Norfolk County Council

Cabinet

Date:	**10 June 2019**
Time:	**10am**
Venue:	**Edwards Room, County Hall, Norwich**

Persons attending the meeting are requested to turn off mobile phones.

Membership:

Cllr A Proctor	Chairman. Leader and Cabinet Member for Strategy & Governance.
Cllr G Plant	Vice-Chairman. Deputy Leader and Cabinet Member for Growing the Economy.
Cllr B Borrett	Cabinet Member for Adult Social Care, Public Health & Prevention
Cllr M Dewsbury	Cabinet Member for Communities & Partnerships
Cllr J Fisher	Cabinet Member for Children's Services
Cllr T FitzPatrick	Cabinet Member for Innovation, Transformation & Performance
Cllr A Grant	Cabinet Member for Environment & Waste
Cllr A Jamieson	Cabinet Member for Finance
Cllr G Peck	Cabinet Member for Commercial Services & Asset Management
Cllr M Wilby	Cabinet Member for Highways, Infrastructure & Transport

Under the Council's protocol on the use of media equipment at meetings held in public, this meeting may be filmed, recorded or photographed. Anyone who wishes to do so must inform the Chairman and ensure that it is done in a manner clearly visible to anyone present. The wishes of any individual not to be recorded or filmed must be appropriately respected.

Agenda

1 To receive apologies and details of any substitute members attending

2 Minutes Page **5**

To confirm the minutes from the Cabinet Meeting held on Monday 20 May 2019.

3 Members to Declare any Interests

If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is on your Register of Interests you must not speak or vote on the matter.

If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is not on your Register of Interests you must declare that interest at the meeting and not speak or vote on the matter

In either case you may remain in the room where the meeting is taking place. If you consider that it would be inappropriate in the circumstances to remain in the room, you may leave the room while the matter is dealt with.

If you do not have a Disclosable Pecuniary Interest you may nevertheless have an **Other Interest** in a matter to be discussed if it affects, to a greater extent than others in your division

- Your wellbeing or financial position, or
- that of your family or close friends
- Any body -
  - Exercising functions of a public nature.
  - Directed to charitable purposes; or
  - One of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union);

Of which you are in a position of general control or management.

If that is the case then you must declare such an interest but can speak and vote on the matter.

4 To receive any items of business which the Chairman decides should be considered as a matter of urgency

5 Public Question Time

Fifteen minutes for questions from members of the public of which due notice has been given. Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk) by 5pm on **Wednesday 5 June 2019**. For guidance on submitting a public question, view the Constitution at https://www.norfolk.gov.uk/what-we-do-and-how-we-work/councillors-meetingsdecisions-and-elections/committees-agendas-and-recent-decisions/ask-aquestion-to-a-committee

6 **Local Member Issues/Questions**

Fifteen minutes for local member to raise issues of concern of which due notice has been given. Please note that all questions must be received by the Committee Team (committees@norfolk.gov.uk) by **5pm on Wednesday 5 June 2019.**

7 **Norwich Castle: Gateway to Medieval England project – procurement of construction contract** Page **19**
Report by the Executive Director of Community & Environmental Services.

8 **Transforming Cities – Developing Bids for Tranche 2 Funding** Page **24**
Report by the Executive Director of Community & Environmental Services

9 **Local Carbon Innovation Fund** Page **31**
Report by the Executive Director of Community & Environmental Services

10 **Annual Treasury Management Outturn Report 2018-19** Page **45**
Report by the Executive Director of Finance & Commercial Services

11 **Adult alcohol and drug service performance** Page **63**
Report by the Executive Director of Community & Environmental Services

12 **Anti-Money Laundering Policy** Page **70**
Report by the Executive Director of Finance & Commercial Services.

13 **Environment Agency Consultation: draft national flood and coastal erosion risk management strategy for England (RMA's).** Page **87**

Report by the Executive Director of Community & Environmental Services.

14 **Disposal, Acquisition and Exploitation of Property** Page **192**

Report by the Executive Director of Finance and Commercial Services.

15 **Delegated Decisions Reports**

Decision made by the Cabinet Member for Commercial Services & Asset Management.
Click to view the decision notices.

Chris Walton
Head of Democratic Services
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Date Agenda Published: 31 May 2019

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Norfolk County Council

Cabinet

Minutes of the Meeting held on Monday 20 May 2019 at 10am in the Edwards Room, County Hall, Norwich

Present:

Mr A Proctor	Chairman. Leader & Cabinet Member for Strategy & Governance.
Mr G Plant	Vice-Chairman. Deputy Leader and Cabinet Member for Growing the Economy.
Mr B Borrett	Cabinet Member for Adult Social Care, Public Health & Prevention.
Mrs M Dewsbury	Cabinet Member for Communities & Partnerships.
Mr J Fisher	Cabinet Member for Children's Services.
Mr T FitzPatrick	Cabinet Member for Innovation, Transformation & Performance.
Mr A Grant	Cabinet Member for Environment & Waste.
Mr G Peck	Cabinet Member for Commercial Services & Asset Management.
Mr M Wilby	Cabinet Member for Highways, Infrastructure & Transport.

Members Also Present:

Mr D Bills
Ms A Kemp
Mr V Thomson
Mrs A Thomas
Mr B Spratt

Officers/ Others Present:

Mr T McCabe	Executive Director of Community & Environmental Services and Head of Paid Service.
Mrs D Bartlett	Assistant Director - Strategy & Transformation (for Executive Director Adult Social Care)
Mr H Bullen	Assistant Director Finance (for Executive Director of Finance & Commercial Services).
Mrs F McDiarmid	Executive Director of Strategy & Governance
Ms S Tough	Executive Director of Children's Services

The Chairman welcomed everyone to the first Cabinet meeting of the new Administration and round the table introductions were made. The Chairman also advised everyone present that the meeting was being filmed and streamed live via YouTube on the NCC Democratic Services channel.

1 Apologies for Absence

1.1 An apology for absence was received from Andrew Jamieson, Cabinet Member for Finance.

2 Declaration of Interests

There were no declarations made.

3 Items of Urgent Business

3.1 Although there were no specific items of urgent business, the Chairman asked the Cabinet Member for Highways, Infrastructure & Transport to update the meeting on his visit to Norwich Railway Station on 20 May to witness the 9am departure of the first "Norwich in 90" train. The Cabinet Member stated the "Norwich in 90" services had been the result of a long campaign involving MPs, Local Authorities and businesses to establish a faster service between Norwich and London Liverpool Street. Initially there would be two 90 minute train services per day, except Sundays, leaving Norwich at 9am and 5pm with return trains. These services would stop once at Ipswich before arriving in London Liverpool Street in 90 minutes. It was hoped that with the new trains being rolled out in June/July, an improvement in the consistency of services by Greater Anglia would be achieved.

4 Public Question Time

4.1 No public questions were received.

5 Local Member Questions/Issues

5.1 The list of Local Member questions and their responses are attached at Appendix A to these minutes.

5.2 As a supplementary question, Ms Kemp asked why the transport plan wasn't compliant with the government plans to keep traffic out of King's Lynn town centre, an issue which had been raised by Lynn Transport and local community leaders.

The Chairman deferred the supplementary question to the Cabinet Member for Highways, Infrastructure & Transport who agreed to investigate and provide a written response.

6 Winning Bid for Transforming Cities

6.1 Cabinet received the report by the Executive Director of Community & Environmental Services setting out how Norfolk County Council had been successful in achieving an initial £6.1m allocation from the Government's Transforming Cities Fund (TCF) to deliver transport schemes in the Greater Norwich area. The allocation would deliver the following schemes:

- Prince of Wales Road / London Street / Bank Plain (£2.3m)
- Wymondham to Hethersett cycle route (£1m)
- Green Pedalway – St Williams Way (£0.8m)

- Cycle share scheme (£0.7m)
- Norwich Bus Station Improvements (£0.8m)
- Pedestrian crossings of A roads (£0.5m)

6.2 The Cabinet Member for Highways, Infrastructure & Transport highlighted the positive report, particularly the fact that the Greater Norwich area was one of only 12 UK city areas eligible to bid for a share of the fund.

6.3 The Cabinet Member for Highways, Infrastructure & Transport highlighted that work had commenced to develop a business case to secure further funding in Tranche 2 and he looked forward to working with other local Councils to improve services for residents.

6.4 The Cabinet Member for Highways, Infrastructure & Transport advised that the New Anglia Local Enterprise Partnership Board (LEP) would be invited to nominate a Board Member to be a Member of the Joint Committee.

6.5 The Chairman endorsed this good news story and for the work undertaken to bid for a share of the amount of money available for key transport initiatives. He added that this was a further example of partnership working, such as the already established Greater Norwich Development Partnership and others, and that this project would extend partnership working further.

6.6 **Decision**

Cabinet RESOLVED to:

1. **Establish with our three partner authorities and the New Anglia Local Enterprise Partnership (LEP) a Joint Committee for the programme of schemes funded through the Transforming Cities Fund, as set out in Appendix A of the report and to make associated additions to item 17 Appendix A of the County Council's Constitution.**

2. **Agree four County Council members to be Members of the Joint Committee.**

3. **Agree to review these new Joint Committee arrangements after 6 months to ensure they are fit for purpose.**

6.7 **Alternative Options**

Refer to Cabinet report.

6.8 **Reason for Decision**

Establishing a Joint Committee enables the County and all the local authorities in Greater Norwich area and the New Anglia LEP to be actively involved in the development and delivery of schemes and provides further opportunity for the views of local stakeholders and communities to be taken into account. It reflects the spirit of partnership working on which work to date has been based and helps to demonstrate local support.

Taking a Joint Committee approach will enable a transparent decision-making process for schemes. Including the four relevant local authorities in the membership of the Joint Committee will help to ensure that the best possible schemes are progressed and that their delivery is fair and consistent, irrespective of which local authority area they are based in.

7 Finance Monitoring Outturn report 2018-19

7.1 Cabinet received the report by the Executive Director of Finance & Commercial Services giving details of the balanced outturn position for the 2018-19 Revenue and Capital Budgets, General Balances and the Council's Reserves at 31 March 2019, together with related financial information to assist members to maintain an overview of the overall financial position of the Council.

7.2 The Cabinet Member for Innovation, Transformation & Performance stated that, given the financial challenges faced across the council, the slight underspend on the revenue outturn for 2018-19 was a real tribute to the staff and Councillors who had worked hard to achieve the budget underspend.

7.3 The Cabinet Member for Communities & Partnerships was pleased to announce that Community & Environmental Services department had been able to balance its departmental budget despite an overspend by Norfolk Fire & Rescue Service, who had dealt with several fire related incidents as well as the "beast from the east" during the year. She added that the whole department had worked together to meet its budget.

7.4 The Chairman advised that future Cabinet meetings would receive a single report incorporating the Finance Monitoring Outturn Report and the Delivering Financial Savings outturn report. He added that the small underspend was good news, and that the overspend in Children's Services was mainly due to the complexities of providing high needs services which was not just a Norfolk challenge but also a national challenge and one which was acknowledged by Government.

7.5 **Decision**

Cabinet RESOLVED to:

- **Agree the expenditure and funding of the 2018-19 and future capital programmes as set out in Appendix 2 of the report;**
- **Approve additional borrowing of £0.667m to fund in-year Children's Services capital expenditure as set out in Appendix 2, paragraph 5 of the report.**
- **Approve the write-off of two care charges debts totalling £36,925.35 due to the exhaustion of the estates, as set out in Appendix 1, paragraph 7.9 of the report.**

7.6 **Alternative Options**

Refer to Cabinet report.

7.7 **Reason for Decision**

The two appendices attached to the report gave details of the revenue and capital financial outturn positions:

Appendix 1 summarised the revenue outturn position, including:
- Over and under spends
- Changes to the approved budget
- Payments and debt performance

Appendix 2 summarised the capital outturn position, and includes
- Changes to the current and future capital programme
- Capital programme funding
- Income from property sales

8 Delivering Financial Savings 2018-19 – Outturn

8.1 Cabinet received the report by the Executive Director of Finance & Commercial Services providing details of the year-end outturn position in respect of the delivery of the 2018-19 savings agreed by the County Council at its budget meeting on 12 February 2018.

8.2 The Chairman stated that the savings had been difficult to achieve and the over-achievement of some departmental budget savings had allowed other departments to cover their overspends. It was recognised that both Councillors and Officers needed to maintain the pressure.

8.3 The Cabinet Member for Adult Social Care, Public Health & Prevention stated that some of the savings had been achieved by invest to save initiatives, where money had been invested into new systems to save money in the future. Some of this investment was now starting to show and he felt the Council had been correct in making the decisions it had.

8.4 **Decision**

Cabinet considered the report and RESOLVED to:

a) **Note the budgeted value of savings of £25.502m, representing 85% of the planned savings for the year, which have been delivered;**
b) **Note the total shortfall of £4.497m in 2018-19, which amounts to 15% of total savings, and includes £5.298m of budgeted 2018-19 savings projects rated as AMBER and RED, which have not been delivered; and**
c) **Note the changes to assumptions and rescheduling of savings totalling £5.900m in 2019-20, £1.550m in 2020-21 and £2.500m in 2021-22 as approved in 2019-22 budget setting by County Council on 11 February 2019.**

8.5 **Alternative Options**

None

8.6 **Reason for Decision**

Not Applicable

9 Strategic & Financial Planning – Business Planning and Budget 2020-21.

9.1 Cabinet received the report by the Executive Director of Finance & Commercial Services and Executive Director of Strategy & Governance providing an overview of the Council's overall gap position as set out in the Medium Term Financial Strategy agreed by Full Council in February 2019 and the latest information about the wider financial forecasts for the Council. It also described the approach to business planning in 2020-21 alongside a summary of key areas of risk and uncertainty. The information would collectively inform the development of the Council's 2020-21 Budget and Cabinet was asked to agree the Council's proposed budget planning process for 2020-21.

9.2 The Cabinet Member for Adult Social Care, Public Health and Prevention stated that the withdrawal of the Revenue Support Grant (RSG) had put a lot of pressure on the budget which was a direct result of the reduced finance from central government and was not due to profligate spends in Norfolk County Council.

9.3 The Cabinet Member for Innovation, Transformation & Performance said given the financial constraints the budget achievement was testament to the willingness of staff and Councillors to work together for the good of communities.

9.4 The Cabinet Member for Growing the Economy said it was incumbent on everyone to work together and advised that work would continue to ascertain a long-term financial plan. He added that an announcement by the Chancellor on the spending review was still awaited and that a settlement announcement was needed as soon as possible to allow financial planning to be carried out. He also added that all Councils were waiting for news of the financial settlement.

9.5 The Chairman agreed that funding certainty was needed and advised that he had met with the Minister for Local Government recently who had recognised Norfolk's rurality and the extra costs needed to deliver services in rural areas. The Minister had indicated he would also advocate for Special Educational Needs Services (SEND) and it was hoped he was a strong advocate and would highlight the situation in Norfolk as much as possible on Norfolk's behalf.

9.6 The Chairman added that the gap in funding was recognised and Members had been aware of this for some time, referring to the table in the report which gave a different perspective on the allocation of savings for 2020-21, including:

- £10m for Business Transformation
- £10m for Corporate Finance.
- £20m for departmental targets, which although a high figure was in addition to the savings which had already been allocated.

The Chairman highlighted that work would be required to transform the way services were delivered to achieve the required savings.

9.7 **Decision**

Cabinet RESOLVED to:

1. **Note the overall budget gap of £70.857m as reported to County Council and the indicative £40m gap for 2020-21 (as set out in table 1 and paragraph 2.6 of the report).**
2. **Agree the key budget risks and uncertainties as set out in the report.**
3. **Agree the proposed approach to service planning (as set out in section 3 of the report) and budget setting (section 4 of the report) including:**

    a. **The allocation of savings targets into three blocks;**
    b. **The indicative allocation of savings to Departments;**
    c. **The outline timetable and process for 2020-21 Budget setting, and**
    d. **The proposal to defer allocating the 2021-22 gap until further details of funding are known.**

9.8 **Alternative Options**

Refer to Cabinet report.

9.9 **Reason for Decision**

As set out in the report, there is an almost unprecedented level of uncertainty about Government funding from 2020-21 and many of the wider assumptions underpinning the Council's MTFS. The Council therefore needs a robust approach to planning the 2020-21 Budget which also offers flexibility to respond to any changes in the wider environment and operating context.

It is also the case that the level of savings required for 2020-21, when coupled with the existing savings planned from the 2019-22 MTFS, would be difficult to achieve from Service budgets in isolation. The proposed process recognises this by retaining a significant, but realistic, element of the target corporately.

This reflects a prudent response to the challenges and uncertainties present in the 2020-21 planning process and will ultimately enable the Council to develop a robust budget for the year.

10. Human Resources & Finance System Transformation Project

10.1 Cabinet received the report by the Executive Director of Finance & Commercial Services and Executive Director of Strategy & Governance setting out the details of the business case to replace the Human Resources (HR) and Finance Systems.

