainage structures.

Although part of planning guidance, the uptake of SuDS nationally has been slow for various legal and technical reasons. However, the provisions of the Bill together with the removal of the automatic right to connect to sewers will ensure that sustainable drainage design is an imperative feature of any new development.

- **Reservoir safety**

A new, improved, risk-based regime for reservoir safety will be introduced to protect the safety of the public. It will introduce regulation for some potentially higher risk reservoirs, currently outside of the system, and reduce the burden on regulated reservoirs where people are not at risk.

Halton currently has two reservoirs, surface water balancing ponds at Wharford Farm and Oxmoor in east Runcorn. It is anticipated that both are likely to be classified as 'low risk' reservoirs.

- **Other implications for Statutory Water and Sewerage Companies**

All sewers will be built to agreed standards in future so that they are adopted and maintained by the relevant sewerage company;

There will be an introduction of measures to control the use of water during periods of water shortage;

There will be a development of concessionary schemes and social tariffs for water and sewerage;

There will be proposals to reduce 'bad debt' including the provision of "named customer" to clarify who is responsible for paying the water bill.

### **3.2 The Flood Risk Regulations 2009**

The Flood Risk Regulations were introduced on 10 December 2009 to implement the EU Floods Directive. It was previously intended to transpose the Directive through the Flood and Water Management Act, however, the Regulations are consistent with the Act's aims and they provide a more timely introduction of the intended provisions. In the future, it is intended to consolidate the Regulations and the Act to produce a single, coherent set of provisions for the assessment and management of flood risk.

The Regulations place duties on Lead Local Flood Authorities as follows:

- Duty to prepare preliminary assessment reports in relation to flooding in its area. (a PFRA) This is a report about past floods and the possible harmful consequences of future floods, to identify areas of potential significant risk
- Duty to identify flood risk areas and determine whether, in its opinion, there is a significant flood risk in its area, and identify the part of the area affected by the risk ;
- Duty to prepare flood hazard maps and flood risk maps in relation to each relevant flood risk area;
- Duty to prepare Flood Risk Management Plans in relation to each relevant flood risk area.

Strict timescales for delivery of the reports, plans and maps have been laid down by Defra / EA, which will have significant resource implications. There has already been a significant amount of work undertaken to date on the development of various plans that will assist and inform the delivery of the duties as described below.

### **3.3 Catchment Flood Management Plan**

Catchment Flood Management Plans (CFMPs) give an overview of the flood risk across each river catchment and estuary and recommend ways of managing those risks now and over the next 50-100 years. CFMPs consider all types of inland flooding, from rivers, ground water, surface water and tidal flooding, taking into account the likely impacts of climate change, the effects of how we use and manage the land, and how areas could be developed to meet our present day needs, without compromising future needs. CFMPs identify flood risk management policies, to assist all key decision makers in the catchment and will help to target limited resources where the risks are greatest.

There are two CFMPs covering Halton:

- The Mersey Estuary Catchment Flood Management Plan – covering north of the River Mersey and

- The Weaver Gowy Catchment Flood Management Plan, covering the south side of the Mersey estuary.

Both plans were prepared in partnership with regional and local planning authorities, community and environmental groups and other stakeholders and they were agreed by the North West Regional Flood Defence Committee in April 2009.

### **The Mersey Estuary CFMP**

There are ten Sub-Areas within the Mersey Estuary CFMP. Sub Area 6 - Widnes and Penketh is defined as an area of “low flood risk” where the policy is to “take action to store water or manage run-off in locations that provide overall flood risk reduction or environmental benefits”. Current flood risk is managed through routine maintenance of the river channels and raised defences. Hale Bank is a tidal flood warning area.

The plan includes specific actions for partners including:

- The development of a Multi Agency Flood Plan for Widnes to ensure safe access and evacuation can be provided during flood events;
- Encouraging the use of appropriately designed Sustainable Urban Drainage Systems (SUDS) to control run-off at source;
- The production of a hydraulic model for Stewards Brook to provide key Environment Agency data and deliver accurate flood outlines for updating the Flood Map;
- Implementation of United Utilities recent proposals for remedial works to reduce sewer flooding issues in this sub-area.

### **The Weaver Gowy CFMP**

There are seven sub-areas within the Weaver Gowy CFMP. Sub Area 2 – Frodsham and Runcorn, is an area where the residential communities of Sandymoor, Runcorn are infrequently exposed to fluvial flooding from Keckwick Brook, This is expected to increase as climate change occurs, resulting in higher flood damage and hazards to people. There are around 25 to 50 properties in East Runcorn that have a 1% chance of flooding in any one year from Keckwick Brook. The policy for the area is that there “may be a need to take further actions to keep pace with climate change” The plan includes specific actions for partners including:

- In the short term, complete the proposed new flood defence scheme for the Keckwick Brook area. (Note: This is an Environment Agency scheme as Keckwick Brook is a main river)

Delivery against the actions contained in the CFMPs is measured under National Performance Indicator NI189. Actions include:

- Encouraging the use of flood resilience and flood-proofing to properties;
- Investigation of the resilience to flooding of key infrastructure;
- Production of SWMPs;
- Plan and guide development away from the floodplain;

Halton has made satisfactory progress in meeting its actions required for 2009/10 under the Action Plan.

