

From: David Brazier, Cabinet Member for Environment and Transport
Barbara Cooper, Corporate Director for Growth, Environment and Transport

To: Environment & Transport Cabinet Committee – 14 January 2015

Subject: Coastal and river flood defence investment

Electoral Division: Countywide

Summary: The winter of 2013/14 has further highlighted the risk to Kent from flooding. Under the new flood funding mechanisms, many of the coastal and river flood defence schemes required to protect Kent are not fully funded. The government will provide funds to any scheme according to the benefits it delivers; if the identified benefits are not deemed to be sufficient, contributions from other partners are required.

There are many schemes in Kent that require partnership contributions and the Environment Agency (EA) have provided a list of what they consider the top 10 priorities. Many of these schemes require partnership contributions and this paper provides an update on progress of those schemes.

KCC has agreed in principle to provide £205,000 in partnership funding to the EA to support the further development of the Leigh and Lower Beult Flood Alleviation Scheme (FAS), required to protect Tonbridge and Yalding. This will be funded from the Flood Risk Management Budget provided by Defra for our role as Lead Local Flood Authority.

Recommendations: The Cabinet Committee is asked to:

- Support the contribution of £205,000 to the development phase of the Leigh and Lower Beult FAS.
- Note the proposal to establish the Flood Funding Forum for the Leigh and Lower Beult FAS.
- Note the progress on delivering the EA's top 10 schemes for Kent and the need for further funding in future.

1. Introduction

1.1. The flooding in the winter of 2013/14 has highlighted the vulnerability of Kent to flooding. An estimated 942 properties were flooded, predominantly on the River Medway. There are many other areas in Kent vulnerable to flooding, which did not experience the same severe rainfall last winter but would also benefit from defence schemes. However, many of the schemes that would protect properties in these areas are not fully funded.

1.2. Government financing of flood defences changed in 2012. Previously flood defence schemes that achieved a qualifying benefit:cost ratio could be funded and schemes that did not achieve this would not be funded. Now, the government will provide a contribution to any flood defence scheme according to the benefits it

provides irrespective of the overall cost. If the funding is sufficient to deliver the scheme it can be constructed, if not then the scheme the remainder will have to be provided by other parties – ‘partnership funding’.

1.3. This paper presents the schemes the EA sees as priorities for Kent and the additional funding they require. The scale of partnership funding required to deliver all of these schemes is too large for KCC to fund alone, however there may be benefits in funding (or partially funding) some of these schemes.

2. Background

2.1. The EA is responsible for taking a national strategic overview of the management of all sources of flooding and coastal erosion. This includes, for example, setting the direction for managing the risks through a national strategy; working collaboratively to support the development of risk management and providing a framework to support local delivery including the administration of Flood Defence Grant in Aid (FDGiA). The Agency also has local operational responsibility for managing the risk of flooding from main rivers, reservoirs, estuaries and the sea, as well as being a coastal erosion risk management authority.

2.2. Partly in response to the Pitt Review into the 2007 floods, the government introduced a new funding mechanism that allowed, and even encouraged, contributions to flood schemes from other parties. Under this mechanism the government is prepared to provide FDGiA to any scheme based on the value of the benefits the scheme provides.

2.3. The government applies various economic values to economic benefits under FDGiA; it is not a simple benefit-cost ratio. It values protection to residential property highest (providing 20% of the estimated present value benefits, which rises for properties in deprived areas), but also funds the creation of habitat and river improvements (these are funded by length or area of habitat or improvement created) and provides a contribution for other economic benefits at 5.56p in the pound (only some economic activities are included in this and notably the value to farmland is excluded).

2.4. If this grant is sufficient to deliver a scheme it can proceed. If this grant does not cover the costs either a cheaper scheme has to be identified or partnership contributions found. There is no restriction on who can make a contribution and it need not be exclusively in cash, it can be a gift of land or works in kind (as long as they are useful to the scheme).

2.5. There is competition for FDGiA. The government prioritises the most cost beneficial schemes and under partnership funding this includes the partnership contribution. Schemes are ranked according to their ‘partnership score’: the benefits of the scheme plus any partnership contributions divided by the cost.

2.6. This year the government has asked the EA to prepare a six year programme for FDGiA (previously it had always been on an annual basis). This means that it is possible to see the future commitment of the government to schemes in future years that have not already started. Note that the government contribution is not guaranteed until the partnership contributions have been agreed legally and the project is ready to commence.

2.7. There is a local flood defence fund called Local Levy to which each Lead Local Flood Authority in the region contributes. In the Southern Region it is approximately £1.18m. This can be used to fund small schemes, the design of larger schemes and/or as partnership funding contribution for large schemes. However, the local levy is not sufficient to deliver the construction phase of large schemes.

3. KCC's role

3.1. KCC has no statutory role in delivering flood defences for coastal or fluvial flooding. As the Lead Local Flood Authority and the Highway Authority we have duties and powers for flood protection for surface water, groundwater and ordinary watercourses and to prevent flooding to and from the highway.

3.2. The delivery of fluvial and coastal flood defences does not fall directly within KCC's remit, however flooding from these sources represents a significant risk to the county. Preventing the damage and disruption caused by these forms of flooding would have significant benefits to the lives and health of Kent residents and for local businesses.

4. Flood defence schemes in Kent

4.1. The EA has provided its top ten flood defence schemes in Kent and this is shown in Appendix 3. Of these ten schemes, some are fully funded, either as they qualify for full FDGiA or because they have received support from partners. Others are not funded as they have not qualified for government grant as they do not have sufficient benefits to justify their costs or they do not have sufficient partnership funding identified.