10.2 The Cabinet Member for Commercial Services & Asset Management stated that he had experience of working in organisations which used MRP, ERP and MRP2 which brought advantages and were efficient ways of working, adding to real time information. He added that the proposed savings showed a good return and he fully supported the proposals.

10.3 The Cabinet Member for Adult Social Care, Public Health & Prevention supported the scheme adding that by spending £13.2m, the return would be £33m with a potential £44m. He also said that the project was a bold one, but there was a need to deliver savings and that Norfolk County Council should have the vision to progress the scheme.

10.4 In response to a question by the Cabinet Member for Adult Social Care, Public Health & Prevention, about the profile of the savings and when it was likely the savings would be achieved, the Executive Director of Strategy & Governance advised that the savings projection was variable across a number of years, with some savings expected two years after implementation, then year on year. She added that back office savings would be achieved initially with further savings once service departments had adopted the programme.

10.5 The Cabinet Member for Growing the Economy stated the importance of noting that savings would be realised over a ten year period, with considerable savings being achieved year on year in the long-term.

10.6 The Cabinet Member for Innovation, Transformation & Performance stated that doing nothing was not an option as the current legacy systems were no longer fit for purpose. He added, in his view, this approach was the right one as part of the transition of the organisation and realising savings.

10.7 The Chairman advised that there was a cost involved in the project, but the project would achieve a return on the investment and that Norfolk County Council had a successful track record of implementing successful IT systems. He added that there were some risks about non-delivery of the project but to ensure savings were realised and cultural changes made, the project was required. The Chairman advised that, if the recommendation was approved, any return on investment would be expected in 2022/23, with the Corporate Select Committee overseeing the next steps, reporting to Cabinet.

10.8 **Decision**

Cabinet RESOLVED to:

1. **Agree that the procurement process for the ERP system be carried out.**
2. **Agree the £13.2m costs through a capital funding provision of £12,706,895 and the approach to revenue funding, as set out in item 10 in the Executive Summary of the report.**
3. **Devolve the management of the contingency element in the proposal to Executive Directors, as set out in section 6.1 of the report, in consultation with the Cabinet Member.**
4. **Approve the governance structure described in section 7.1 of the report.**

10.8 **Alternative Options**

Refer to Cabinet report.

10.8 **Reason for Decision**

Refer to Cabinet Report.

11 Police & Crime Commissioner request for membership of the Fire & Rescue Authority.

11.1 Cabinet received the report by the Executive Director of Community & Environmental Services setting out the details of the formal request from the Police & Crime Commissioner to become a member of the Norfolk Fire & Rescue Authority.

11.2 The Cabinet Member for Communities & Partnerships said that Norfolk Fire & Rescue Service and Norfolk County Council shared responsibility for keeping Norfolk people and communities safe and worked together to make Norfolk better. Norfolk Fire & Rescue Service already shared a command centre with Norfolk Police and would soon be sharing a control room. The Cabinet Member advised that she had invited the Police & Crime Commissioner (PCC) to attend Communities Committee meetings and formally moved the recommendation in the report and her hopes for a reciprocal arrangement to be made in future.

11.3 The Cabinet Member for Adult Social Care, Public Health & Prevention fully supported the PCC attending Cabinet meetings to enable a more joined up approach and said he looked forward to a reciprocal offer from the PCC.

11.4 In response to a question about what the next steps would be if Cabinet agreed the request from the PCC, the Executive Director of Community & Environmental Services advised that, if the recommendation was agreed by Cabinet, a letter would be sent to the PCC advising him of the decision, adding when items concerning the Norfolk Fire & Rescue Service were due to be considered by Cabinet a copy of the report, together with a letter of invitation, would be sent to the PCC inviting him to attend the meeting.

11.5 **Decision**

Cabinet RESOLVED to:

Approve the Police & Crime Commissioner's request for membership of Cabinet (in respect of its role in exercising functions of the Fire & Rescue Authority only) for the reasons set out in paragraph 9.2 of the report.

11.6 **Alternative Options**

Refer to Cabinet report.

11.7 **Reason for Decision**

Cabinet are recommended to approve the request from the PCC on the basis that it will: -

- Support the approach to Police/Fire collaboration outlined in the agreed Memorandum of Understanding and collaboration agreement between the Fire and Rescue and Police Services in Norfolk;
- Enhance opportunities to identify and promote joint working for the benefit of Norfolk communities;
- Cement the relationship between the Office of the Police and Crime Commissioner and the County Council.

12 Appointments to Internal & External Bodies and Working Groups

12.1 Cabinet received the report by the Executive Director of Strategy & Governance setting out the existing Member Working Groups established under the previous committee governance. Cabinet was requested to consider whether these should continue and if so, to review membership.

12.2 **Decision**

Cabinet reviewed the existing Member Working groups established by Service Committees, as set out in Appendix A of the report, and RESOLVED to agree the following:

Single use products – Retain with the current Membership until meetings completed.
Norwich Western Link – Retain to oversee the project with Cllr Terry Jermy replacing Cllr Mike Sands on the Membership.
Great Yarmouth 3rd River Crossing – Retain to oversee the project with Cllr C Walker and 1 x Liberal Democrat Group Member (to be confirmed by the Group Leader) being appointed to the Membership.
Fire & Rescue – Integrated Risk Management Plan – Cease. To become portfolio holder's responsibility.
Norwich Household Recycling Centre – Cease. To become portfolio holder's responsibility.
NCLS Steering Group – Retain to oversee ongoing work.
Flood & Coastal Management – Cease. To become portfolio holder's responsibility.
Walking & Cycling Implementation Plan – Cease. To become portfolio holder's responsibility.
Electoral Review Working Group – Continue, with Conservative Membership as set out, plus 1 x Liberal Democrat and 1 x Labour Group Member to be confirmed by the Group Leaders.
Carer's Charter Working Group – Continue and report to the People & Communities Select Committee.

12.3 **Alternative Options**

There were no other viable alternative options.

12.4 **Reason for Decision**

Reviewing and make appropriate appointments is integral to good governance.

The meeting ended at 10.35am.

Chairman

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Appendix A

Cabinet
20 May 2019

Agenda item 6 **Local Member Issues/Questions**

Question from Cllr Sandra Squire
It seems previous requests for items to be included on select committee work programs have been ignored. For example, Cllr Castle requested information on low education attainment levels of boys compared with girls. He didn't receive a satisfactory response and I was assured it would be carried over to the new Select Committee's work program. This appears not to be the case. Can the Cabinet confirm the ability for all councillors to request items to be included in the work programs of select committee's and for their opinion, especially considering the gender balance of the Cabinet, on what could be done to improve educational performance of boys in Norfolk.

Response from the Chairman

It was acknowledged by the Children's Services Committee that work with a cross party group looking at outcome, provision and cost for Children with Disabilities would be carried over to the select committee and at the last meeting Mick Castle raised this issue. This is scheduled to come to the July meeting.

We are developing our work plan but we do have themes which will cover focused pieces of work which will include educational attainment of boys.

If any Member has got views on particular topics, they should be addressed to the relevant Select Committee Chairman for consideration and prioritisation.

Question from Cllr Alexandra Kemp

Transport in West Norfolk
This Council's successful bid to the Transforming Cities Fund for £6.1 m to deliver a new, high quality public transport network is good news for Norwich.

But the Lynn Transport Plan (yet to report) will not include a full public transport remodelling update, on the grounds there is no money for public transport.

Does the Leader agree that Lynn Transport Plan studies on the feasibility of opening up the bus lane at Hardings Way to all traffic need to be halted now, a highly retrogade step that would increase town centre congestion, climate change, pollution and flood risk on the flood plain?

Response from the Chairman

Thank you for highlighting our great success, with Norwich being only one of twelve UK city areas eligible to bid for capital funding through the Government's Transforming Cities Fund. We have secured £6.1m funding in Tranche 1 and are developing a bid for Tranche 2.

Norfolk County Council (NCC) and the Borough Council of King's Lynn and West Norfolk (BCKL&WN) in partnership are carrying out transport study work leading to the development of a Transport Strategy for the town.

The study comprises of a series of workstreams including traffic surveys, the analysis of the current and future transport problems and development of possible transport options identified by both BCKL&WN and NCC to address the issues. As part of this we are building a microsimulation traffic model of the central area of the town and using this to test possible transport schemes.

The study work has fully considered public transport options and these will be set out in the draft strategy. Discussions have taken place with key bus operators to assess the likely implementation of improvements that are not within the control of NCC.

Actions from the Cabinet meeting held on 20 May 2019.

Agenda item	Question and response
5.2	As a supplementary question, Ms Kemp asked why the transport plan wasn't compliant with the government plans to keep traffic out of King's Lynn town centre, an issue which had been raised by Lynn Transport and local community leaders. The Chairman deferred the supplementary question to the Cabinet Member for Highways, Infrastructure & Transport who agreed to investigate and provide a written response. **Response from the Cabinet Member for Highways, Infrastructure & Transport.** To our knowledge there are no government plans to keep traffic out of King's Lynn town centre. As the Highway Authority, Norfolk County Council manages all the roads in and around King's Lynn except for the A47 which is a trunk road and managed by Highways England. In managing the transport network in King's Lynn a balance is struck between providing access to the town from the hinterlands and preserving the built and natural environment in the King's Lynn area. This includes the provision of traffic free areas where appropriate, like the High Street. The ongoing King's Lynn Transport Strategy work reflects providing a balanced strategy and has had the benefit of input from a range of stakeholders.

Report to Cabinet

Item No. 7

Report title:	**Norwich Castle: Gateway to Medieval England project – procurement of construction contract**
Date of meeting:	**10 June 2019**
Responsible Cabinet Member:	**Margaret Dewsbury – Cabinet Member for Communities and Partnerships**
Responsible Director:	**Tom McCabe – Executive Director, Community and Environmental Services**
Is this a key decision?	**Yes**

Introduction from Cabinet Member

The £13.5m Norwich Castle: Gateway to Medieval England project will transform the medieval Keep of Norwich Castle, recreating the 12th century Norman Royal Palace and creating a British Museum Gallery of the Medieval Period, a dedicated Early Years learning facility and a rooftop viewing platform.

The funding for the project is made up of £8.7m from the National Lottery Heritage Fund; over £2.2m from Norfolk County Council; over £1.2m from various trusts and foundations; over £600,000 from Government and other public-sector bodies; over £150,000 from private companies and organisations; and over £300,000 from individuals in both cash and time.

The project will also make Norwich Castle the most accessible Grade 1 listed medieval castle in Europe with the inclusion of full disabled access to all 5 levels of the Keep and the addition of a Changing Places facility.

The project is one of the largest and highest-profile heritage projects currently underway in the UK and, when completed, will see a significant increase in visitor figures to Norwich Castle Museum & Art Gallery to c.300,000 p.a., generating a major impact on the visitor economy of Norwich and Norfolk.

The development will see new elements of the project including the visitor reception, cafe and shop opening in Autumn 2020 and the fully redeveloped Keep, including the new British Museum Gallery of the Medieval Period, will be completed by Easter 2021.

Executive Summary

Following confirmed funding of £8.7m from the National Lottery Heritage Fund in September 2018, along with generous support from a range of national and regional funders, and the securing of planning permission, the project team is now ready to procure the construction contract with a view to completing all physical works by Easter 2021.

Recommendations

1) **Approve the tender evaluation criteria to assess bids to be the construction contractor for the Norwich Castle: Gateway to Medieval England project, as set out in Appendix A.**

2) **Delegate responsibility for the award of the contract for the Norwich Castle: Gateway to Medieval England Project to the Executive Director of CES, and the Executive Director of Finance and Commercial Services, in consultation with the Cabinet Member for Communities and Partnerships and the Chair of the Joint Museums Committee.**

1. Oversight of the project

1.1. The Norwich Castle: Gateway to Medieval England project is overseen by a dedicated Project Board and updates on progress are given at every meeting of the Joint Museums Committee. The Board includes representation from the County Council (Cllr John Ward, as Chairman of the Joint Museums Committee) and the City Council.

2. Proposals

2.1. The procurement route and approach has been identified following detailed analysis by the Museum Project Team, Project Board, NCC Procurement and the professional Project Managers, Artelia.

3. Timescale

3.1. Securing a contractor to deliver the project in the timescale set out in Appendix A will allow the project to proceed to the project schedule agreed by the Project Board.

4. Evidence and Reasons for Decision

4.1. The Norwich Castle Gateway to Medieval England project is a major national project which strongly supports Norfolk County Council's wider vision for Norfolk in terms of the visitor economy, skills, learning and access. Cabinet are asked to make this decision based on the financial scale of the contract and the strategic importance of this project.

4.2. The construction contract is the largest single contract within the overall project, at an estimated value of £8.5m

5. Alternative Options

5.1. It would be possible to set alternative tender evaluation criteria. However, the criteria proposed have been reviewed and developed with procurement experts, including the Project's professional team and those within the wider NCC team.

5.2. The decision on the award does not need to be delegated and could be considered by Cabinet. The procurement timetable would need to be amended to accommodate this, but it would be possible. However, the timetable for the project is very tight and a delay of any kind could impact on the successful delivery of the project in terms of timescale and cost.

6. Financial Implications

6.1. Funding for the project has been identified.

7. Resource Implications

7.1. **Staff:**
N/A

7.2. **Property:**

N/A

7.3. **IT:**
N/A

8. Other Implications

8.1. **Legal Implications:**
N/A

8.2. **Human Rights implications**
N/A

8.3. **Equality Impact Assessment (EqIA)**
An assessment of the project has been carried out and the successful contractor will be expected to manage the project in a way that retains accessibility to the rest of the building as far as possible.

8.4. **Health and Safety implications**
H&S is considered at every Project Board meeting and the contractor will be expected to maintain high standards on site during the course of the project to ensure both staff and customers are protected. Specialist input to the Project Board is being provided by the NCC HSW Team.

8.5. **Sustainability implications**
The project has been delivered with a focus on environmental sustainability and the Museums Service will be undertaking its Green Tourism assessment (a Silver Award is the target) as part of the project funding requirements.

8.6. **Any other implications**
None

9. Risk Implications/Assessment

9.1. The Project has a full Risk Register which is kept under review by the Project Board and the Project is an identified risk which is kept under review as part of the CES Departmental Risk Register.

9.2. As with any other procurement exercise, the key risk is that the full range of requirements set out in the specification cannot be delivered within the available budget.

10. Select Committee comments

10.1. N/A

11. Recommendation

11.1.
1) Approve the tender evaluation criteria to assess bids to be the construction contractor for the Norwich Castle: Gateway to Medieval England project, as set out in Appendix A.

2) Delegate responsibility for the award of the contract for the Norwich Castle: Gateway to Medieval England Project to the Executive Director of CES, and the Executive Director of Finance and Commercial Services, in consultation with the Cabinet Member for Communities and Partnerships and the Chair of the Joint Museums Committee.

12. Background Papers

12.1. Report to 16 January 2019 Communities Committee Finance Monitoring report.

Officer Contact

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Procurement route The project has been developed on the basis of a traditional single stage open tender in accordance with the Public Contracts Regulations 2015 (as amended).
Evaluation Criteria The tender will be accompanied by the information for qualitative selection and price. The quality/price ratio will be 60 for quality and 40 for price. Applicants will also be required to comply with Minimum Standards including: • Technical or Professional Ability - including a proven track record and extensive knowledge and experience of providing Building Contractor Services for listed or scheduled historic buildings of scope and scale to the Scope of the works. • Performance • References • Economic & financial Standing • Health & safety • Environmental management • Quality management & capability • Compliance with Equality legislation
Timetable A Prior Information Notice has been published to engage with the market and a supplier engagement event took place on the 14 January 2019. The expected date of contract notice publication is 17 June 2019. The procurement evaluation process is expected to take 8 weeks.
Value The Prior Information Notice total estimated value is £8.5million excluding VAT.

Report to Cabinet

Item No. 8

Report title:	**Transforming Cities – Developing Bids for Tranche 2 Funding**
Date of meeting:	**10 June 2019**
Responsible Cabinet Member:	**Martin Wilby – Cabinet Member for Highways, Infrastructure and Transport**
Responsible Director:	**Tom McCabe – Executive Director, Community and Environmental Services**

Introduction from Cabinet Member

As reported at the last Cabinet meeting in May, we have an excellent track record of securing additional funding to deliver transport improvements in Norfolk. The Transforming Cities Fund (TCF) provides the opportunity to deliver a high quality integrated transport network for the Greater Norwich area.

We have already successfully secured a £6.1m allocation fund, and we will be bidding for more from this, and other, funding sources. For example, we have submitted an Expression of Interest for funding from the Future Mobility Zones Fund; something we are only able to access because of the Transforming Cities Fund status.

Through the newly formed Joint Committee which was approved by Cabinet in May, we will be working together with the other local authorities in the Greater Norwich area to develop the next (and future) bids from the Transforming Cities Fund. The deadline for submitting a final Strategic Outline Business Case for the next round of funding is 28 November, and Cabinet will be asked to approve this before it is submitted.