### **3.4 Shoreline Management Plan**

A Shoreline Management Plan is a non-statutory, high level policy document used for coastal flood and erosion risk management planning which will be used to help the Environment Agency and Local Authorities plan work to manage coastal risks. It is a large-scale assessment of the risks associated with coastal processes, such as tidal patterns, and it helps to reduce risks to people and the environment. SMPs are intended to inform wider strategic planning.

The second generation of Shoreline Management Plans (SMP2s) are currently in production, covering the entire coastline in England and Wales. Although not a 'Coastal' authority, Halton is included in the North West England and North Wales Coastal Group, which covers the section of coastline from Great Ormes Head to Scotland and includes the Clwyd, Dee and Mersey Estuaries.

The SMP identifies four main policy approaches for the short term (0 to 20 years) medium term (20 to 50 years) and long term (50 to 100 years):

- **Hold the line:** Keeping the shoreline in the same place
- **Advance the line:** Creating more land by moving coastal defences into the sea
- **Managed realignment:** Letting the shoreline move forward or backwards in a controlled way
- **No active intervention:** Letting nature take its course on the shoreline

The long term plan for the inner Mersey estuary is to maintain the status quo, continuing to provide the same extent of protection currently afforded to property and infrastructure, while allowing natural evolution of the shoreline where there are currently no defences present

Halton's coastline is covered by 5 sections within Sub Cell 11(a), two on the south side and three on the north side of the estuary. To the west of Pickerings Pasture (Hale Point) the policy is one of 'no active intervention'. The commercial / industrial shoreline frontages to the west of Runcorn Widnes Bridge are designated as 'Hold the Line'. East of the Bridge, the policy is to 'Hold the Line' in the short term but a policy of 'Managed Realignment' will be considered in these areas, following further studies.

### **3.5 Surface Water Management Plan**

Surface water flooding can occur from a variety of sources (such as sewers, drains, groundwater, and runoff from land, small water courses and ditches) when high rainfall events exceed the drainage capacity in an area. This can lead to serious flooding of property and possessions where surface water flows and collects. A Surface Water Management Plan (SWMP) outlines the preferred surface water management strategy for a particular area, describing the causes

and effects of surface water flooding and the most cost effective way of managing surface water flood risk for the long term. As LLFA, Halton has the leadership role in the development of a SWMP in consultation with key local partners. The plan is intended to establish a long-term action plan to manage surface water in an area and should influence future capital investment, drainage maintenance, land-use & emergency planning, and future developments.

In August last year, as part of the Government's response to the Pitt Review, £9.7 million was awarded to 77 local authorities to develop SWMPs in the areas considered to be at highest risk of surface water flooding. In March, a further £5.3 million was awarded to 49 local authorities to help them tackle surface water flooding. Halton has been granted £100,000 for the development of a SWMP for Widnes, and work is now underway to establish partnerships and identify the scope of the SWMP study.

### **3.6 Transfer of Responsibility for Private Sewers**

From 2011 all private sewers that drain to public sewers will become the responsibility of the statutory water and sewerage companies. It has been estimated that up to 50 per cent of properties in England and Wales are connected to private sewers, which are generally collectively owned and maintained by the owners of the premises they serve (though often extending beyond the property boundary into the public highway).

There are no comprehensive records of where private sewers are located or what condition they are in. Unless a problem occurs householders are often unaware that they are responsible for the maintenance and repair of their private sewer, sometimes jointly with others. Defra estimate that nationally, there will be a £50m saving to Local Authorities as a result of the transfer through reduced management and maintenance costs. Very often, Local Authorities need to get involved in resolving problems and issues relating to private sewers, exercising their powers under the Public Health Act. In addition, Local Authorities may themselves be the owners of considerable lengths of private sewers.

However, the Local Government Association disputes the Government's estimates and say that the saving is likely to be much lower. The costs of transfer will be met by an increase in the sewerage element of bills to householders, currently estimated to be around 7.5 pence to 23 pence a week.

### **3.7 Sustainable Urban Drainage Systems**

Traditional drainage is designed to move rainwater as run-off from hard paving and roofing to a discharge point, either a watercourse or soakaway, as rapidly as possible. However, this approach can cause sudden rises in water levels and flow rates in watercourses and increase the risk of flooding downstream. By diverting rainfall to piped systems, water is stopped from soaking into the ground, depleting ground water and reducing flows in watercourses in dry weather. The Sustainable Drainage System (SuDS) approach to drainage is intended to

reduce flood risk and restore natural flows to groundwater and watercourses which will in turn reduce pollution, improve water resources and enhance the amenity of developed areas.

SuDS fall into three broad groups which provide a number of options for draining an area.

