

Reducing flood risk

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While Government spending on flood defence has increased dramatically since 1997, larger sums will be needed just to maintain existing levels of protection

Between May and June 2007, extreme rainfall led to widespread flooding in England and Wales. It was arguably the largest peacetime emergency since World War II, causing 13 deaths and £3.2 billion in damage. The Government commissioned Sir Michael Pitt to undertake an independent review of the floods, which concluded that “urgent and fundamental” changes were needed to reduce flood risk. It called for a range of actions, including:

- Clearer roles and responsibilities for flood risk management
- A continued presumption against development in flood-prone areas, barring exceptional circumstances
- Flood-proofing of buildings in flood-prone areas

The Government accepted all 92 recommendations and the *Flood and Water Management Act 2010* implemented those that required legislation, including the provision of clearer oversight of flood risk management at national and local levels, and allowing the changing of building regulations to improve the flood resilience of properties.

However, the challenge posed by flooding is predicted to increase in future due to a number of factors, including:

- Climate change, which could lead to rising sea levels and changes in rainfall
- Ageing drainage and flood defence infrastructure

- More buildings in flood-prone areas
- More paving, which increases the volume of water running off the ground

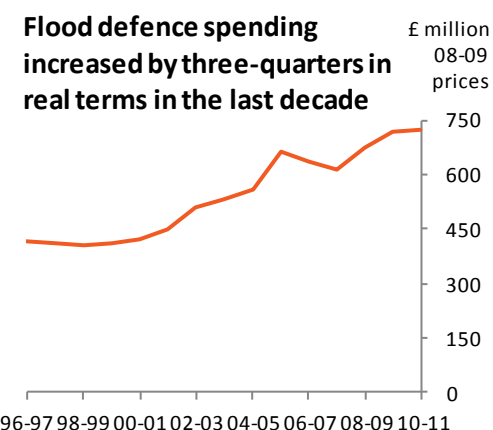
Annual flood damage costs in England and Wales are around £1 billion today—but these could exceed £27 billion by 2080 in the worst case scenario.

Annual flood damage costs £1 billion – but this could rise to £27 billion by 2080

FLOOD DEFENCE SPENDING

While there has been a significant real increase in flood defence spending since 1997, in order to maintain existing levels of flood protection to 2035, spending on asset maintenance and construction would have to increase by 80% to over £1 billion per year. That is an increase of £20 million plus inflation per year to 2035, excluding the costs of tackling surface and groundwater flooding. This investment would save the economy some £180 billion over the next 100 years. *Finding the funding necessary for flood protection works will be challenging in the light of budgetary constraints.*

While national funding will continue to be important, local and other funding will have to play an increasing role in meeting local flood risk management priorities.



INSURANCE

The insurance industry has agreed to provide flood cover for most properties, but only if government continues to invest in flood risk management. This agreement does not cover properties built after January 2009. While Pitt found that the current arrangements for flood insurance were largely satisfactory, some of those affected by recent flooding claim that they have experienced unaffordable increases in their premiums and excesses. This has caused some property owners difficulty in obtaining flood cover and mortgages. There have also been claims that insurance costs have not been reduced when property owners have installed flood protection measures. However, insurance companies say that flood damage costs are increasing, and it is fair that property owners should share the risk of owning a property in a flood risk area. *The Government will have*

to commit to long-term investment in flood protection; otherwise the insurance industry could change the basis upon which it insures properties against flooding. There is a need to ensure that flood insurance premiums are based on a true reflection of risk, and that insurers are reducing premiums for those who install property-level flood protection measures.

COMPETING OBJECTIVES

Balancing development pressure, flood risk protection and environmental aims will continue to be difficult, particularly in light of the potentially significant impacts of climate change. New measures introduced by the *Flood and Water Management Act 2010* should help to deliver a more coordinated approach, although controversial decisions about which flood protection measures should be funded will remain. *The National and Local Flood Risk Management Strategies being developed will have important implications for local communities. Balancing the competing objectives and interests of different stakeholders will lead to controversial proposals related to flood protection. Full engagement with affected communities will be needed.*