A draft Strategic Outline Business Case to start the funding process for the next round needs to be submitted later this month. To enable this to be submitted, and to give clear direction to the Joint Committee in working up the business case in more detail, we need to agree the overall objectives we are looking to achieve; which is what this report covers.

This is a real opportunity to strengthen the position of Norwich as our regional capital and to enable people to get to their destinations with reduced congestion and more reliable journeys.

Executive Summary

The Greater Norwich area is one of 12 UK city areas eligible to bid for a share of £1.2bn capital funding through the Government's Transforming Cities Fund (TCF), for the period up to 2023. We have already been successful in achieving an initial allocation of £6.1m from Tranche 1 of the fund and we need to submit a draft Strategic Outline Business Case (SOBC) to the Department for Transport (DfT) for Tranche 2 funding by 20 June.

The Joint Committee will oversee the development of the final SOBC, prior to Cabinet approval in November to enable it to be formally submitted.

Recommendations

1. **Approve the strategic objectives set out in Appendix A to form the basis of the Strategic Outline Business Case for Tranche 2 funding from the Transforming Cities Fund.**

1. Background and Purpose

1.1. Norwich is identified as a priority place in the East of England for economic development. One key challenge is unlocking employment opportunities and providing access to major employment and education sites.

1.2. Addressing connectivity issues is a crucial building block to our future growth and economic success, as poor connectivity can lead to increases in congestion through the reliance on use of the car. Norwich is the 18th most congested of 111 large UK urban areas.

1.3. Congestion across Greater Norwich also contributes to poor air quality and the city centre is designated as an Air Quality Management Area. Buses have insufficient priority on some main corridors and congestion means that the bus network is not operating at optimal efficiency.

Objectives of the TCF

1.4. Aligned to the Government's Industrial Strategy, the objectives of the TCF are to improve productivity through investment in improved public and sustainable transport and improved connections between urban centres and suburbs.

1.5. The TCF is intended to encourage an increase in journeys made by low carbon, sustainable modes of transport, with a significant focus on public transport, cycling and walking. Additionally, the TCF aims to support wider cross-cutting priorities such as:

- Improving access to employment and delivering growth
- Encouraging the use of new mobility systems and technology
- Tackling air pollution and reducing carbon emissions
- Delivering more homes
- Delivering apprenticeships and improving skills

2. Proposals

2.1. Members have previously approved a set of guiding principles and delivery themes that support our TCF application. These have been used to develop the key objectives outlined in the logic map shown in Appendix A. (This logic map approach is a requirement for our application.)

2.2. We are preparing a Strategic Outline Business Case (SOBC) to seek funding through the TCF. Central to this will be investment in improved public transport and walking/cycling routes, which will better connect the city centre and key employment/educational sites with existing and future housing.

2.3. Working with key stakeholders, we aim to achieve this through three linked transformative approaches:

- Transforming the bus network
- Transforming the city centre
- Transforming the passenger experience

2.4. The following key deliverables were outlined in our application:

- Improvements along three principal transport corridors; Airport to Broadland Business Park; Wymondham to Sprowston; and Easton to Rackheath

- Quicker journeys by cleaner vehicles serving the Norwich Research Park, University of East Anglia and the hospital, making use of a route crossing the River Yare
- More frequent bus services that are better co-ordinated between operators, with more evening services
- Improvements to public transport ticketing
- Improvements to walking and cycling networks to support the delivery of enhanced public transport
- Improvements to public transport, walking, cycling and general highway capacity in the Longwater area
- More direct and quicker public transport routes to and from the Broadland Growth Triangle, the UK's largest urban extension
- Provision of much needed additional bus stop capacity in the city centre, better connecting the train and bus stations and providing extra inner ring road junction capacity
- Delivering fully accessible transport hubs that provide a range of facilities, which could include seating, lighting, real time and disruption travel information, Wi-Fi, mobile phone charging, cycle parking, electric vehicle charging, retail opportunities and car club vehicles

2.5. The initial timetable for Tranche 2, as per the DfT guidance is as follows:

- Submission of Draft SOBC 20 June 2019
- Submission of Final SOBC 28 November 2019

2.6. **Future Mobility Zone Fund**

2.7. The Government has announced, as part of the 2018 Budget, £90 million of capital funding, as a top up to the TCF, to create up to four Future Mobility Zones (FMZs). These will focus specifically on trialling new mobility services and transport innovation that can be replicated in other areas. FMZs will also explore different approaches to providing lower income households with access to future forms of mobility, as well as ways of delivering efficiencies through shared (dynamic) demand responsive transport.

2.8. £20 million of the £90m has already been allocated to the West Midlands so the remaining £70m capital funding will be allocated by a competitive process in up to three additional areas that are able to demonstrate the strongest case for investment in transport innovation. Only areas shortlisted for the TCF are eligible to apply.

2.9. In consultation with the Cabinet member for Highways, infrastructure and Transport, an Expression of Interest was submitted by the required deadline of 24 May.

2.10. The aim of a proposed Norwich FMZ is to demonstrate over a period of 4 years how it is possible to reverse a culture of car dependency through the use of information about how people travel. This will enable a customer-centric approach based around shared mobility (public transport, bike share, car share, car club, etc).

2.11. Should our Expression of Interest be shortlisted, DfT will work with shortlisted areas during June/July to develop proposals further, with final proposals being submitted in July/August. Successful areas will be notified in August.

3. Impact of the Proposal

3.1. The SOBC will be at programme level and is not based around a single individual scheme. Different case documents are required to be submitted to DfT, which are summarised in Table 1 below:

Table 1: Case documents required for an SOBC submission

Type of case	**Required evidence**
Strategic case	Evidence of how the programme meets the core policy objectives of the fund
Economic case	An appraisal of the economic impacts of the programme, such as user benefits, but also including the wider impacts e.g. increasing access to employment through greater connectivity
Commercial case	A description of the level of market engagement and procurement strategy for the programme.
Financial case	Evidence on the financial sustainability, project costs and affordability. This should include a funding profile, broken down by the total scheme cost, Fund contribution, total public-sector contribution and/or private sector contribution
Management case	Overarching deliver plan and implementation strategy with clear timetable for delivery.

3.2. For the purposes of the Draft SOBC submission to DfT by 20 June, the focus is on informing DfT of how each of the case documents in Table 1 will be prepared for the Final SOBC in November. This is to reassure DfT that appropriate assessment and consideration is underway and that we will be ready for our final submission.

3.3. To prepare our SOBC, there is a need to identify a ‘long list’ of schemes for initial consideration, with each of the potential schemes on this list then being assessed against the TCF objectives and other key factors such as deliverability. This assessment will sift out the better performing schemes and generate a short list of schemes that will then be subject to more detailed feasibility and appraisal. Through this process, and by completing the case documents in Table 1, our TCF programme will develop to the point of submission in November.

3.4. We are currently in the process of sifting a ‘long list’ of schemes, which includes the key deliverables outlined in Section 2.4.

3.5. In terms of impact, our TCF programme is required to encourage an increase in journeys made by low carbon, sustainable modes of transport, with a significant focus on public transport, cycling and walking.

3.6. The Joint committee will oversee the work to develop the final SOBC to be submitted in November and will recommend this to Cabinet prior to submission.

4. Evidence and Reasons for Decision

4.1. Securing additional funding is a real opportunity to strengthen the position of Norwich as our regional capital and to enable people to get to their destinations with reduced congestion and more reliable journeys.

5. Alternative Options

5.1. At this stage of preparation of the SOBC, a 'long list' of potential schemes is being assessed against the TCF objectives and other key factors such as deliverability. This assessment will sift out the better performing schemes and generate a short list of schemes that will then be subject to more detailed feasibility and appraisal. Through this process, and by completing the case documents in Table 1, our TCF programme will develop to the point of submission in November.

6. Financial Implications

6.1. To secure DfT funding, we are required to submit a programme-level SOBC, which includes a 'financial case'. This will outline the financial sustainability, project costs and affordability of our programme, as well as the total public-sector and / or private sector contributions sought.

6.2. Within the guidance issued by DfT, they have requested that investment programmes be prepared for low, medium and high funding levels and that they wish to see a local funding commitment to the proposed programmes. As our long and short list of schemes is developed, we are engaging with stakeholders to identify all possible options for match funding.

6.3. Funding approval from DfT will be taken at a programme level, with all subsequent investment decisions on individual schemes within the programme being made locally.

7. Resource Implications

7.1. **Staff:** None

7.2. **Property:** None

7.3. **IT:** None

8. Other Implications

8.1. **Legal Implications:** None

8.2. **Human Rights implications** N/A

8.3. **Equality Impact Assessment (EqIA):** Assessments will be carried out as part of the development of individual schemes.

8.4. **Health and Safety implications:** N/A

8.5. **Sustainability implications:** The objectives of the business case are specifically targeted at improving the impact transport has on carbon emissions, air quality and public health.

8.6. **Any other implications:** None

9. Risk Implications/Assessment

9.1. Taking a partnership approach to the to the development and delivery of TCF will enable views from a wider range of stakeholders to be taken into account, and lead to the development of the best possible schemes for the local area.

10. Recommendation

10.1. Approve the strategic objectives set out in Appendix A to form the basis of the Strategic Outline Business Case for Tranche 2 funding from the Transforming Cities Fund.

11. Background Papers

11.1. Report to 20 May 2019 Cabinet titled 'Winning Bid for Transforming Cities'

Report to 18 January 2019 EDT Committee titled 'Transforming Cities – update on Norwich being shortlisted for major transport funding'.

Officer Contact

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Appendix A: Transforming Cities Logic Map

Objectives → Challenges → Inputs → Outputs → Primary Outcomes → Secondary Outcomes → Impacts

Objectives

Objective 1: Improve people's productivity and social mobility by unlocking access to employment and education opportunities across the Greater Norwich Region (GNR))

Objective 2: Increase the efficiency of travel and transport in the Greater Norwich region and improve the impact transport has on carbon emissions, air quality and public health.

Objective 3: Use emerging technology to prepare GNR for a future of shared and clean mobility

Challenges

- The GNR is a social mobility 'coldspot', where it is hard for people from deprived neighbourhoods to access employment and training.
- Key employment centres, such as the Broadland Growth Triangle, Airport Industrial Estate and Norwich Research Park, and residential areas in the GNR need to be better connected by bus and rail services.
- Walking connections in parts of the GNR, such as the East Norwich Regeneration Area, are blighted by traffic
- Significant traffic congestion in the GNR discourages bus operator investment in service enhancements
- Park and Ride is not being used to its full potential

Inputs

- Collaboration with technology, design and construction partners
- Secure finance
- Utilise the existing Transport for Norwich collaborative working
- Partnership working with transport operators
- Direction through the governance process put in place
- Work with beneficiaries e.g. UEA, NRP/NNUH and wider stakeholders
- Transport for Norwich Strategy Review and other relevant strategies
- Emerging LCWIP

Outputs

Greater level of clean transport to create a healthy environment, increase social mobility and boost overall productivity in the GNR.

- Improved bus network in the GNR through greater investment in low-emission vehicles and bus prioritisation and segregation.
- Creation of a hierarchy of transport interchanges (mobility hubs) to improve inter and intra-modal connectivity, transform the passenger experience and make it easy for people to begin and end longer journeys by walking and cycling to these places
- Cycleway enhancements maximise the level of segregation of cyclists from general traffic, improving safety
- Streets and spaces are enhanced to enable comfortable, safe and enjoyable walking journeys

Primary Outcomes

- Greater connectivity in the GNR makes it easier for people to move between the rail and bus stations, development, employment and education sites.
- Increased walking and cycling modal share
- Improved P&R service, making it the primary choice for those that continue to drive to Norwich
- Greater coordination between bus operators, enhanced service frequencies and improved inter-modal connectivity at transport hubs
- Better management of existing parking and car parks will enable more people to access the city centre and key employment areas
- Bus journeys times will be reduced and more reliable
- Bus operators will invest in cleaner vehicles and technology aimed at reducing emissions.
- Improved public transport connectivity and enhanced active transport infrastructure will contribute to reduced carbon emissions
- People with restricted mobility will be able to access bus and other transport services more easily
- Improved travel information will enable people to make more informed travel choices, increasing the number of multi-modal journeys.
- Infrastructure provided to enable planned housing growth

Secondary Outcomes

- Improved connections to, and appreciation of, creative enterprise, culture and heritage assets in the city
- Improved bus services will help those accessing employment and training and boost Norwich's evening economy.
- The transport network will present no barriers to accommodate future technology
- Economic benefits are realised through the opportunities provided by changes in parking management
- Improvements will be made to the public realm to improve walking and cycling links and help achieve local air quality benefits
- A reduced proportion of journeys are made by private car
- Investment in sustainable travel services will contribute to enhanced perceptions of the city region.
- Investment in active travel infrastructure will in turn promote cycling and walking to potential users across the GNR.
- Speeding up delivery of planned housing growth

Impacts

- A modern and efficient public transport system and improved public realm that helps to attract business investment in the GNR and strengthen Norwich as a regional capital
- Improving the efficiency of the transport network will allow employers to reach a wider pool of labour, increasing productivity and employment across the GNR.
- Bus travel will become more attractive to existing and potential customers, generating increased demand and revenue.
- Improving bus frequency and transport connectivity at transport hubs will address barriers to use amongst groups at the margins of the labour market, reducing unemployment.
- Reduced carbon emissions will lessen the impact of the GNR on climate change and will support a green and sustainable economy.
- Encouraging people to travel by sustainable modes of transport will reduce congestion and traffic accidents, make journeys more reliable, improve air quality and provide health benefits.
- Enabling new neighbourhoods to be built where people will have a great quality of life

Key

Connectivity Challenges

Congestion Challenges

Report to Cabinet

Item No. 9

Report title:	**Low Carbon Innovation Fund 2**
Date of meeting:	**10 June 2019**
Responsible Cabinet Member:	**Graham Plant – Cabinet Member for Growing the Economy**
Responsible Director:	**Tom McCabe – Executive Director, Community and Environmental Services**

Executive Summary/Introduction from Cabinet Member

In July 2018 the Policy & Resources Committee agreed to develop a regional Low Carbon Innovation Fund (LCIF2, the Fund) over a 12-year period from 2019-2030. The Fund will invest £10.9m in equity and convertible loans to support around 48 growing technology companies across three LEP areas (New Anglia, Hertfordshire and the Cambridgeshire and Peterborough Combined Authority) leveraging in an estimated £22m private investment. At the end of the initial ERDF-funded investment period in 2023 and beyond, the returns on the invested funds will be available for re-investment to provide further support to businesses in the project area, providing a long-term source of funding for economic development over which Norfolk County Council (NCC) will have influence.

Following extensive development work, the Council and the MHCLG have entered into a Grant Funding Agreement (GFA). The GFA needed to be signed before the UK's planned exit from the EU in order to guarantee the funding will remain available, and was authorised by the Leader and Deputy Leader of the Council. The terms of the GFA allow 60 working days (to 5 July 2019) for the Council to satisfy itself as to any remaining risks in the structure, to set up the Holding Company and put in place the other document and structural requirements as well as for Cabinet to take the final decision as to whether to participate in the LCIF2. The outstanding requirements are achievable in the time between the Cabinet meeting and the deadline.

During the period since signing the GFA we have sought specialist legal advice concerning the risks inherent to the structure and surrounding the structuring of the Fund This report seeks approval from Cabinet to implement the Fund as envisaged.

Recommendations

It is recommended that:

- **Cabinet approve the implementation of the Fund, as envisaged under the terms of the Grant Funding Agreement (GFA), including the setting up of the Management Company.**
- **Cabinet nominate and agree the Cabinet Member for Growing the Economy and the Assistant Director, Growth & Development to be Directors of the LCIFMC.**
- **Cabinet nominate and agree the Cabinet Member for Growing the Economy to chair the Board.**

1. Background and Purpose

1.1. In July 2018 the Policy & Resources Committee agreed to develop a regional

Low Carbon Innovation Fund (LCIF2, the Fund) over a 12-year period from 2019-2030, funded by the European Regional Development Fund (ERDF) during the first five years (the investment period). The Fund will invest £10.9m in equity and convertible loans to support around 48 growing technology companies in the East of England leveraging in an estimated £22m private investment. The Fund will cover three LEP areas; New Anglia, Hertfordshire and the Cambridgeshire and Peterborough Combined Authority. At the end of the initial ERDF-funded investment period in 2023 and beyond, the returns on the invested funds will be available for re-investment to provide further support to businesses in the project area, providing a long-term source of funding for economic development over which Norfolk County Council (NCC) will have influence.