- Reducing the quantity of runoff from the site through source control techniques such as rainwater recycling or the use of permeable pavements;
- Slowing the velocity of runoff to allow permeation and infiltration through filter drains and swales (wide / shallow ditches);
- Providing passive treatment to collected surface water before discharge, utilising retention ponds and basins, large diameter pipes or storage tanks.

As described above, the Flood and Water Management Act establishes SuDs Approval Bodies (SAB) with the responsibility for approval, adoption and future maintenance of systems. Sustainable drainage will have to comply with new national standards and the right to connect to a public sewer will be conditional on the drainage system being approved by the SAB. There are a number of technical factors, which may prove challenging in the design and implementation of SuDS schemes in Halton. Impermeable clay ground conditions in Widnes, the presence of a high water table in East Runcorn and areas of contaminated land will in certain circumstances, constrain options. It will be important for developers to determine their drainage strategy and design at an early stage as SuDS techniques can take up a significant amount of space within a development, which may affect the developable area, land ownership, and landscape design etc. It should be noted that in the context of the Bill, development works can include the construction of impermeable patios and driveways.

Halton will have SAB responsibilities and the assessment & approval process of developer's drainage proposals and this itself have a significant resource requirement. However, following adoption, it is the duty for future maintenance of SuDS that will have the greatest impact on resources and funding. This is described in paragraph 3.10 below.

### **3.8 Reservoirs**

The provisions of the Flood and Water Management Act make changes to the Reservoirs Act 1975. A new risk-based regime for reservoir safety will reduce the burden on regulated reservoirs where people are not at risk, but will introduce regulation for some potentially high risk reservoirs currently outside the current system

- The Environment Agency will maintain a register of all reservoirs above 10,000 cubic metres capacity (previously this was 25,000 cu.m) held above the natural level of any part of the surrounding land

- The Environment Agency will classify each relevant reservoir according to whether, in the event of an uncontrolled release of water from the reservoir, they pose a threat to human life
- The duties of reservoir managers 'panel engineers' will be specified, based on the level of risk.

Although the thresholds for registering reservoirs would be reduced to 10,000 cubic metres, "only those that pose a risk to life would be required to have the same level of supervision and periodic inspections by qualified civil engineers as at present" and reservoirs judged to be 'low risk' could be exempted from certain inspections and procedures.

Halton currently has two reservoirs that come within the criteria described in the Act. Both are balancing ponds (Wharford Farm Basin and Oxmoor Basin), constructed as part of the flood attenuation system for Keckwick Brook, in connection with development at Sandymoor and Manor Park. As part of the risk assessment process, Defra have completed a reservoir inundation mapping exercise to rank reservoirs in order of priority for the purpose of informing emergency planning processes. Defra have confirmed that none of the reservoirs located in Halton have been assessed as high priority.

### **3.9 Funding and Grants**

Prior to the recent elections, Defra have stated that they are fully committed to fully funding the *net* new burdens imposed on LLFAs. The majority of new financial costs relate to the leadership role and to SuDS adoption and maintenance. It is hoped that this position at least will be maintained, if not improved upon, but the Government's planned cuts in public expenditure may have an impact in this regard and further developments are awaited.

In response to consultation on the draft Bill, the LGA, on behalf of members, expressed serious concerns over the cost estimates of the Bill's proposals and funding assumptions used in Defra's impact assessment. Given the importance of the flood leadership role and local authorities concerns about funding, Defra have agreed that, together with the LGA, they will jointly monitor the situation and will keep costs and assumptions under review, addressing any shortfalls that arise.

Defra's assessment of the cost of new burdens is based on upper-end of cost estimates and conservative saving assumptions in order to provide added confidence. Defra have stated that they will provide:

- An extra £36m/yr for lead local flood authorities, distributed via Area-Based Grants to LLFAs, which will allow local authority-led activity to triple to £54m per year. The allocation of funding will be determined by Defra in consultation with CLG.



- The ongoing costs of maintaining adopted SuDS will be funded in full. Initially costs of maintenance will be low, but as more systems are built and adopted the costs will increase. Funding options are being reviewed and the long-term position will be made clear before commencement to ensure certainty that there will be no funding shortfall.
- An extra £2.7m per year, will be raised through the existing 'local levy' (an increase of 10%) by Regional Flood & Coastal Committees for local coastal erosion schemes, plus up to £3m per year for reservoir emergency plans.
- An £8m contingency in the first year of implementation.

As described in paragraph 3.6 Defra have estimated that the transfer of private sewerage to statutory water companies would produce savings to Local Authorities estimated at £50m, and this 'saving' will fund the majority of costs in undertaking new duties. Whilst Defra maintain that this is a conservative estimate, the LGA dispute this figure and say that dealing with private sewerage problems and issues is much less. This estimated 'saving' would be reflected in future Local Authority budgets and accounting for the transfer is expected to affect funding provision by less than 1%.