4.2. Where a scheme is shown with partnership funding but has yet to reach the construction phase the funding contribution is not secure as no legal agreement will have been made with the EA yet and the negotiations for partnership funding may not have concluded. In particular there are four schemes along the coastline of the Romney Marshes, each of which need to be delivered in order to protect the marshes. If any one of these is of a lower standard the whole of the Romney Marshes are at risk.

4.3. The full list of Kent flood defence schemes that have not yet started is included in Appendix 1. This list also includes schemes that require partnership funding. Some of the smaller schemes have been allocated local levy and the indicative local levy allocation for the next six years is shown in Appendix 2.

4.4. The schemes on these lists include ones that require design and construction and both these phases are regarded as capital spending under FDGiA. Each phase needs funding and is subject to partnership funding rules.

4.5. The Leigh and Lower Beult FAS includes both the Leigh Barrier improvements and the River Beult storage as one project. By combining these into one project the EA are able to improve the overall contribution from FDGiA to 50%. As separate projects the Leigh Barrier improvements cost approximately £11m and are approximately 75% funded protecting approximately 2,200 properties whilst the Beult River scheme costs approximately £23m and is approximately 35% funded,

protecting approximately 1,100 properties. A description of the individual parts of this project can be found in Appendix 3, a list of the EA flood defence schemes.

4.6. For the next three years of this project work will focus on the outline design phase through to planning approval and contract award for the construction phase. Once this phase is complete the project will require a further approximately £17m for the construction phase to match the confirmed contribution of £17m from FDGiA. The partnership contributions will need to be in place in order to unlock the government's committed contribution.

5. Progress on delivery

5.1. The following is a summary of current progress on the schemes listed in Appendix 3:

- 5.1.1. Kent County Council, Maidstone Borough Council (MBC) and Tunbridge and Malling Borough Council (TMBC) have provisionally agreed to provide £205,000, £100,000 and £100,000 respectively over the next three years for the development phase of the Medway and Lower Beult project to provide the £405,000 required to complete the outline design. The KCC contribution will be funded from the Flood Risk Management budget from the next three years, which is provided by a grant from Defra for our Lead Local Flood Authority role. Funding for the detailed design and construction of the scheme will need to be in place at the end of this three year period. A Flood Funding Forum is being organised to raise local contributions to this scheme. Parishes, local authorities and businesses will be invited to the group to agree the best way to share the costs across the beneficiaries.
- 5.1.2. The Canterbury scheme is fully funded by the government at present and should be progressed without partnership contributions. The local levy has been used to bring forward the development of the scheme to take advantage of any additional budget in the FDGiA programme.
- 5.1.3. We are supporting TMBC in bidding for LEP funding for the Leigh Flood Storage Area and East Peckham schemes as these both have benefits that match with the LGF2 criteria. £2.5m has been bid for the construction phase of the Leigh FSA scheme and £700k has been bid for the East Peckham scheme.
- 5.1.4. The Nailbourne schemes have been separated into individual parts and many are supported through the Local Levy. These include delivery of some schemes to provide a benefit where it has already been identified and the investigation of further options for larger schemes. Once this development is undertaken a bid for the capital works can be made for FDGiA.
- 5.1.5. The EA are currently negotiating with stakeholders regarding the partnership contributions required for the Romney Marsh schemes. These negotiations have not yet led to a commitment for the partnership contributions.

5.1.6. The Five Oak Green FAS and South Ashford FAS have been allocated FDGiA at the end of the current six year programme, however they each require a substantial partnership contribution that will be difficult to secure.

5.2. There are many other schemes in Kent, as can be seen from Appendix 1. These may align with strategic objectives or benefit key KCC estate. Officers working with colleagues from Property, Highways and Transportation and Strategic Planning will undertake a review of any overlap to further inform priority flood defence schemes for KCC.

6. Conclusions

6.1. There are a number of flood defence schemes planned for Kent and many require partnership contributions to proceed. These schemes offer a range of benefits from protecting property, business and farmland from flooding. The scale of the investment is likely to be beyond the scope of most local communities and businesses to provide.

6.2. More schemes will be identified in future to protect areas of Kent at risk of flooding but where there currently is not an identified flood defence option.

6.3. Of the top 10 schemes identified by the EA, eight are currently progressing. This includes the Leigh and Lower Beult scheme, which is supported by £205,000 from KCC, and £100,000 each from MBC and TMBC through the development phase that will lead up to commissioning the detailed design and construction. The KCC contribution will be funded from the Flood Risk Management budget from the next three years. During this phase the partnership funding for the detailed design and construction will need to be found in order to secure the government's contribution and to this end a 'Flood Funding Forum' will be established to raise local contributions.

6.4. Officers will also assess where other flood defence schemes benefit strategic projects and key property.

7. Recommendations

The Cabinet Committee is asked to:

- Support the contribution of £205,000 to the development phase of the Leigh and Lower Beult FAS.
- Note the proposal to establish the Flood Funding Forum for the Leigh and Lower Beult FAS.
- Note the progress on delivering the EA's top 10 schemes for Kent and the need for further funding in future.

8. Contact Details

Paul Crick
Director of Environment, Planning & Enforcement
03000 413356

paul.crick@kent.gov.uk

Max Tant
Flood Risk Manager
03000 413466
max.tant@kent.gov.uk