Following extensive development work, the Council and the MHCLG have now entered into a Grant Funding Agreement (GFA). The funding agreement sets out the requirements on the Council to perform a set of functions, with the ultimate aim of achieving economic development in the eastern region. The funding agreement was signed in early April under delegated powers since it was deemed to be an urgent decision. This was because the GFA needed to be signed before the UK's planned exit from the EU in order to guarantee the funding will remain available and was authorised by the Leader and Deputy Leader of the Council. The terms of the GFA allow 60 working days (to 5 July 2019) for the Council to satisfy itself as to any remaining risks in the structure, to set up the Holding Company and put in place the other document and structural requirements as well as for Cabinet to take the final decision as to whether to participate in the LCIF2.

2. Proposals

2.1. The Leader and Deputy Leader of the Council have been consulted in the development of this proposal and have authorised signature of the GFA pending resolution of the outstanding issues as described at 1.1 above. Formal approval from Cabinet is now required to enable us to finalise the implementation of the Fund and to agree that we can set up the Holding Company (the LCIF2 Management Company, LCIFMC).

2.2. **Grant Structure**

MHCLG has to comply with the selection regulations and guidance and the procurement regulations in entering into the GFA. MHCLG expected NCC to warranty compliance with these matters in the GFA, and our signing of the GFA was on the basis that we had 60 working days to seek external specialist advice to provide assurance around this.

There is a risk to NCC if the GFA is later found not to comply with these regulations and guidance. MHCLG have assessed this, but they expect NCC to hold the risk of this and the potential return of ERDF monies, and this is their standard position.

MHCLG has provided some written assurance specifically in relation to other economic operators challenging the grant and delivery arrangements, but not in respect of ERDF audit / control, where NCC would hold the risk on the terms of the warranty it gives.

We have sought external specialist legal advice around this matter and are advised that in the view of the advisors MHCLG **has** complied with the selection regulations and guidance and the procurement regulations in entering into the GFA. The structure we have used is a standard structure for such Funds. There has been no legal challenge to this structure and therefore there is no case law to back up this advice. However, the following provide further mitigation and reassurance:

- MHCLG has assessed the risk and use this as their standard structure
- MHCLG has been part of the Steering Committee overseeing the development of the structure and will be both part of the Investment Advisory Panel for the Fund, and an observer to the Board. They therefore have an ongoing interest in and commitment to the Fund
- There are a number of other (much larger) Financial Instruments (FIs) in existence with an almost identical structure, for example the North East of England has an FI using the same structure with a total value of c£350m. These FIs have had an audit check on the structure and have been found to be compliant
- The project will receive an audit check on these matters within the first year of operation (subject to project spend) and in any event before the drawdown of the second advance payment (see below). This audit check will provide further assurance that the project structure is compliant
- There is no pecuniary interest in the GFA for either party.

The **scale** of the risk is not limited in the GFA and therefore is theoretically up to a maximum of £11,285,754 which is the total amount of the ERDF finance. However, the scale of the risk is mitigated by the following elements:

- the risk is not incurred all at once, but rather is limited by the drawdown of investments and operational costs. A profile of the operational costs can be found at Appendix 2 and of the investments at Appendix 3.
- All investment funds in the project are received in advance of disbursement to the investee companies. NCC will receive 25% of the ERDF project funds (£2,730,917) in the first tranche advance payment. The second tranche is triggered when 60% of tranche 1 has been disbursed (max. £1,638,550). However, MHCLG will not release tranche 2 until the required audit check has been carried out and therefore the risk will be removed at this point.
- These funds are invested under the terms of the Fund, and so can be recouped from the investee companies in line with the exit profiles.

In addition, NCC has asked UEA and the 3 LEPs / Combined Authority covered by the project to underwrite the risk of claw-back of the first year operational costs of £61,446. UEA has confirmed that they will underwrite 50% of this amount (which is the amount they would be providing match funding) and Hertfordshire LEP has also confirmed that they will underwrite 1/3 of the balance – a verbal update on the remaining LEP/CA position will be given at the Cabinet meeting.

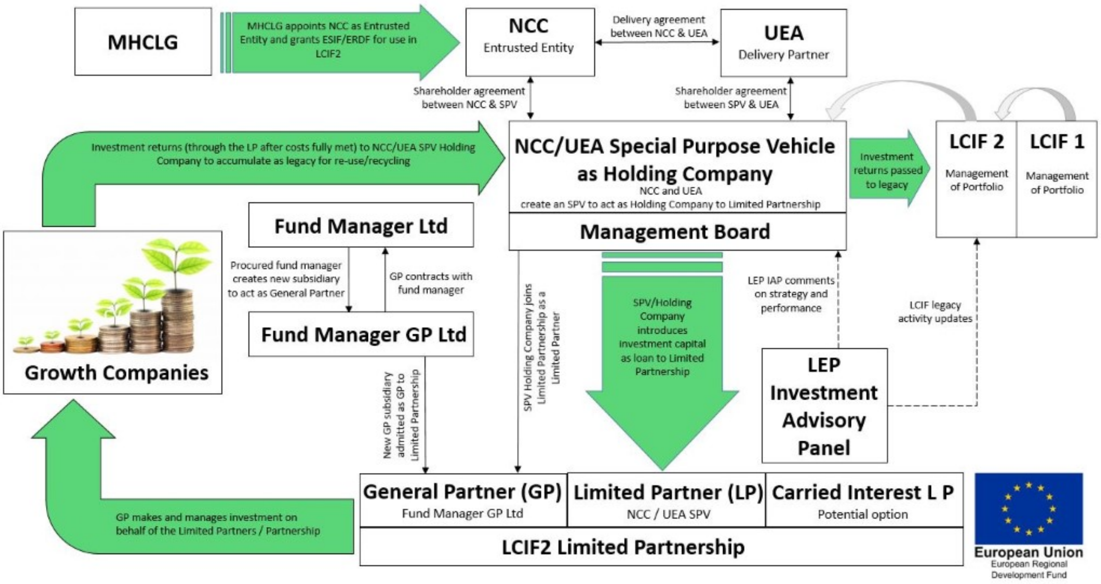
In summary, the risk is limited to £1,638,550 in invested funds plus £20,481 operational costs at the time of writing. We anticipate the latter amount to be fully underwritten. Our specialist legal advice is while the scale of the potential risk is 'major' as defined by the Corporate Risk Impact Criteria, the likelihood of the risk occurring is extremely low, and there is mitigation in place.

2.3. **Proposed delivery model**

The proposed delivery model for the Fund is shown below. A detailed description of the structure can be found at Appendix 1. Under this operating model, the Fund will build on lessons learned from existing fund models elsewhere in the UK and will be established under a Limited Partnership structure (under regulations set by the Limited Partnerships Act 1907). Such structures are typical and commonplace for commercial funds of this type.

Delivery of the fund will be through a 'limited partnership'. NCC is the project applicant (Entrusted Entity, 'EE'), tasked with the creation of a Management Company (LCIFMC) in collaboration with the University of East Anglia (UEA) as Delivery Partner. The LCIFMC (51% ownership NCC: 49% UEA) will be responsible for the set-up and implementation of the Fund. UEA has confirmed that it is a contracting authority with the competence to enter into the LCIFMC and our specialist legal advisors have provided assurance that the delivery partnership is compliant with requirements. The new LCIF2 Fund will benefit from the Council's experience in successful delivery of EU funded projects (eg InvestEast, LEADER programme, Interreg France (Channel) England) and the University's extensive investment experience, networks, reputation and marketing momentum gained from the operation of LCIF1 (2009 – 2015) and LCIF1 Legacy Fund. The staffing model for the project ensures sufficient resourcing will be in place to deliver, monitor and report on project activities.

We have taken advice from NPLaw and external specialist legal advisors in setting up this structure. It has been confirmed that we have the powers to enter into such an agreement and that the structure is in line with similar Funds.



2.4. **Set up of LCIFMC**

If Cabinet decides to approve NCC's involvement in LCIF2, we will need to set up the LCIFMC with UEA. The purpose of LCIFMC is to establish, promote and develop a fund or funds which will have as its objectives:

(i) to identify, fund, invest in, develop and deliver technical interventions to effect a measurable reduction in greenhouse gas emissions;
(ii) to actively support businesses involved in innovation, development and implementation in the field of greenhouse gas reduction;
(iii) to actively encourage the adoption of existing and the development of new low carbon innovation technologies;
(iv) to further and increase commercial viability for existing and future carbon reduction interventions;
(v) to identify and address economic and technological obstructions to the adoption of carbon reduction strategies;
(vi) to invest into any eligible sectors as stipulated by ERDF; including industry, science and technology and others, details are given on the MHCLG and LCIF websites.
(vii) to stimulate private sector investment into these sectors within the region through provision of maximum 50% public sector investment;

(viii) to provide return of funds and to establish and run a Legacy Fund or Funds;
(ix) to carry on business as a general commercial Fund.

2.5. **Terms of Reference and Appointment of Directors**

The terms of reference for the Board of the LCIFMC will be drawn up by the specialist legal advisors to ensure that they are appropriate and will comply with the Fund structure.

It is proposed that the LCIFMC will have 4 directors, two from NCC and two from UEA. In summary, the Terms of Reference for the directors will be as follows:

The board members are responsible for the management of the Fund and the governance of the Fund's affairs, and in particular to:
(a) consider, approve and adopt the Fund policies and any changes or improvements to the same;
(b) consider, approve and adopt the terms of reference;
(c) to establish the Investment Advisory Panel (to include MHCLG and representatives of the LEPs/CA);
(d) to implement the recommendations of the Fund Manager;
(e) to commission, receive and consider reports as appropriate from the Fund Manager, Investment Advisory Panel, members, board members and/or the Fund's advisors in line with the Fund policies; and
(f) to oversee the operation, application and expenditure of the innovation fund and in particular to ensure that the operation and management of the Fund complies with the Fund policies.

The Board is expected to meet quarterly. In the first 3 months of operation, the Board may meet monthly to aid set up.

NCC will also appoint one of the Directors of LCIFMC to Chair the Board of the Company.

It is expected that MHCLG will attend Board meetings as an Observer as part of their on-going commitment to the Fund. The day to day executive management and operation of LCIF2 is managed by the Fund Manager (a private company procured to deliver the specialist fund management function within the structure), Programme Manager (NCC) and the Innovation Funding Manager (UEA) mandated by the Board.

Request for nomination of directors
It is recommended that NCC appoint the Cabinet Member for Growing the Economy and the Assistant Director, Growth & Development, to be directors of the LCIFMC.
It is further recommended that the Cabinet Member for Growing the Economy be appointed as Chair of the Board.
These appointments will be for 3 years in the first instance.

2.6. **Project Management**

As the EE, we will employ a 0.5fte Programme Manager funded by the LCIF2, whose key responsibilities will be –

- Instigate Company accounting practices in preparation for trading
- Act as intelligent customer for the provision of legal services and fund management

- Set up governance arrangements including banking, delegated authorities and advisory members
- Carry out promotional activity, including marketing, networking and support of UEA, Fund Manager and external advocates
- Carry out accounting activity of holding company, managing and transferring funds in a timely manner to the Holding Company for the Fund Manager, preparing and gathering evidence for quarterly reporting and drawdown of funding tranches and providing financial Management reports for oversight by Governance Boards
- Monitor progress of activity to time, cost and quality, reporting variances in a timely and effective manner
- Review success upon completion of investments, carrying out lessons learned reviews when necessary, and liaising with technical delivery staff and management
- Prepare and communicate management accounting information at a project and or programme level
- Conduct stakeholder engagement including UEA, NCC, LEP and fund recipients etc.
- Deliver required reporting data
- Act as the main relationship manager to MHCLG.

The key responsibilities of the UEA staff working on the project will be –

- contribution to the general Holding Company responsibilities above
- capability, knowledge and experience, to be shared with NCC colleagues, to enable the swift set up and development of the fund in order to allow all elements to be in place in time to make investments at the speed and scale as defined in the operational budget.
- market consultations and development of the specification for the procurement of Fund Managers.
- Ongoing support and attention to the detailed operation of the fund, provision and development of good pipeline, investor relations and support and communication between Fund Manager, Holding Company and IAP, ensuring any required adjustments to investment strategy to maximise benefit of the Fund to achieving its objectives can be effected and ERDF compliance is upheld.
- Provision of expertise and support and oversight of low carbon optimisation of investments and portfolio.

3. Impact of the Proposal

3.1. Becoming the Entrusted Entity for LCIF2 would enable the three LEP/CA areas in the East of England to benefit from significant funding to support new and early stage businesses with loans and investment to develop low carbon activity.

The Council itself would be able to maximise the opportunity for Norfolk businesses to benefit from investment from the Fund. Taking on the EE role would give the Council the ability to co-direct with UEA the reinvestment of returns. Norfolk County Council would therefore have a key role in the investment (and further re-investment) of investment returns in economic development activity over the long-term, a potentially significant opportunity for the Council.

3.2. Appointment of a member of staff (employed by NCC but funded by ERDF and match funding from UEA) to manage the Fund would enable NCC to develop expertise in an alternative funding stream and put us in a good position to develop future similar funding proposals should the opportunity arise.

3.3. Performance of the LCIF2MC will be measured in terms of loans/investments made and returns from those investments. We will also monitor the take-up of investments in each of the LEP areas.

4. Evidence and Reasons for Decision

4.1. LCIF2 unlocks over £30m of innovative funding for early stage businesses operating in the field of low carbon development in the NALEP and Hertfordshire LEP and Cambridge & Peterborough Combined Authority areas. The benefits to Norfolk of NCC entering into the LCIF2 include the opportunity for Norfolk businesses to benefit from the fund; the opportunity to impact on climate change from Norfolk; and the opportunity for NCC to influence long term investment in economic development as returns are re-invested.

NCC has been asked to participate in the project as there is considered not to be any other suitable body with the expertise to undertake the essential EE role. NCC will staff the project with a 0.5fte Programme Manager funded 50% by ERDF and 50% by UEA from returns from LCIF1. There will be no staffing cost for NCC.

5. Alternative Options

5.1. If NCC does not take on the EE role, the Fund will not be put in place. ERDF regulations require a 'government-like' body to take on the EE role. In the project area, NCC was felt to be the only authority with the relevant experience to do this, and also provides a good fit to UEA's fund delivery expertise.

6. Financial Implications

6.1. NCC as the EE will receive ERDF in advance of spend from MHCLG and will disperse this to three places:

- To the Management Company for payment to the Fund Manager for investment
- To UEA to cover 50% of their operational costs
- To NCC staffing budget to cover 50% of our operational costs

Operational costs comprise staff costs, travel and marketing costs.

ERDF supplies 50% of operational costs and the remaining 50% will be covered from LCIF1 legacy funds at the end of the ERDF investment period in 2023 (the 'match' funding). NCC will bankroll the LCIF1 portion of NCC and UEA's operational costs until these funds become available to a maximum of £375,034. The profile of operational costs is at Appendix 2.

7. Resource Implications

7.1. **Staff:**
The Fund requires the appointment of a 0.5fte Project Manager to carry out the necessary reporting and management of the Fund as described at 2.5 above. The costs of staffing will be covered by the Fund, 50% in advance from ERDF and 50% at the end of 2023 as described at 6.1

7.2. **Property:**
No property implications. The additional 0.5fte can be housed within our current office accommodation.

7.3. **IT:**

No IT implications.

8. Other Implications

8.1. **Legal Implications:**

NCC has entered into a contract as described. Since the signing of the contract we have sought specialist advice on:

- Our powers to enter into such an agreement
- That MHCLG have complied with the requirements in appointing us
- Our delivery partnership with UEA
- The structure of the Fund.

All of these outstanding issues have now been satisfied. We have worked with NPLaw throughout to resolve these and to obtain the appropriate specialist advice.

8.2. **Human Rights implications**

No Human Rights implications.

8.3. **Equality Impact Assessment (EqIA)**

What will the project do to promote equality between men and women?

There will be no preference given to applications from businesses led by women or men. However, in an investment industry that has historically been male dominated, the Fund will actively seek to identify potential applications from female business founders. The project delivery team will maintain a culture which is accessible to early stage founders be they male or female and actively seek opportunities to promote the Fund to women investors and founders to help to redress the balance.

What will the project do to promote equality and prevent discrimination based on racial or ethnic origin, religion or belief, disability, age or sexual orientation?

Norfolk County Council is committed to providing equality of opportunity and will ensure the Fund encourages diversity in the applications received. Applications will be open to all eligible businesses regardless of protected characteristics. The Fund will be promoted in a wide variety of relevant forums as well as the investment sector which is beginning to recognise that historically it has drawn from a very narrow section of society.

Project delivery will be developed to ensure engagement is responsive to the needs of all communities and under-represented groups.

What will be done to ensure people with disabilities can access the project?

There is no known barrier to people with disabilities accessing the project although this will be kept under review. The Fund will be promoted widely at events, online and in relevant press. The application facility will be online with contact details available for assistance. Physical meetings will be arranged at accessible locations as relevant in response to the needs of applicants.

8.4. **Health and Safety implications**

No Health & Safety implications.