As indicated in paragraph 3.5, in March Halton was awarded £100,000 by Defra under their 'Early Action' programme to tackle surface water flood risk, for the development of a SWMP.

The Environment Agency has designed a scheme to provide flood protection to residential properties in Sandymoor, which are at risk of flooding from Keckwick Brook, a main river. This flood alleviation scheme is estimated to cost in the region of £1.5m, and is included within the Weaver Gowey CFMP action plan. We understand that a cost-benefit analysis was to be carried out on the proposals before the scheme could be programmed. One aspect of the scheme is to provide a silt trap to intercept solids within the Brook and improve flow, and Halton submitted an Early Action Bid for this specific improvement. The intention was to fund this improvement with proposed match funding from Halton's Risk Management capital allocation and a £50,000 contribution from Homes and Communities Agency (HaCA). Unfortunately this bid was not successful, although HaCA have provided their contribution, to ensure the cleansing and maintenance of the pedestrian subway above the Keckwick Brook culvert by Halton.

Funding has been made available by the Environment Agency to jointly fund a post that will take on a co-ordinating and advising role across LLFAs within an area, working together with partner authorities on flood related matters. Together with other Merseyside authorities, Halton will contribute £5000 toward the cost of this post.

Since 2004, an allocation of £100,000 per year has been made available from Halton's Capital programme to fund a variety of flood risk management and drainage improvement works. The works have ranged from minor improvements to existing drainage infrastructure, increasing capacity and preventing potential blockages, to extensive programmes of desilting to maintain flood resilience. The money has also been spent on flood protection to individual properties, through the provision of flood gates, sand and gel bags etc.

## **10.0 POLICY IMPLICATIONS**

**4.1** There are policy implications for Halton contained within the Environment Agency's CFMP and SMP2. These documents establish flood risk management policies within river catchment areas and along coastlines. They are designed to assist and inform stakeholders, including local Authorities, who can use the plans to develop more detailed policies, strategies and plans within their area. Policies in relation to surface water management, SuDS schemes and reservoir management will be brought to the Board as they are developed.

## **11.0 OTHER IMPLICATIONS**

### **5.1 Resource Implications**

The Act has significant resource implications for Halton as a Lead Local Flood Authority and SuDS Approval Body. These are described within the body of the report together with the proposed funding arrangements outlined by Defra. The transfer of private sewerage to the statutory water companies will also have resource implications for Halton, in reduced involvement in problems relating to private sewers.

### **5.2 Sustainability**

Defra's whole approach to flood and coastal erosion risk management is based upon sustainable strategies. This is delivered in partnership with the Environment Agency, through the strategic, sustainable, flood risk management approaches including Catchment Flood Management Plans and the Shoreline Management Plans and Surface Water Management described above. The measures in the Flood and Water Management Act for the adoption of Sustainable Drainage Systems for all new developments and the removal of the automatic right to connect to public sewers demonstrates the commitment to sustainable solutions.

### **5.3 Best Value**

Expenditure on preventing floods and minimising the impact of flooding and coastal erosion can be highly beneficial, compared with the cost of responding to incidents and repairing and reinstating damage. It has been estimated that the benefits of improved defences to control and manage flood risk, outweighs the cost of such works by a factor of 8 to 1. A cost – benefit approach to all flood risk

management work by Local Authorities is positively encouraged to ensure that the cost of plans and investments are justified.

#### **5.4 Legal Implications**

The Act places many new statutory duties on Halton as a LLFA and SAB are briefly outlined in the body of the report above. These are in addition to existing powers and duties under (inter-alia) the Land Drainage Act, the Public Health Act and Reservoirs Act.

### **12.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

#### **6.5 Halton's Urban Renewal**

The management of flood risk will have a beneficial effect on both the sustainability of existing development and the planning and delivery of new developments in those areas with potential to suffer flooding. These include parts of southern Widnes where the expansion of industrial and commercial development continues apace, and areas of housing and commercial growth in east Runcorn. SuDS schemes have the potential to provide new, high quality open spaces within the urban environment.

### **13.0 RISK ANALYSIS**

7.1 The report summarises the impact of new legislation and the effect that the various plans, to manage flood risk in the area, will have on Halton. The new duties of LLFA and SAB will bring with them challenges and risks for the Council, but it is too early to scope and define these in any detail. It is proposed that the Executive Board be requested to consider a report on the financial and resource implications of the Act, which will include a risk analysis of these specific aspects.

### **14.0 EQUALITY AND DIVERSITY ISSUES**

8.1 There are no Equality and Diversity Issues associated with the report.

### **15.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

<b>Document</b>	<b>Place of Inspection</b>	<b>Contact Officer</b>
Catchment Flood Management Plan – Mersey Estuary	Highways Transportation and Logistics Department, Rutland House, Runcorn	D. Cunliffe
Catchment Flood Management Plan – Weaver Gowy	Ditto	D.Cunliffe
Shoreline Management Plan – North West	Ditto	D.Cunliffe

England and North Wales  
Coastal Group Sub Cell  
11A

Defra Early Action  
Programme Bid – Flood  
Risk Management.  
Development of a SWMP  
for Widnes

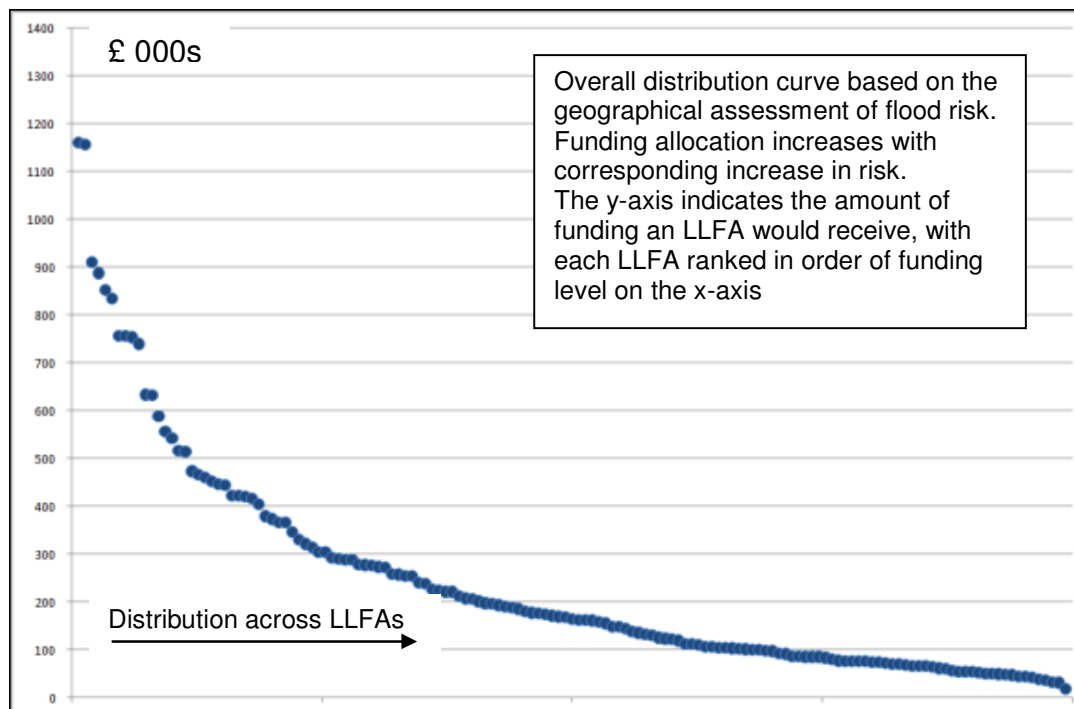
Ditto

D.Cunliffe

## Appendix 2

### Defra's Results

**Option 1 – Funding distributed based purely on the geographical assessment of flood risk.** A percentage figure for each LLFA is determined that represents its share of property at risk nationally and therefore its share of funding. Assuming that £36 million per annum is available for Area Based Grant, the graph below illustrates the distribution of funding to the 149 LLFAs.



*Option1 Graph*

The distribution curve ranges from a maximum grant allocation of £1,160,800 (representing a 3.22% share of property at risk in Lincolnshire) to a minimum of £19,900 (representing a 0.3% share of property at risk in Rutland). If funding were to be distributed in this way, Halton would be allocated £49,100 (representing a 0.7% share of properties) and 140<sup>th</sup> in the list of LLFAs.

### **The Case for a 'Funding Floor' to set a minimum Level of Grant**

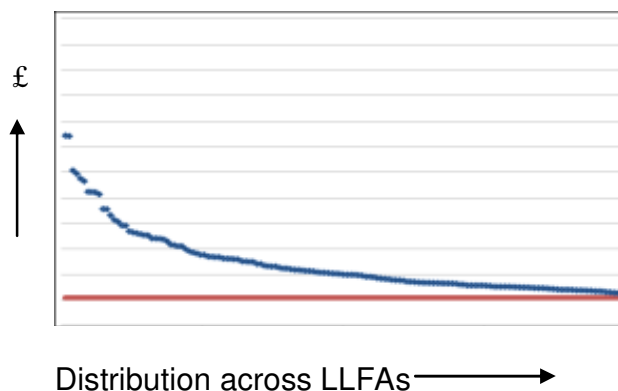
Defra acknowledge that all LLFAs will be expected to undertake certain actions to meet the requirements of the Act. These may not correspond perfectly to the level of risk although more work would be required where risk is higher than in areas where it is less. This suggests that a funding 'floor' may need to be set.