8.5. **Sustainability implications**

In supporting businesses developing technologies which have a demonstrable carbon reduction impact the Fund is actively engaged with maximising their potential and has a proven methodology for evaluating the impacts on energy consumption, greenhouse gas production and other environmental impacts of the operations of the businesses it works with. Sustainable development is a fundamental pillar of this project's design and operation.

All aspects of sustainability are considered during the assessment and due diligence phase of applications for loans/investment and advice and guidance offered to businesses to improve their environmental, economic and social credentials.

The project delivery team will work within the framework of sustainable development, ensuring the project's own operations minimise environmental impact, that sustainable procurement processes are followed and that sustainability best practice is promoted to all parties.

8.6. **Any other implications**
N/A

9. Risk Implications/Assessment

9.1. As set out above, there is a risk attached to the structure of the financial model that NCC could be held liable for the value of the project should there be a challenge that the structure has not been correctly set up. The risk has been mitigated by seeking specialist legal advice and the likelihood of the risk occurring is considered to be extremely low.

10. Select Committee comments

10.1. N/A

11. Recommendation

11.1. It is recommended that:

- **Cabinet approve the implementation of the Fund, as envisaged under the terms of the Grant Funding Agreement (GFA), including the setting up of the Management Company.**
- **Cabinet nominate and agree the Cabinet Member for Growing the Economy and the Assistant Director, Growth & Development to be Directors of the LCIFMC.**
- **Cabinet nominate and agree the Cabinet Member for Growing the Economy to chair the Board.**

12. Background Papers

12.1. Appendix 1: Detailed structure of the Fund
Appendix 2: Financial Schedule Operational Costs
Appendix 3: Planned Profile of Investments

Report to 16 July 2018 Policy and Resources Committee on Low Carbon Financial Instrument 2: an economic development funding opportunity

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

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Email address : **Karen.gibson@norfolk.gov.uk**

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Appendix 1: Detailed structure of the Fund

The key features of a Limited Partnership for LCIF2 are as follows:

- NCC as the Entrusted Entity is the applicant and recipient of ERDF and would receive grant in tranches from MHCLG in advance of investment, as illustrated in the financial model (Appendix 3). In partnership with UEA, NCC will create a new SPV company that will act as Holding Company (the LCIF Management Company) to the Limited Partnership for the purpose of investment.
- The Management Company would be a Limited Partner (and investor) in the Limited Partnership, introducing investment capital as a loan to the Limited Partnership.
- The Limited Partnership must procure and appoint a Fund Manager to manage the affairs of the fund – including investment decisions at all stages through to disposal or exit/realisation. The Fund Manager creates a new wholly-owned, single purpose subsidiary that is appointed as 'General Partner' (GP) to the Limited Partnership. Technically, it's the GP entity that undertakes all decision making for the fund and accepts all liabilities that may stem from this activity. By **NOT** engaging in decision making, the Limited Partner's liability is limited to the value of their investment stake. The investment stake is comprised of ERDF and match funding from LCIF1 legacy provided by UEA. There is no cost or risk to NCC in the investment model. The procurement process has been launched but will only be completed should Cabinet approve NCC involvement.

Limited Partners may not direct the investment decisions of a Limited Partnership based fund without sacrificing their limited liability status. However, they can and should influence the way that the fund is invested at a strategic level by setting the Investment and Operational Guidelines (IOGs) that form part of the contract with and terms of engagement for the GP/Fund Manager. The Entrusted Entity/Management Company would adopt a coordinating, strategic management/governance role that allows investment capital to be allocated (and if necessary, de-allocated) to suit the changing market for finance in the region or the performance of the fund manager.

The strategic guidance in LCIF2 will be undertaken by an Investment Advisory Panel (IAP). In this project, it is proposed that the IAP will be comprised of appointed officer representatives of all LEPs contributing allocations to the project and covered by its provision – New Anglia LEP, the Cambridgeshire and Peterborough Combined Authority and Hertfordshire LEP as well as MHCLG which is the Managing Authority for the ERDF funds. IAP will not be making or commenting on individual investment decisions, but will -

- Advise on the overall investment strategy and overall terms of investment and review these regularly during the lifetime of the project
- Comment on project delivery and provide challenge to encourage high performance.
- Advise on strategic fit and networking with other LEP initiatives, key sectors, Economic Strategies and Local Industrial Strategies.

- Monitor spread of delivery across the project geography.
- A Carried Interest Limited Partner option is included in the model as an option for possible future use as part of the remuneration options for the Fund Manager contract. Carried interest is a stream of remuneration which becomes available at the end of a Fund when returns from investments exceed a threshold value. The Holding Company might wish to use this option in the future as an extra performance incentive for a Fund Manager.

The Management Company would receive and aggregate returns to form legacies for future re-investment, subject to MHCLG consent.

Private sector co-investment occurs alongside the investment from LCIF2 on a deal by deal basis. Although investment from the fund is contingent on private sector co-investment on pari passu terms, that co-investment is not required to pass though this structure, only that it is fully demonstrable and evidenced.

MHCLG will provide ESIF/ERDF as a grant but typically, is likely neither to seek a seat on the Holding Company's SPV management board for LCIF2 nor join the Limited Partnership as a Limited Partner. Instead, it will protect its interest though a funding agreement, with terms that enable the control of further introductions of ESIF/ERDF in the event of an irregularity or dispute.

The ESIF/ERDF grant is held on trust by the Entrusted Entity/Management Company for the lifetime of a new fund, with proprietorial interest remaining to be held by the Secretary of State until the fund achieves final audit sign-off.

NCC will be the majority shareholder of the proposed Management Company which will be established with UEA to deliver the project. The Management Company will procure the Fund Manager and oversee their delivery. It will also be responsible for overall delivery and compliance against the ERDF contract, and Fund monitoring and evaluation. The Management Company Board may appoint expert advisers with investment experience to supports its scrutiny of project delivery. It is expected that MHCLG will act as an Observer to the Board.

Appendix 2: Financial Schedule Operational Costs

	5 Year total	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Maximum Eligible LCIF2MC Costs	£273,092	£61,446	£61,446	£44,377	£51,205	£54,618
Total Eligible Fund Manager Fees	£476,977	£127,657	£132,340	£109,709	£71,483	£35,787
Total Costs and Fees	£750,069	£189,102	£193,786	£154,086	£122,688	£90,406
50% Funding from ERDF paid in advance	£375,034	£94,551	£96,893	£77,043	£61,344	£45,203
50% Match Funding from LCIF1 Legacy (UEA)	£375,034	£94,551	£96,893	£77,043	£61,344	£45,203
Cumulative Match to be cashflowed by NCC to end of Investment Period after which time LCIF1 Legacy will reimburse it		£94,551	£191,444	£268,487	£329,831	£375,034

Appendix 3 - Planned Profile of Investments

					INVESTMENT PHASE		INVESTMENT PHASE		INVESTMENT PHASE		INVESTMENT PHASE	
					Year 1 2019		Yr 1		Year 2 2020			Y2
		Value £	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Full ERDF Allocation		11,285,754										
Total project cost		22,196,475										
"Pathfinder"	23	1,380,000			120,000	180,000	300,000	120,000	180,000	120,000	120,000	540,000
		Number of SME loans			*2*	*3*		*2*	*3*	*2*	*2*	
Next stage investments new &	24	5,480,720			225,000	450,000	675,000	225,000	225,000	225,000	450,000	1,125,000
		Number of 1st follow ons			*1*	*2*		*1*	*1*	*1*	*2*	
Last stage: new &	9	4,050,000			0	450,000	450,000	450,000	450,000	0	0	900,000
		Number of 2nd follow ons				1		1	1			
ERDF Allocation to Invest		**10,910,720**										
ERDF capital invested		**10,910,720**	0	0	345,000	1,080,000	**1,425,000**	795,000	855,000	345,000	570,000	**2,565,000**
Fund Manager Holidings	2727679.934		0	0	345,000	1,425,000		2,220,000	3,075,000	3,420,000	3,990,000	
Match Funding % of ERDF Capital Investment	**100.000%**	**10,910,721**	0	0	345,000	1,080,000	**1,425,000**	795,000	855,000	345,000	570,000	**2,565,000**
Quarters from Yr 1 Investment						1		2	3	4	5	
Investment Maturity												

			INVESTMENT PHASE		INVESTMENT PHASE		INVESTMENT PHASE		INVESTMENT PHASE		INVESTMENT PHASE	INVESTMENT PHASE		INVESTMENT PHASE		
				Year 3 2021			Yr 3		Year 4 2022			Yr 4		Year 5 2023		Yr 5
		Value £	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Full ERDF Allocation		11,285,754															
Total project cost		22,196,475															
"Pathfinder"	23	1,380,000	180,000	120,000	60,000	60,000	420,000	60,000	60,000	0	0	120,000	0	0	0	0	0
		Number of SME loans	3	2	1	1		1	1								
Next stage investments new &	24	5,480,720	225,000	225,000	450,000	225,000	1,125,000	225,000	225,000	225,000	225,000	900,000	450,000	225,000	450,000	530,720	1,655,720
		Number of 1st follow ons	*1*	*1*	*2*	*1*		*1*	*1*	*1*	*1*		2	1	2	2	
Last stage: new &	9	4,050,000	450,000	0	0	0	450,000	450,000	450,000	0	450,000	1,350,000	450,000	0	450,000	0	900,000
		Number of 2nd follow ons	1					1	1		1		1		1		
ERDF Allocation to Invest		**10,910,720**										**0**					**0**
ERDF capital invested		**10,910,720**	855,000	345,000	510,000	285,000	**1,995,000**	735,000	735,000	225,000	675,000	**2,370,000**	900,000	225,000	900,001	530,720	**2,555,720**
Fund Manager Holidings	2727679.934		4,845,000	5,190,000	5,700,000	5,985,000		6,720,000	7,455,000	7,680,000	7,504,500		8,404,500	8,566,500	9,403,501	9,934,221	
Match Funding % of ERDF Capital Investment	**100.000%**	**10,910,721**	855,000	345,000	510,000	285,000	**1,995,000**	735,000	735,000	225,000	675,000	**2,370,000**	900,000	225,000	900,001	530,720	**2,555,721**
Quarters from Yr 1 Investment			6	7	8	9		10	11	12	13		14	15	16	17	
Investment Maturity											850,500	**850,500**		63,000	63,000		**126,000**

Report to Cabinet

Item No. 10

Report title:	**Annual Treasury Management Outturn Report 2018-19**
Date of meeting:	**10 June 2019**
Responsible Cabinet Member	**Andrew Jamieson, Cabinet Member for Finance**
Responsible Director:	**Simon George, Executive Director of Finance and Commercial Services**

Executive Summary

In accordance with regulatory requirements, this report provides information on the Treasury Management activities of the County Council for the period 1 April 2018 to 31 March 2019.

This report and the attached annex provides details of the 2018-19 treasury activities and highlights compliance with policy and strategy previously approved by Members in relation to treasury management.

Recommendations

Cabinet is asked to:

- **endorse and recommend to County Council the Annual Treasury Management Outturn Report 2018-19.**

1. Background and Purpose

1.1. This Annual Treasury Management Report forms an important part of the overall management of the Council's financial affairs. The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activity.

2. Proposals

2.1. This report provides details of the 2018-19 treasury activities and highlights compliance with policy and strategy previously approved by Members in relation to treasury management.

3. Impact of the Proposal

3.1. The impact of this report is to demonstrate that during 2018-19, the Council's treasury management operations have been carried out in accordance with best practice and in compliance with legislative and regulatory requirements.

4. Evidence and Reasons for Decision

4.1. One annex is attached to this report, giving details of treasury management activities and outcomes, including:

- Investment activities
- Borrowing strategy and outcomes
- Non-treasury investments
- Prudential indicators.

5. Alternative Options

5.1. In order to achieve treasury management in accordance with the Council's treasury management strategy, no viable alternative options have been identified to the recommendation in this report.

6. Financial Implications

6.1. The Bank of England increased the base rate from 0.5% to 0.75% on 2 August 2018, marginally increasing short term cash deposit rates in the second half of the year. However, lower average cash balances have had the impact of marginally reducing average interest earned on balances of 0.93% in 2018-19.

Long term borrowing rates remained historically low. During 2018-19 the Council borrowed £100m to support capital expenditure previously incurred. Borrowing of £20m was accelerated from planned 2019-20 borrowing to take advantage of historically low rates towards the end of March.

At 31 March 2019, the Council's external debt was £625m (£533m in 2017-18) and its investments totalled £108m (£94m in 2017-18).

The Council's treasury management operations have been carried out in accordance with the Council's Treasury Management Strategy, treasury best practice, and in compliance with legislative and regulatory requirements.

7. Resource Implications

7.1. There are no direct staff, property or IT implications arising from this report.

8. Other Implications

8.1. **Legal Implications:**
In order to fulfil obligations placed on chief finance officers by section 114 of the Local Government Finance Act 1988, the Executive Director of Finance and Commercial Services continually monitors financial forecasts and outcomes to ensure resources (including sums borrowed) are available to meet annual expenditure.

8.2. **Equality Impact Assessment**
Treasury management activities take place to manage the cash-flows relating to the Council's revenue and capital budgets. Impact assessments are carried out in advance of setting the budget, the latest being published as "Budget proposals 2019/2020 Overall Summary: Equality & rural impact assessment report".

The Council's net budget, and as a result planned cash requirements, remained unchanged throughout the financial year and there are no additional equality and diversity implications arising out of this report

9. Risk Implications/Assessment

9.1. The Council's Corporate Risk Register provides a full description of corporate risks, including corporate level financial risks, mitigating actions and the progress made in managing the level of risk.

A majority of risks, if not managed, could have significant financial consequences such as failing to generate income or to realise savings, which in turn would have an impact on the Council's cash balances or the timing and amount of borrowing. Executive Directors have responsibility for managing their budgets within the amounts approved by County Council.

More specifically, the Council's Treasury Management Strategy sets parameters for the selection and placing of cash balances, taking into account counterparty risk and liquidity. The strategy also sets out how the Council manages interest rate risks.

10. Recommendation

10.1. Recommendations are set out in the executive summary to this report.

If you have any questions about matters contained in this paper, please get in touch with:

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Email address: Howard.jones@norfolk.gov.uk

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Norfolk County Council

Annex 1: Annual Treasury Management Report 2018-19

Report by the Executive Director of Finance and Commercial Services

1 Introduction

1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice for Treasury Management in the Public Services (the Code) requires local authorities to produce an annual report on Treasury Management activities. The County Council is required to comply with the Code through Regulations issued under the Local Government Act 2003.

1.2 Treasury management activities are defined as 'the management of the Council's cash flows, its banking, money market and capital market transactions; the effective management of the risks associated with those activities and the pursuit of optimum performance consistent with those risks'.

1.3 The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report provides details of the outturn position for treasury activities and demonstrates compliance with the Council's treasury management policies.

1.4 During 2018-19 the minimum reporting requirements were that the County Council should receive the following reports:

- an Annual Investment and Treasury Strategy in advance of the year (County Council 12 February 2018)
- a mid-year treasury update report (County Council 10 December 2018)
- an annual report following the year-end describing activity (this report).

The Treasury Management Panel and the Policy and Resources Committee met in January and February 2018 to approve the strategy for 2018-19 and thereafter met during the year to receive and discuss treasury management reports.

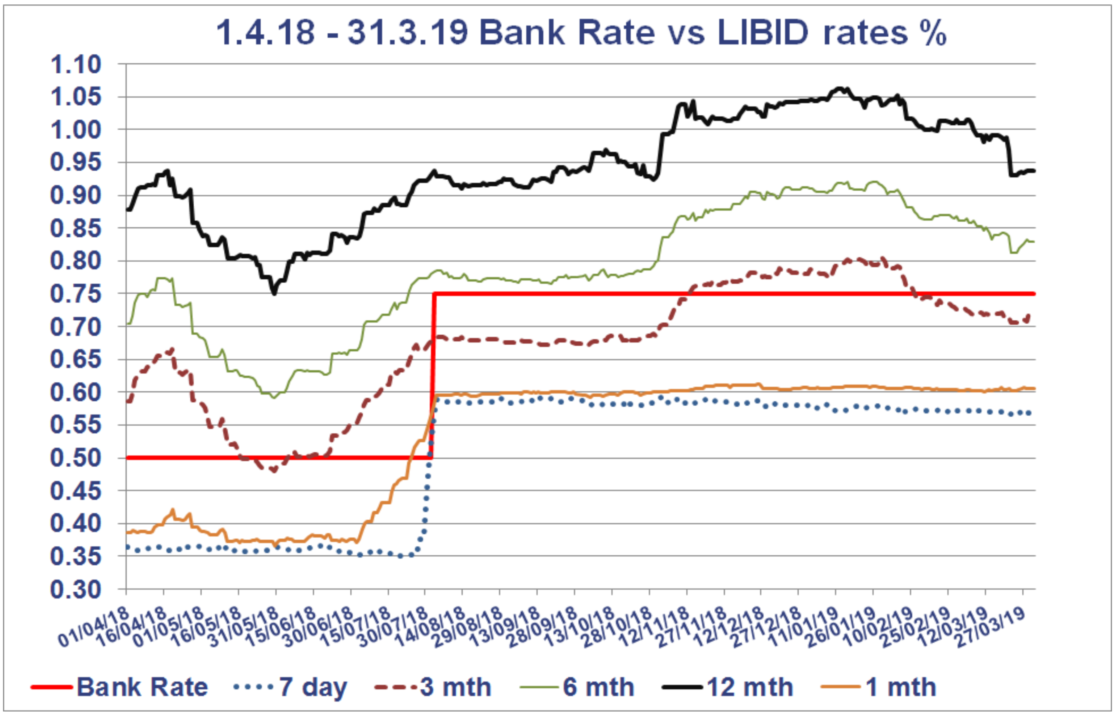
2 Non-Treasury investments and changes to the CIPFA Code`

2.1 Non-treasury investments are classed as capital expenditure and approved and monitored as part of the capital programme. In December 2017, CIPFA issued a revised Treasury Management Code of Practice and a revised Prudential Code. These revisions have particularly focussed on non-treasury investments including the purchase of property with a view to generating income. As a result, an analysis of non-treasury investments is appended to this report.