Defra has also considered the value at which a floor might be set to determine the minimum amount of grant. It should be noted that the introduction of a 'floor' has the effect of 'flattening' the distribution curve as more LLFAs would receive the minimum amount. Defra have commissioned work to review the costs of the leadership role and to look at the level and costs of staff resources that might be required to deliver the duties under the Act. Their findings suggest that a Chartered Engineer would cost around £70,000 a year, and a Technician around £50,000 a year including on-costs and overheads. Defra consider that it is reasonable to assume that one or two people will be needed in addition to existing teams to carry out the new functions under the Act, even where risk is relatively low. Their paper presents the options of setting a funding floor at £110,000 (equivalent to 1.5 Chartered Engineer FTEs or 2 Technician FTEs).

If a funding floor is introduced as suggested, of the assumed £36 million, £16.39 million would be evenly distributed across all 149 LLFAs. Defra present two further options for the distribution of the remainder of the funding as described below.

### Option 2a – 'Top-up Floor'

Here, after each authority is provided with the flat rate of funding as a floor, the remaining funding is distributed (in addition to the floor already provided) on the basis of the assessment of geographical information on flood risk. This option continues to provide each LLFA with a level of funding according to the level of risk.



It is possible to provide all LLFAs a minimum amount of funding to cover new burdens identified in Impact Assessments and New Burden Assessment. The remaining funding is distributed according to the geographical assessment of flood risk which counts of the number of properties at risk of flooding in each LLFA. In this scenario, no LLFA receives less than 1½ FTE.

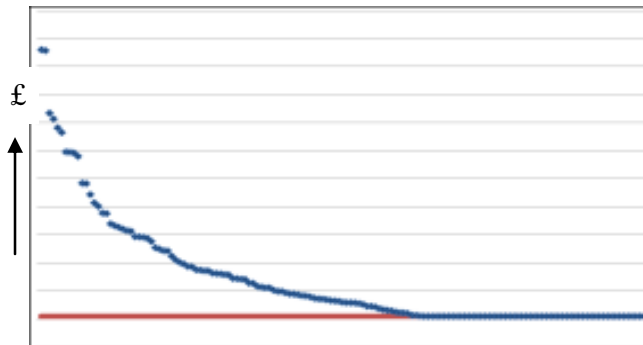
*Option 2a Graph*

Under this option the Grant allocations range from £742,300 to £120,900. Halton's maximum grant would be £136,700.

### Option 2b – 'Adjusted Floor'

This option distributes the funding according to flood risk – as with option 1, but for those 55 authorities (including Halton) that fall below the suggested 'floor' of £110,000, the grant is adjusted to that minimum level. The balance of funding (£29.95m) is distributed to the remaining authorities giving a maximum grant of

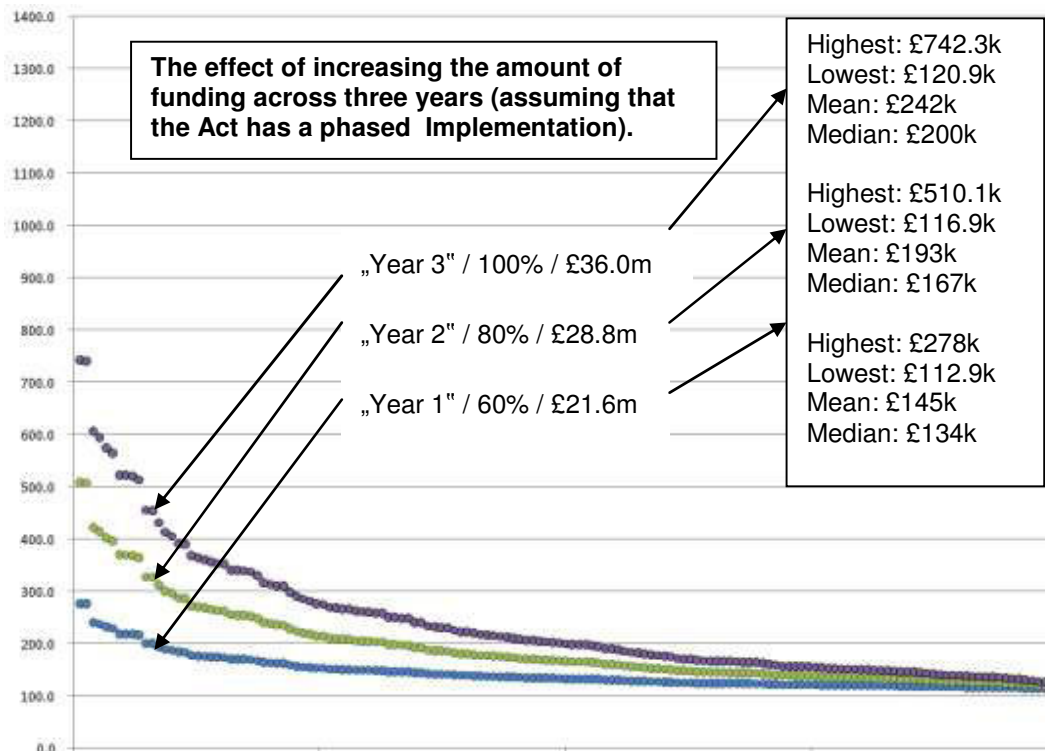
£1,060,000. In this case Halton would receive only the funding floor amount and not an additional amount to cover risk to properties.



Here, as the alternative, distribution could be based on the geographical assessment of flood risk with any local authority below the threshold being lifted to the threshold. LLFAs receiving more than the threshold would receive less to compensate for the cost of the uplift.

Distribution across LLFAs  $\longrightarrow$   
Option 2b Graph

As stated in paragraph 3.2, funding illustrations have been provided for all three options based upon a phased implementation of the Act over three years – 60% in year 1 (£26.1M), 80% in year 2 (£28.8M) and 100% in year 3 and thereon (£36M). This is shown in the graph below.



Phased Implementation Graph

**Defra Proforma for Responses (Extract)**

**Questions:**

**Question 1. Do you have a preference on how funding for Lead Local Flood Authorities is provided?**

Please answer using the appropriate 'tick box' below.

I Prefer Formula Grant <input type="checkbox"/>	I Prefer Area Based Grant <input checked="" type="checkbox"/>	I Prefer Other Forms of Funding <input type="checkbox"/>	I'm Neutral <input type="checkbox"/>
--	--	---	---

Area based Grant will provide the clearest, most transparent way of providing funding for LLFAs against the measured criteria. We would be able to take advantage of the flexibility of the 'non-ring-fenced' grant whilst enabling us to prioritise resources and get maximum vfm in delivering the new leadership role. However, it is important that as the funding of the new burdens is reviewed and adjusted (for instance, in line with improvements to the evidence base data), that the Grant continues to be maintained at a sustainable level so that we can adequately plan our medium to long term resource requirements.

*Commentary:*

*Area Based Grant is preferred as it enables us to see how much has been allocated to fulfill the new LLFA duties whilst retaining flexibility in how and where the grant is spent.*

**Question 2. Do you agree that Government distribute funding for Lead Local Flood Authorities on the basis of geographical data such as flood maps and surface water vulnerability maps?**

Please answer using the appropriate 'tick box' below.

I Strongly Disagree <input type="checkbox"/>	I Disagree <input type="checkbox"/>	I'm Neutral <input type="checkbox"/>	I Agree <input checked="" type="checkbox"/>	I Strongly Agree <input type="checkbox"/>
---	--	---	--	--

It is more realistic to distribute funding according to need based upon existing flood risk mapping data. However, as the collection and analysis of data



improves and information becomes more accurate, it will be important to avoid any wide fluctuations (either way) in the level of grant awarded.

*Commentary:*

*It is agreed that the level of grant should reflect the risk of flooding in an area, rather than it being related to historic expenditure on flood risk management. The available geographic based information on flooding and surface water vulnerability will gradually become more refined and accurate as a result of the plans and strategies required under the Act, and in accordance with the requirements of the Flood Risk Regulations. Again, as the level of risk in an area becomes better defined it will be important that the level of funding reflects that risk, but wide fluctuations in the level of grant over a period must be avoided.*

**Question 3. Do you agree that a minimum amount of funding should be set (as a floor) that any one authority will receive?**

Please answer using the appropriate 'tick box' below.

I Strongly Disagree <input type="checkbox"/>	I Disagree <input type="checkbox"/>	I'm Neutral <input type="checkbox"/>	I Agree <input type="checkbox"/>	I strongly Agree <input checked="" type="checkbox"/>
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As stated in the accompanying paper, all LLFAs will be required to undertake certain actions to meet the requirements of the Act. Therefore, we agree that a minimum amount of funding should be set for each authority.

*Commentary:*

*If the level of grant was based simply on the criteria used – the %age share nationally, of properties at risk, then Halton would not receive sufficient funding to employ even one additional member of staff to carry out the functions.*

**Question 4. If you agreed at question 2, what would you consider should be the minimum amount of funding an authority receives?**

The value of the floor indicated in the accompanying paper would appear reasonable at £110,000. It should be noted that Authorities may already employ staff to undertake existing roles within Land Drainage and Flood Risk Management and of course also undertake a significant degree of management and administrative functions in connection with this. Undertaking the new duties will add not only to the base workload of LLFAs (which may be resourced through additional staff) but also to the general management role across the relevant Departments. It will be important to employ staff with the correct skills,

knowledge and experience as well as the seniority/authority to act and deliver the leadership role. Given the acknowledged skills shortage in this area, these people are likely to be in short supply and may command a premium salary. In addition, the need to re-skill/re-train staff involved in flood risk management will add to the overhead costs in terms of staff development and training and future funding must recognise this. At the upper end of the distribution curve, the indicative level of funding equates to in excess of 10 FTE's (for ten LLFAs). It is questionable whether this level of resource is justified. The paper touches upon the effect of introducing a 'funding ceiling' (at £700,000) and the introduction of a 'floor' (at £110,000) which flattens the distribution curve, effectively limiting these higher-end allocations.