2.2 The new Code has also made some relatively minor amendments to the suggested Prudential Indicators, which will have been reflected in the 2019-20 Treasury Management Strategy.

3 Treasury Operations in 2018-19

3.1 Investment Interest Rates in 2018-19



3.1.1 Investment returns remained low during 2018-19. At the start of 2018-19, and after UK GDP growth had proved disappointingly weak in the first few months of 2018, the expectation for the timing of a base rate increase was pushed back from May to August 2018. Investment interest rates were therefore on a gently rising trend in the first half of the year after April, in anticipation that the MPC would raise Bank Rate in August. This duly happened at the MPC meeting on 2 August 2018. During this period, investments were, therefore, kept shorter term due to cash flow requirements and in anticipation that rates would be higher later in the year.

3.1.2 Investment rates were little changed during August to October but rose sharply after the MPC meeting of 1 November was unexpectedly hawkish about their perception of building inflationary pressures, particularly from rising wages. However, weak GDP growth data after December, plus increasing concerns generated by Brexit, resulted in investment rates falling back again.

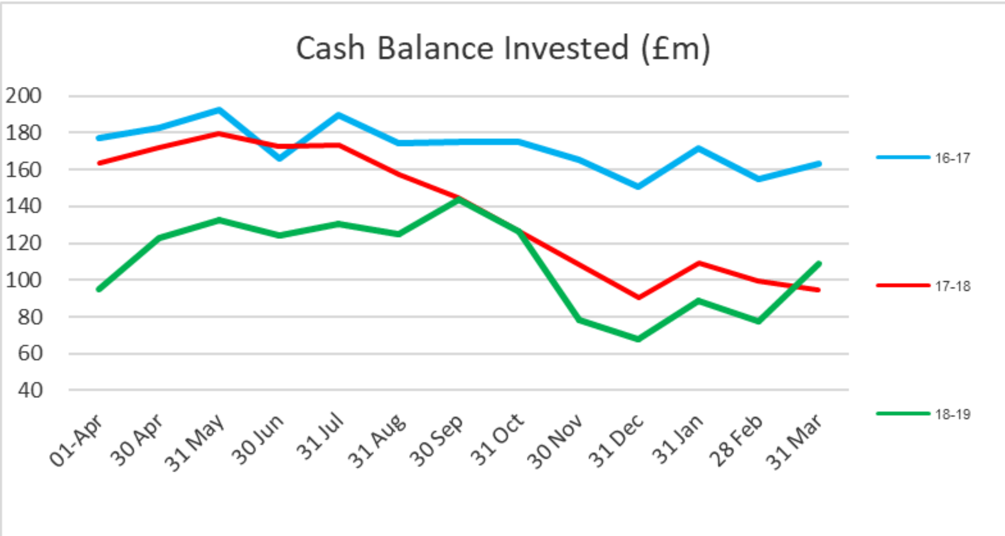
3.1.3 Continued uncertainty in the aftermath of the 2008 financial crisis has promoted a cautious approach whereby investments continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to longer term borrowing rates.

3.2 Investment Activity

3.2.1 The Council's cash balances comprise of revenue and capital resources, such as general balances, provisions and earmarked reserves and the timing differences between the receipt and payment of monies required to meet the cost of County Council services and its capital programme.

3.2.2 The Council's investment policy is governed by the Ministry of Housing, Communities and Local Government's Guidance, which is incorporated within the Council's approved Annual Investment and Treasury Strategy. Investment activity during the year was in accordance with the strategy.

3.2.3 Cash income in 2018-19 including £100m new debt, amounted to £1,539m (£1,474m in 2017-18), while cash payments, including debt repayment, totalled £1,525m (£1,543m in 2017-18), resulting in an overall increase in cash balances of £14m. Cash balances available for investment have therefore increased from £94m at 1 April 2018 to £108m at 31 March 2019. The average level of cash balances in 2018-19 was £100m (£134m in 2017-18).



3.2.4 The reduction in the overall cash balance in 2017-18 (red line) was due largely to expenditure on the NDR, with good progress also on the school's capital programme. Borrowing towards the end of 2017-18 saw cash balances levelling off. A pension contribution pre-payment of £40m in October had a significant immediate impact on 2018-19 balances (green line). To take advantage of historically low interest rates the Council has borrowed £100m through 2018-19 to fund previous capital expenditure. This has more than compensated for current capital expenditure, and has had the effect of increasing cash balances over the course of the year.

3.2.5 Of the 340 bank accounts administered by the County Council, only 3 are principal accounts (one for income collection, general expenditure and salary payments). The remaining bank accounts are service specific, for example schools locally managing their devolved budgets. The corporate treasury management function ensures the efficient management of cash balances across all its accounts by aggregating and investing surplus cash balances daily.

3.2.6 All cash balances are managed internally and invested in accordance with the Council's approved strategy. The Council works closely with its external Treasury Advisors to determine the credit rating criteria for 'high' credit rated institutions supplemented by other financial market information and intelligence.

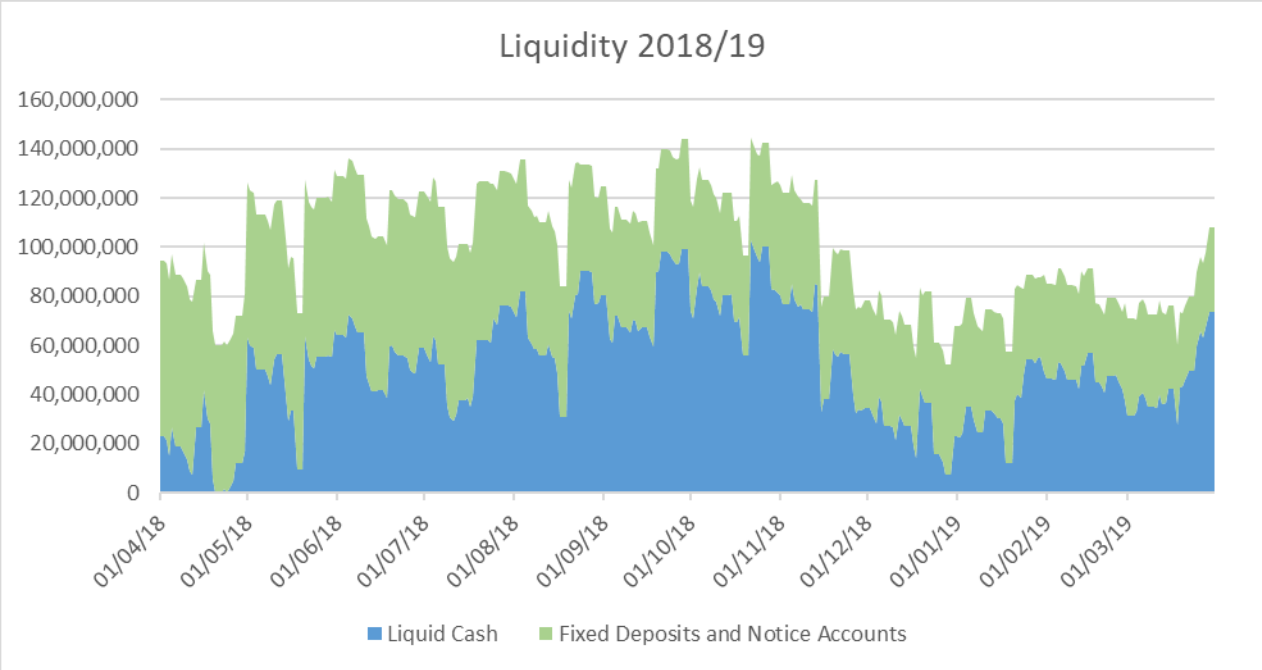
3.2.7 Investment decisions are largely driven by the timing of projected cash in-flows and out-flows, the availability of high quality counterparties and the relative value of interest rates compared to the performance benchmark.

3.2.8 An investment profile as at 31 March 2019 is attached at Appendix A.

3.2.9 The table below provides a month by month and a cumulative comparison against the 7-day LIBID benchmark.

2018/19	Interest for Month (%)	LIBID for Month (%)	Interest Year to Date (%)	LIBID Year to Date (%)
Apr 18	0.99	0.36	0.99	0.36
May 18	0.86	0.36	0.92	0.36
Jun 18	0.84	0.36	0.89	0.36
Jul 18	0.86	0.36	0.88	0.36
Aug 18	0.92	0.58	0.89	0.41
Sep 18	0.89	0.59	0.89	0.44
Oct 18	0.87	0.58	0.89	0.46
Nov 18	0.92	0.59	0.89	0.47
Dec 18	1.07	0.58	0.90	0.49
Jan 19	1.02	0.58	0.91	0.49
Feb 19	1.05	0.57	0.92	0.50
Mar 19	1.05	0.57	0.93	0.51

3.2.10 Gross interest earned for the period 1 April 2018 to 31 March 2019 is £0.929m (£1.312m in 2017-18). Net interest earned, after adjusting for internal interest-bearing accounts, is £0.677m (£1.270m in 2017-18). Despite low base rates, the average rate of interest on deposits is relatively high due to the proportion of fixed deposits carried forward from the previous year.



3.2.11 The average interest rate earned in 2018-19 was 0.93% (0.98% in 2017-18), compared with the average 7-day London Interbank Bid (LIBID) rate of 0.51% and the average LIBID 6-month deposit rate of 0.79%. The interest rate achieved in 2018-19 of 0.93% exceeds both these benchmarks, and this has been achieved while still maintaining daily cashflow liquidity. However, gross interest earned has decreased by £0.384m due to reduced average cash balances. A year on year comparison of investment activity is summarised in the table below.

	2018-19	**2017-18**
Average Cash Balances	£100m	£134m
Average Interest Rate	0.93%	0.98%
Gross Interest Earned	£0.928m	£1.312m

3.3 Borrowing strategy and control of interest rate risk

3.3.1 The County Council undertakes capital expenditure on long-term assets. This activity gives rise to the need to borrow. Part of the Council's treasury management activity is to address this borrowing need, either through long term borrowing from external bodies (PWLB or commercial banks) or utilising cash resources on a temporary basis within the County Council.

3.3.2 During 2018-19, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered.

3.3.3 A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.

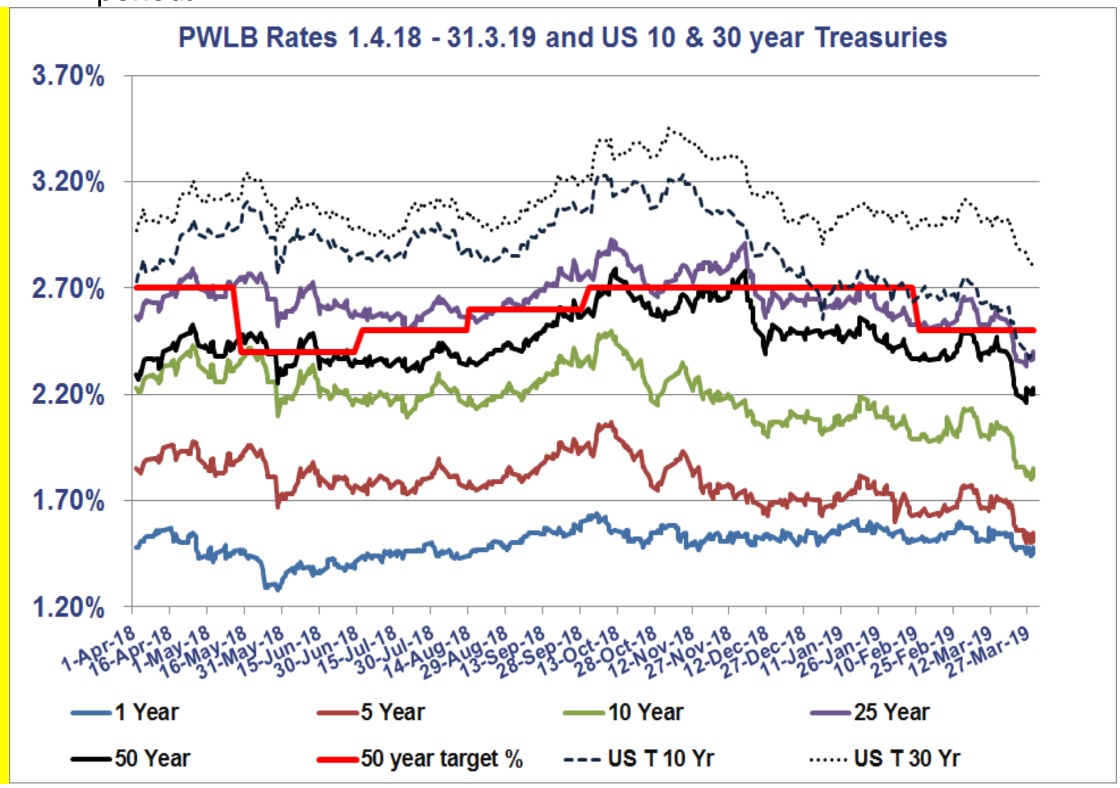
3.3.4 The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority will not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

3.3.5 Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Executive Director of Finance and Commercial Services therefore monitored cash requirements and interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks:

- if it had been felt that there was a significant risk of a sharp FALL in long and short-term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.

- if it was felt that there was a significant risk of RISE in long term rates, then fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.

3.3.6 Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2018-19 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period.



3.3.7 Since PWLB rates peaked during October 2018, most PWLB rates have been on a general downward trend, though longer term rates did spike upwards again during December, and, (apart from the 1 year rate), reached lows for the year at the end of March.

3.4 Borrowing outturn

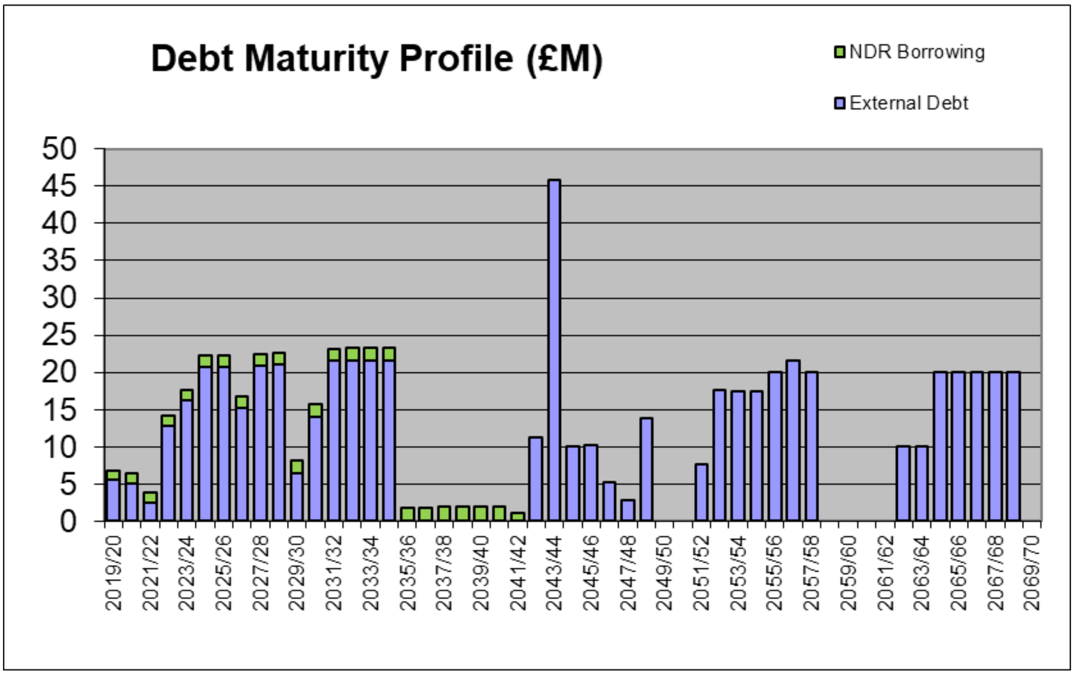
3.4.1 Delaying borrowing and running down the level of investment balances also reduces the County Council's exposure to investment counterparty risk. By avoiding the "cost of carrying" debt the County Council is currently saving between £2m and £2.5m pa (depending on future interest rate assumptions, the use of new PWLB borrowing, and the rate of capital expenditure funded by borrowing).

3.4.2 Against this, the current borrowing environment gives the authority the chance to lock into historically low interest rates,and £100m was borrowed from the PWLB during 2018 to support previous capital expenditure as follows:

Lender	Date	Principal	Interest type	Interest Rate	Maturity
PWLB	16 Apr 2018	£20m	Fixed	2.35%	49 years
PWLB	31 May 2018	£10m	Fixed	2.26%	46 years
PWLB	13 Aug 2018	£10m	Fixed	2.38%	50 years
PWLB	11 Sep 2018	£10m	Fixed	2.44%	50 years
PWLB	12 Dec 2018	£10m	Fixed	2.47%	47 years
PWLB	13 Feb 2019	£10m	Fixed	2.35%	47 years
PWLB	12 Mar 2019	£10m	Fixed	2.36%	46 years
PWLB	25 Mar 2019	£10m	Fixed	2.24%	44 years
PWLB	26 Mar 2019	£10m	Fixed	2.22%	44 years

3.4.3 At 31 March 2019, the Council's external borrowing (debt outstanding) totalled £625m (£533m at 31 March 2018) including £40m borrowed in 2016-17 to support the construction of the Norwich Northern Distributor Road, and £100m borrowed in 2018-19. The weighted life of the Council's current debt at the point it was taken is 37 years. The weighted average time to maturity of current fixed term debt is 25 years.

3.4.4 The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.



3.4.5 Interest paid on external borrowings in 2018-19 was £26.9m (2017-18 £25.8m). The average rate of interest was 4.47% (2017-18 4.89%).

3.4.6 The debt position at the 31 March 2019 compared to the previous year is shown below:

Actual Borrowing Position	**31 March 2019**		**31 March 2018**	
	Principal £m	Rate%	Principal £m	Rate%
PWLB Debt - maturity	£546m	4.62%	£452m	5.15%
PWLB Debt – annuity	£37m	2.02%	£38m	2.02%
Commercial Loans Debt	£42m	4.75%	£42m	4.74%
Total Debt	**£625m**	**4.47%**	**£533m**	**4.89%**

3.4.7 Appendix B shows debt maturities during the last 2 years, including the amount of debt repaid, the rate of interest and interest savings, and Appendix C shows ratios of interest to principal and income.

3.4.8 In addition to the £625m borrowing above, £65m of the CFR is funded through Other Long-Term Liabilities (PFI and leasing) giving total debt of £690m. The County Council maintained its total gross borrowing level within its 2018-19 Authorised Limit for debt of £811m. The Authorised Limit being the 'affordable borrowing limit' required by section 3 of the Local Government Act 2003.

3.4.9 The Council's Capital Financing Requirement at 31 March 2019 is (provisionally) £778m. The estimate in the latest Treasury Strategy was £785m. Based on the other assumptions in the strategy adjusted for £20m higher than anticipated borrowing in March, the lower CFR results in under-borrowing of £88m as at 31 March 2019. This has reduced by £20m as a result of borrowing in April and May 2019.

3.4.10 The PWLB provides a facility to restructure debt, including early repayment of loans. This can result in net savings in overall interest charges. No early repayments were made in 2018-19 as the current low level of PWLB rates would result in 'premiums' being payable. Prevailing PWLB interest rates will be monitored to identify future repayment opportunities.

4 Leasing

4.1 In 2018-19 minimal new lease financing has been used (totalling less than £0.1m). Those that were used were arranged by Link Asset Services Ltd and were primarily extensions to Highways vehicle leases. Following an agreed change to arrangements in the final quarter of 2017-18, Norse arranges their leasing direct to avoid double counting on the Council's balance sheet following the introduction of IFRS16.

5 Non-treasury investments

5.1 Following updates to Treasury Management reporting requirements from 2019-20 under the revised CIPFA Code, local authorities have to report more information on their non-treasury investments. Appendix D lists non-treasury investments made or held by the authority, with short explanation of each one.

6 Prudential indicators

6.1 Provisional results against the treasury prudential indicators set for 2018-19 are set out in Appendix E. This shows that treasury activities have all remained within the approved indicators/limits.

Appendix A

Outstanding Deposit Profile @ 31st March 2019

Counterparty Name	Deal Date	Maturity Date	Interest Rate %	Principal £M
Aberdeen				
Aberdeen Money Market Fund	Instant Liquidity		0.78*	13.387
				13.387
Barclays Bank				
Barclays Bank Call Account	Instant Liquidity		0.70*	20
				20
Close Brothers Limited				
Close Brothers Limited	19-Apr-18	18-Apr-19	1.20	10
				10
Federated				
Federated Money Market Fund	Instant Liquidity		0.79*	40
				40
Goldman Sachs Intl Bank				
Goldman Sachs 370 Day Notice	21-Feb-17	16-Jan-20	1.36	10
Goldman Sachs 370 Day Notice	23-May-17	18-Apr-19	1.11	10
				20
Norse Group				
NPS Property Consultants Ltd	29-Mar-19	05-Apr-19	3.35	1
NPS Property Consultants Ltd	29-Mar-19	08-Apr-19	3.35	1
Norse Commercial Services Ltd	29-Mar-19	05-Apr-19	3.35	1
Norse Commercial Services Ltd	29-Mar-19	08-Apr-19	3.35	1
Norse Commercial Services Ltd	29-Mar-19	09-Apr-19	3.35	0.5
				4.5
Total Deposits				**107.9**

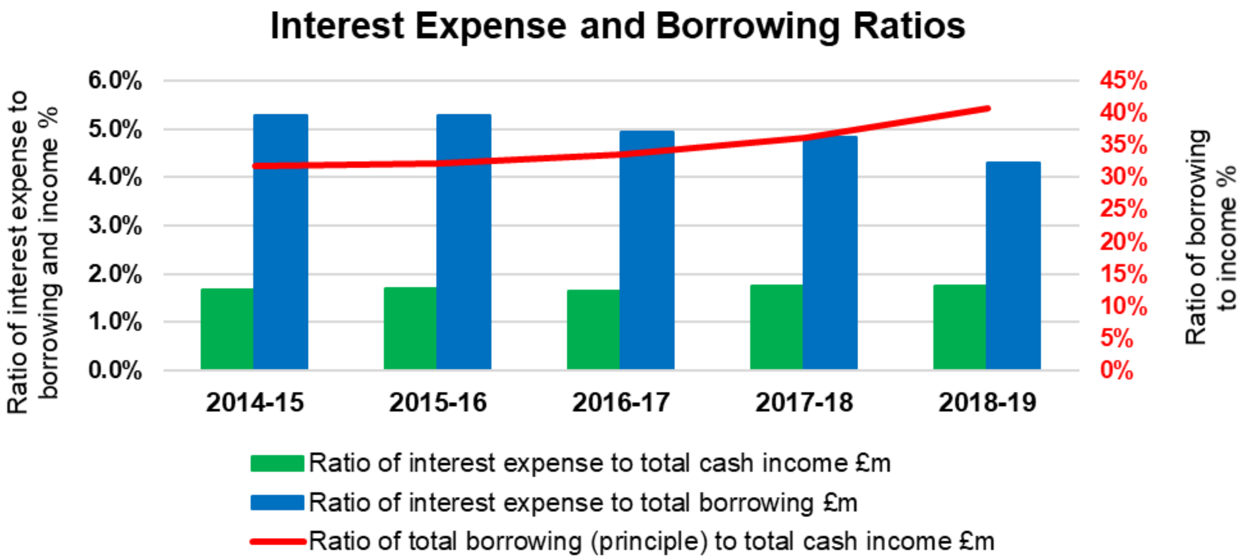
* Latest rates as at 31st March 2019

In addition, deposits of £15.947m were held on behalf of other bodies:

Norfolk Pension Fund, Norse Commercial Services Ltd, Norse Care Ltd, NPS Property Consultants Ltd and Independence Matters.

Appendix B

Debt Maturities 2017-18 to 2018-19			
Maturity Date	Amount Repaid	Rate	Full Year Interest Saving
11 Apr 2017	£1,000,000	4.625%	£46,250
15 Jun 2017	£500,000	9.375%	£46,875
30 Sep 2017	£1,500,000	5.125%	£76,875
11 Oct 2017	£500,000	4.625%	£23,125
11 Oct 2017	£500,000	9.750%	£48,750
15 Dec 2017	£1,525,000	6.500%	£99,125
31 Mar 2018	£1,000,000	5.000%	£50,000
2017-18	£6,525,000		£391,000
11 Apr 2018	£1,000,000	4.625%	£46,250
15 Jun 2018	£500,000	9.250%	£46,250
30 Sep 2018	£1,500,000	5.000%	£75,000
11 Oct 2018	£500,000	4.625%	£23,125
11 Oct 2018	£500,000	9.750%	£48,750
15 Dec 2018	£500,000	9.250%	£46,250
31 Mar 2019	£500,000	9.375%	£46,875
31 Mar 2019	£1,500,000	5.000%	£75,000
2018-19	£6,500,000		£407,500
Apr 17 to Mar 19	**£13,025,000**		**£798,500**



Interest expenses relate to external loans and for the purposes of this graph do not include accounting adjustments in respect of leases and notional financing arrangements. The figure for income used relates to cash income consistent with the figures shown in this report.

The red line shows an increase from 32% to 41% in the ratio of total borrowing (principle) to total cash income. This increase is the result of £160m additional borrowing in the 3 years to March 2019, after a long period of funding capital expenditure from cash balances.

The blue columns show the ratio of interest expense to total borrowing is reducing as high interest rate debt is paid off and new borrowing is taken at more favourable current rates.

Appendix D: Non-treasury investments

Non- treasury investments (loans) at 31 March 2019

	31 March 2019	31 March 2018
	£m	**£m**
NEWS	0.530	0.636
NORSE Energy (capital investment)	10.000	10.000
Norse Group (Aviation Academy)	6.127	6.250
Norse Group (capital investment)	3.236	3.500
Hethel Innovation Ltd (Hethel Engineering Centre)	5.195	3.111
Norwich Airport Radar (relocation due to NDR)	2.194	2.194
LIF loans to developers in Norfolk	6.297	4.796
Other	0.004	0.007
Total loans to companies	**33.583**	**30.494**
NDR Loan – underwritten by CIL receipts	37.167	38.460
Total long-term debtors	**70.750**	**68.954**

During the year, an additional loan of £2.132m was made to Hethel Engineering Limited to enable the company to purchase previously leased areas of the Hethel Innovation Centre and associated land. In addition, additional GNGB loans were made to local developers to accelerate housing developments. A more detailed schedule showing objectives and explanations of each investment was presented in Appendix 3 to the Mid-Year Treasury Management Monitoring Report 2018-19 to P&R Committee 26 November 2018.

Proportionality of non-treasury investments:
The total value of loans (including CIL supported debt) will remain below an indicative affordable level of £100m.
At that level, with an indicative interest rate of 3.5% (giving a margin of approximately 1% over the equivalent PWLB borrowing rate) annual interest due would be approximately £3.5m pa. This is approximately 20% of the Council's general reserves, 0.90% of the Council's net expenditure and 0.25% of departmental gross expenditure and as such is not disproportionate.

Appendix E: Prudential indicators outturn

Indicator		Original Indicator £m or %	Actual 31 March 2019 (provisional)	Headroom: Actual - Indicator	Notes
External Debt Limit (Authorised)		870.355	690.168	180.187	Debt for the purpose of this indicator includes notional lease and PFI liabilities. Ooperational boundary revised to £785m in 2019-20 TM plan.
Operational Boundary Limit		825.764		135.596	
Debt - Upper Limit on Fixed Interest Rate Exposure		100%	95.0%	5.0%	From 2019-20 the interest rate exposure indicator will be removed. Instead, the TM Strategy will state how interest rate exposure is managed and monitored. The greater than 365 days revenue investment indicator is a reasonable proxy because cash invested less than a year, even at fixed rates, is effectively variable over the Counci's budget cycle.
Debt - Upper Limit on Variable Interest Rate Exposure		30%	5.0%	25.0%	
Investment - Upper Limit on Fixed Interest Rate Exposure		n/a	32.0%	n/a	
Investment - Upper Limit on Variable Interest Rate Exposure		n/a	68.0%	n/a	
Upper Limits for Fixed Rate Maturity Structure	Under 12 months	15%	1.1%	13.9%	
	12 months to 2 years	15%	1.0%	14.0%	
	2 years to 5 years	45%	5.7%	39.3%	
	5 years to 10 years	75%	17.0%	58.0%	
	10 years to 20 years	100%	19.9%	29.8%	
	20 years to 30 years		11.7%		
	30 years to 40 years		19.5%		
	40 years to 50 years		19.2%		
Upper Limits for Variable Rate Maturity Structure	Under 12 months	15%	0.0%	15.0%	The Council's LOBO loans total value £31.25m are included under this indicator. The rates will become variable if interest rates exceed set percentaces. This is not forecast to happen in the short or medium term.
	12 months to 2 years	15%	0.0%	15.0%	
	2 years to 5 years	45%	0.0%	45.0%	
	5 years to 10 years	75%	0.0%	75.0%	
	10 years to 20 years	100%	0.0%	95.0%	
	20 years to 30 years		5.0%		
	30 years to 40 years		0.0%		
	40 years to 50 years		0.0%		
Total principal funds invested for greater than 365 days		100.000	0.000	100.000	Indicator set when there were more cash balances to invest. For 2019-20 this will be changed to no more than 50% of total.
Total principal funds managed by third party		n/a	0	n/a	All investment decisions currently managed internally with advice taken when appropriate

Report to Cabinet

Item No. 11

Report title:	**Adult alcohol and drug service performance**
Date of meeting:	**10 June 2019**
Responsible Cabinet Member:	**Councillor Bill Borrett (Cabinet Member for Adult Social Care, Public Health and Prevention**
Responsible Director:	**Dr Louise Smith (Director of Public Health)**

Introduction from Cabinet Member

Alcohol and drug misuse causes harm to individuals, their children, families and communities. Effective services, that focus on recovery through delivering appropriate treatment and support interventions, can help alcohol and drug users to recover, reduce crime, protect children and reduce demand on other health and social care services.

Norfolk County Council commissioned a new adult service that started in April 2018 and is delivered by 'change grow live' (CGL). This report reviews performance in the first year of service delivery. This is a one-off report which recognises the significant changes the service has undergone in the past year. Throughout the year the performance of this commissioned service is managed at departmental level.

Over the last 12 months CGL have successfully launched the new service across Norfolk. There are early indications of improving performance with improved data quality, increasing numbers of clients in treatment, improved retention at 12 weeks treatment, and positive client testimonies. An increase in new clients and increasing retention rates are good news. It is good practice to drive up the number in treatment because unmet need creates issues elsewhere in the criminal, social care and health system.

The national overarching measure of success, and council vital sign, is '*the number of successful completions of drug treatment'*. This is defined as clients who have completed treatment within a 12-month period and who do not come back within 6 months following the completion of their treatment. This sign does not yet show improvement; however we do not yet have data directly relating to the redesigned service. The long-term nature of treatment means that we will start to see CGL data in late 2019 and will be able to analyse trend data from 2020.

We will continue to closely monitor the service contract performance with our focus being to ensure that the service delivers its contracted performance, with a focus on recovery for clients and close working with key stakeholders such as hospitals, primary care, mental health services and the voluntary sector.

Recommendation:
Public Health to continue to monitor and manage the service contract focused on continuous improvement, including better treatment experiences for clients, supporting more clients to recover and successfully complete alcohol and drug treatment.

1. Background and Purpose

1.1. Alcohol and drug misuse causes harm to individuals, their children, families and communities. Effective services can help alcohol and drug users to recover, reduce crime, protect children and reduce use of other health and social care services.

1.2. Historically, Norfolk was not meeting its key performance indicators, including the vital sign target for successful completions of treatment. To address this, in 2017 Norfolk County Council procured a new adult alcohol and drug behaviour change service. The contract was awarded to 'change, grow, live' (CGL) who started to deliver services on 1 April 2018.The contract is for up to 10 years. This new service is in line with the national drug strategy 2017, which saw us move away from a traditional medical model to an integrated outcome-based service with a focus on recovery, reintegration and families.

1.3. Evidence shows that treatment is more likely to be effective if clients are retained in treatment for 12 weeks or more, with marked improvements in reducing drug use, reducing morbidity and mortality associated with misuse, reducing crime, and improving health and social functioning. Client retention is also a good measure of how well services are engaging with and supporting clients.