**Question 5. If you answered question 3 and 4, please explain any evidence you may have to support your answer?**

Current activity in the area of Flood Risk and Surface Water Management together with initial consideration of LLFA duties already competes for the time of two senior engineers, a Lead Officer and Divisional Manager. This is in addition to commissioning Consulting Engineers for surface water modelling and input from the Council's Planning Division and Risk Management Division to Flood Risk Strategies and local resilience. One of the senior engineers is currently studying for an MSc in Flood Risk Management and others have attended workshops/seminar etc. In relation to the Act and the new duties for LLFAs. Any additional duties will place greater demands on staff resources and require further training and development in these specialist areas.

**Question 6. Do you agree that the assumptions about staff costs are correct?**

Please answer using the appropriate 'tick box' below.

I Strongly Disagree <input type="checkbox"/>	I Disagree <input type="checkbox"/>	I'm Neutral <input type="checkbox"/>	I Agree <input checked="" type="checkbox"/>	I Strongly Agree <input type="checkbox"/>
---	--	---	--	--

Salary costs for both Chartered Engineer and Technician appear a little high in comparison with rates applied across the Local Government sector. However, as stated in the responses to Q4, due to skills shortages in this area staff posts in Flood Risk Management may attract a premium salary. The need for experienced and senior staff to undertake the roles would also require posts to be pitched at the higher 'Lead' or 'Principal' officer grades. The staff costs indicated are commensurate with what we pay for Consulting Engineering staff to work with us on projects. The on-cost for National insurance is realistic at an average of 11% however Superannuation on-costs are lower than what we allow (18%) Overheads appear on the low side at 20% (22.5% typically). Overall we agree with the assumptions about staff costs.

*Commentary:*

*Defra commissioned a report from Warwick Business School and Atkins on the costs associated with implementing duties under the Act. The report drew on survey data of salaries from the Institution of Civil Engineers and the LGA to derive typical staff costs for engineering staff including overheads. Whilst the salary costs indicated appear high in comparison with Halton's staff costs, some of the on-costs are slightly low. The figures illustrated correlate closer to Consulting Engineer charges currently used. As stated in the response to question 4, it will be important to secure staff with the necessary knowledge and seniority and it is recognized that there is currently a 'skills shortage' in the area of flood risk management. In the light of these comments, the illustrated staff costs appear to be a correct assumption.*

**Question 7. Which of the options presented in the paper do you prefer?**

Please answer using the appropriate 'tick box' below.

I prefer option 1 <input type="checkbox"/>	I prefer Option 2(a) <input checked="" type="checkbox"/>	I Prefer Option 2(b) <input type="checkbox"/>	I do not agree with any of the options <input type="checkbox"/>
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This option recognises the fact that all LLFAs must undertake certain actions to meet the requirements of the Act and distributes the funding according to recognised need and in accordance with the criteria and evidence base. Option 2b does not take account of the differential in Relative Score for the 40% of LLFAs in the bottom part of the table Annex A i.e. between 0.3% and 0.1%. This must be acknowledged in the funding distribution.

*Commentary:*

*This is the real crux of the consultation. All of the options presented, use the same evidential data and are based upon the number of properties at risk of flooding. However, due to the suggestion that a 'funding floor' might be introduced each option results in a different distribution profile of the funding available to authorities through Area Based Grant. As all LLFAs must undertake certain actions it is fair that all receive sufficient grant to carry out the duties and functions under the Act. Therefore, we support the introduction of a 'funding floor'. As the proposed funding is based on an assessment of flood risk, it is also reasonable to fund according to the level of risk to each authority. This method of distribution also has the effect of 'damping' grant at the upper end of the curve and therefore Option 2a – the 'Top-up floor' represents the fairest way for distributing proposed funding according to need.*

**Question 8. Do you agree with the weightings suggested in the paper (repeated below)?**

I Strongly Disagree <input type="checkbox"/>	I Disagree <input type="checkbox"/>	I'm Neutral <input checked="" type="checkbox"/>	I Agree <input type="checkbox"/>	I Strongly Agree <input type="checkbox"/>
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It is correct to exclude Flood Zone 1 and areas less vulnerable to Surface Water Flooding from the weighting. Without the benefit of experience in relation to the actual ratio between SWM and Flooding & Coastal Erosion, and given the results of the 'sensitivity test' included in the paper, Defra's initial assessment of a 70:30 split would appear acceptable.

*Commentary:*

*Asks about the weightings used in the assessment of flood risk and the ratio of apportionment of grant according to surface water or sea & river flooding. In the absence of any real or actual evidence of where the main demand on resources and staff time will be, the weighting and ratio appears reasonable. Defra have also carried out some 'sensitivity' testing of their funding models which demonstrates that any variance either way has only a marginal impact on funding distribution, particularly at the lower end of the curve.*

**Question 9. Are there any other comments or suggestions that you would like to make?**

As the demands of the new burdens are still to be fully realised and because this is a specialist area of work requiring specific skills that are currently in short supply and will need significant development, it is essential that the proposed funding package is preserved through the Spending Review.