1.4. The purpose of this report is to outline the early indications of improving performance, progress from the first-year of delivery, highlight the key challenges we still face and acknowledge the need to continue to work with the provider to continue the implementation and improve outcomes in recovery.

2. Proposals

2.1. To continue a contract management approach that is focused on continuous improvement. Iidentifying opportunities that will help CGL meet the specified outcomes, implement the service across Norfolk and innovation opportunities.

2.2. This includes monthly checkpoints and formal quarterly contract review meetings, monthly data monitoring and regular challenge and scrutiny at Public Health's internal performance board. This is complemented by work led by commissioners in developing good productive working relationship and robust pathways with key stakeholders such as hospitals, primary care, mental health services and the voluntary sector.

3. Impact of the Proposal

3.1. Public health outcomes are improved by having a high performing adult drug and alcohol service that focuses on behaviour change and recovery. Outcomes include better physical and mental health, reduction in substance misuse, reduction in crime, improved social and family functioning, and a reduction in demand for other more specialist interventions.

4. Evidence and Reasons for Decision

4.1. As expected, the transition to a new alcohol and drug behaviour change service has been challenging. CGL inherited below average performance, a clinical workforce that needed to be more community focused and an inaccurate and incomplete dataset. Early performance data from the implementation of the new service is encouraging.

4.2. Three new main buildings were refurbished and opened on 1 April 2018 and additional satellite and collocated buildings set up. Over 3,000 clients consented to have their records transfer to CGL and did so safely on 1 April 2018. Over 5,000 incomplete data fields were updated and two missing upgrades to the national database installed. Nearly 100 staff transferred to the new service on 1 April 2018, and the whole workforce has been inducted into CGL's processes and procedures, including training on a new case management and IT system

4.3. The National Drug Treatment Monitoring System (NDTMS), which captures service performance nationally, shows a steady increase in the number of new people accessing structured treatment services. This includes an increase of alcohol only clients, which has been an area of unmet need locally and nationally.

	Nos in treatment 17/18	Nos in treatment 18/19	Difference
Total clients	3378	3679	301

4.4. Waiting times for new clients in Norfolk accessing the service are low with only one client (0.6%) waiting longer than three weeks to start their first structured intervention. (The national average is 1.5%)

4.5. A new texting service was introduced to remind people of their appointments. This has led to a decrease in the number of missed appointments by clients.

4.6. Data up to the end of December 2018 shows a higher rate of clients who have stayed in treatment for 12 weeks or more or who have completed treatment within this time. This is now within the national average which is an improvement for Norfolk. This is positive as evidence shows that treatment is found to be more effective when clients remain in treatment for 12 weeks or longer.

4.7. Data up to the end of December 2018 shows that the number of clients living with children under the age of 18 yrs. coming into opiate treatment in the last 12 months was higher than average at 14.8% in Norfolk, whilst the national average is 12.9%, again an improvement.

4.8. Some areas of service performance require improvement including: data validity and analysis of methadone prescribing and pharmacy supervised methadone dispensing, a very low number of clients receiving recovery only support, and levels of incomplete testing for Hepatitis C. CGL is working to improve quality around these.

4.9. As death rates in people who misuse substances are higher nationally than the general population, these are monitored. There have been a number of service user deaths in the period April 2018 to March 2019. Most deaths were due to underlying medical conditions that may have been exacerbated by years of substance dependency. Service users have also died by overdose. Each death is reported to CQC and an investigation report is completed accompanied by an action plan for CGL.

4.10. The service has widened the availability of the drug Naloxone, emergency use of which can prevent death from overdose. This includes individuals not engaging in treatment, pharmacies and all three Norfolk prisons. Over 800 naloxone packs have been given out across Norfolk.

Client testimony

"I am 52 and alcohol free after many years thinking I didn't have a problem. How wrong I was! The main reasons I drank were because I was lonely, lacking in confidence, experiencing problems with sleep, stresses at work and I was unhappy at the weekends. I bumbled along through life knowing I drank too much but not seeing it as a problem. Things came to a head around the time of family bereavement as my family noticed I was making excuses for not doing things or not going places, basically avoiding contact as I couldn't go more than a few hours without a drink. Then I had a breakdown and the truth came out. Three years ago, I was introduced to Norfolk Recovery Partnership which helped to a point, but I never really faced my problems with drink, my life, my mental health… I spent short spells not drinking followed by massive relapses. Eventually I lost my job for being drunk at work.

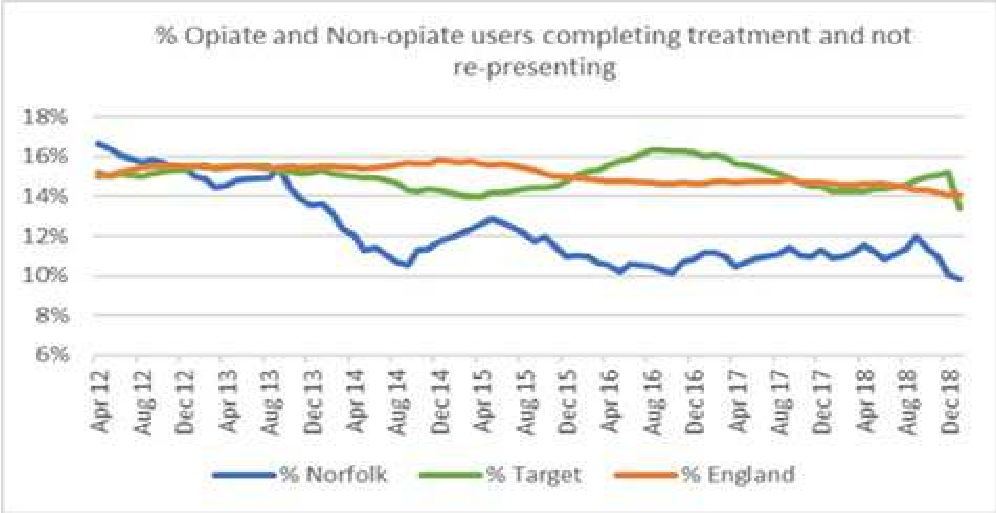
Then I came to CGL and I have been a service user here for 9 months. It has changed my life and I look forward to each day. Everybody I have met who works for CGL has been very friendly, helpful but most importantly supportive, whether they are my keyworker or not. My keyworker helped me with stopping drinking through advice and friendly chats! The group sessions have helped me to recognise my triggers, the situations I might face that may lead me to drink, allowing me to find ways to avoid these and to deal with everyday stress in life. I also got good advice about other organisations to help with my mental health. The Recovery café (held in the King's Lynn service) is also a great way to meet people who are also in recovery; it's a safe place to talk to people who understand what you are going through. If I hadn't come to CGL I don't think I'd be here today- my problem was that bad and I couldn't have done it without their help and support. If you think you have a problem with drink, drugs or you've had enough of the way things are, come to CGL- they can help"

CGL comments that 'the client from King's Lynn has become our first service user representative'.

4.11. The national overarching measure of success is 'the number of successful completions of drug treatment'. This has been adopted as the Council's vital sign. It is defined as clients who have completed treatment within a 12-month period and who do not come back within 6 months following the completion of their treatment. We have set a target to meet national average or better.

4.12. The most recent data available covers clients in treatment from August 2017 to July 2018, with follow up to February 2019. In that time 236 clients completed treatment and did not re-present to the service. This represents 9.2% of the case load compared to a target of 13.7%.

4.13. This performance is in line with historic experience in Norfolk and shows that more time and effort is still needed to improve recovery. Recovery is a core element of the new service model and this approach is being embedded across the service. As noted above, an early indicator of successful services is 'retention in treatment at 12 weeks' which is improving. The time periods used in the measurement of this vital sign mean that we will not be able interpret the impact of the new service before early 2020.



5. Alternative Options

5.1. CGL are still at the early stage of their 10-year contract. The full range of contract management resources, capacity and techniques continue to be deployed as this new service model is developed and established.

6. Financial Implications

6.1. The alcohol and drug service will continue to be delivered within the approved budget. The 2019-20 budget for the service is £6.5m.

7. Resource Implications

7.1. **Staff:**
No additional staff are required to support the proposed approach. The monitoring and development of the service will be supported by the existing public health contract and commissioning teams.

7.2. **Property:**
None

7.3. **IT:**
None

8. Other Implications

8.1. **Legal Implications:**
The investigations into service user deaths are carried out by the provider service and the coroner. Public Health has a role in reviewing the final reports to consider any trends and themes for system wide learning.

8.2. **Human Rights implications**
Not applicable

8.3. **Equality Impact Assessment (EqIA)**

8.31 An Equality Impact Assessment was conducted during the procurement of the new service. An analysis of data showed that in Norfolk people (especially women) with mental health issues, and older people are key service users with protected characteristics.

8.32 The service specification required the provider to develop the service in line with and tailored to the identified needs across the different Protected Characteristics under the Equality Act 2010, and geographical delivery areas paying attention to the challenges faced within Norfolk.

8.33 The provider was required to consult with service users, friends and family to develop opening times that meet the needs of the service users and potential service users, particularly those traditionally hard to engage and retain with the recovery service now being available in at least one geographic area (accessible to as many service users as possible) seven days a week and there will be a woman only clinic/facility six days a week. CGL is contactable via a dedicated telephone line 01603 514096 and is open seven days a week from 8am to 8pm.

8.34 Data shows that there have been steady improvements in the numbers accessing the service and waiting times are better than the England average which could indicate that the provider are establishing improved easy access routes – through drop-in sessions, colocation arrangements with other services e.g. domestic abuse, primary care and acute trusts. They have about 20 – 30 people who attend 'Affected Others' groups and deliver on average forty 'Foundations of Recovery' groups across the county every month. A lot of the group materials can and have been delivered on an individual basis to service users who are not able to attend services.

8.4. **Health and Safety implications** (where appropriate)
Not appropriate

8.5. **Sustainability implications** (where appropriate)
Not appropriate

8.6. **Any other implications**
None

9. Risk Implications/Assessment

9.1. As part of the contract award process a thorough risk assessment process was conducted and has been regularly updated. As predicted the transition and implementation was complex however the provider safely transferred all clients and by April 2018 had identified, refurbished and opened three main buildings in Norwich, Kings Lynn and Gt Yarmouth, with a smaller site in Thetford opened last summer.

9.2. At the time of the award we also identified that there was a risk that it would be at least a year before we could expect to see indications that outcomes are improving. We are starting to see these improvements as detailed in section 4, however there is an increased risk that we may experience a dip in the level of successful completions of treatment (the vital sign) before they start to improve.

9.3. Public Health will continue to support the provider in ensuring that high quality data is submitted to the National Treatment Monitoring System.

10. Select Committee comments

10.1. Not applicable.

11. **Recommendation:**

Public Health to continue to monitor and manage the service contract focused on continuous improvement, including better treatment

experiences for clients, supporting more clients to recover and successfully complete alcohol and drug treatment.

12. Background Papers

12.1. None

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

Officer name: **Sally Hughes** **Tel No:** **638361**

Email address: **Sally.hughes@norfolk.gov.uk**

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Report to Cabinet

Item No. 12

Report title:	**Anti-Money Laundering Policy**
Date of meeting:	**10 June 2019**
Responsible Cabinet Member:	**Leader of the Council**
Responsible Director:	**Helen Edwards, Chief Legal Officer and Simon George, Executive Director of Finance and Commercial Services**
Is this a key decision?	**No**

Executive Summary/Introduction from Cabinet Member

The Council has a duty to take account of crime and disorder implications of all its work and do all that it reasonably can to prevent crime and disorder in Norfolk. As part of that duty this policy should be considered and agreed to demonstrate, support and promote best practice and guidance on the application of the 2017 relevant regulation.

Recommendations

The Cabinet are asked to: consider and agree that the Anti-Money Laundering Policy (Appendix A);

- Meets the relevant 2017 regulation and best practice
- Sets out the requirements, responsibilities, training, the consideration; and if appropriate reporting of any suspicions by the nominated officer
- Be adopted and promoted.

1. Background and Purpose

1.1. This report introduces the Council's refreshed Anti-Money Laundering Policy at Appendix A to meet the current 2017 regulation. The previous 2007 Money Laundering Regulation and associated policy has now been superseded by this regulation.

2. Proposals

2.1. The key messages are that this policy:

- Ensures the Council demonstrates, supports and promotes best practice and guidance on the application of the 2017 regulation, as part of its duty under section 17 of the Crime and Disorder Act 1998
- supports the Council's stated zero tolerance of fraud
- makes clear the responsibilities and accountability for actions
- establishes a clear training plan

3. Impact of the Proposal

3.1. This proposal should ensure that there are adequate and sound Anti-Money Laundering controls in place, as reported in the Council's Annual Governance Statement, to fulfil the spirit of the 2017 Money Laundering Regulations, the new Constitution and as part of its duty under section 17 of the Crime and Disorder Act 1998. Those 2017 regulations are enacted from the Proceeds of Crime Act 2002 and the Terrorism Act 2006.

4. Evidence and Reasons for Decision

4.1. The 2017 Money Laundering Regulations set out the expectations of the Council.

5. Alternative Options

5.1. There are no alternatives identified.

6. Financial Implications

6.1. The are no financial implications to note in this report. The expenditure on Anti-Money Laundering activity falls within the parameters of the Annual Budget agreed by the Council.

7. Resource Implications

7.1. **Staff:**

The are no staffing, property or IT implications to note in this report. The activity and resources on Anti Money Laundering activity falls within the parameters of the Annual Budget agreed by the Council.

8. Other Implications

8.1. **Legal Implications:**

The 2017 Money Laundering Regulations are enacted from the Proceeds of Crime Act 2002 and the Terrorism Act 2006.

8.2. **Human Rights implications**

None.

8.3. **Equality Impact Assessment (EqIA) (this <u>must</u> be included)**

None.

8.4. **Health and Safety implications** (where appropriate)

None.

8.5. **Sustainability implications**

None.

8.6. **Any other implications**

None.

9. Risk Implications/Assessment

9.1. Not applicable.

10. Select Committee comments

10.1. Not applicable.

11. Recommendation

11.1. The Cabinet are asked to: consider and agree that the Anti-Money Laundering Policy (Appendix A);

- Meets the relevant 2017 regulation and best practice
- Sets out the requirements, responsibilities, training, the consideration; and if appropriate reporting of any suspicions by the nominated officer
- Be adopted and promoted

12. Background Papers

12.1. Background material is referenced in the report and the policy.

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

Officer name : **Adrian Thompson** **Tel No. :** **01603 222784**

Email address : **Adrian.thompson@norfolk.gov.uk**

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Appendix A

Norfolk County Council

Anti-Money Laundering Policy

June 2019

Whilst local authorities do not strictly fall within the scope of the 2017 Money Laundering Regulations, it is accepted that as part of good corporate governance that the Council should adopt the spirit of the 2017 Regulations. The Council has a zero tolerance of fraud, corruption and bribery and that extends to the risk of money laundering.

What is money laundering?

Money laundering is generally defined as the process by which the proceeds of crime, and the true ownership of those proceeds, are changed so that the proceeds appear to come from a legitimate source. Under the Proceeds of Crime Act, the definition is broader and subtler. Money laundering can arise from small profits and savings from relatively minor crimes, such as regulatory breaches, minor tax evasion or benefit fraud. A deliberate attempt to obscure the ownership of illegitimate funds is not necessary.

It typically involves three steps:

Placement - cash is introduced into the financial system by some means;

Layering - a financial transaction to camouflage the illegal source;

Integration - acquisition of financial wealth from the transaction of the illicit funds.

Responsibilities

The Council is responsible for:

a) Appointing a Money Laundering Reporting Officer (MLRO) to receive disclosures from members or employees of money laundering activity (their own or anyone else's). This is established in the Council's Financial Regulations, which are part of the Council's Constitution;

b) Having procedures to enable the reporting of suspicions of money laundering, described below;

c) Complying with client identification procedures and customer due diligence/enhanced due diligence/simplified due diligence procedures under the 2017 Money Laundering regulations, described below;

d) Maintaining records as is required under the legislation, including where relevant to comply with record keeping of beneficial ownership under a trust;

e) Producing a written risk assessment to identify and assess the risk of money laundering and terrorist financing;

f) Establishing and maintaining written policies, controls and procedures to effectively manage and mitigate the money laundering and terrorist financing risks as identified in the risk assessment.

Executive Directors should consider the potential risks and provide the following guidelines on concerns or suspicions to staff and members:

How the Council may be exposed to money laundering:-

It is anticipated that the most likely scenario in which a money laundering issue may arise is where officers unwittingly become concerned or involved in an arrangement which we know or suspect enables criminal property to be retained or acquired by a third party.

If you do have any suspicions or concerns about an individual or transaction then it is always better to raise those concerns appropriately. If necessary, you may wish to use the Council's Whistleblowing Policy for further support and guidance on how to raise a concern. If in doubt, seek advice from the MLRO.

Although some offences and suspicions may be fairly apparent, some can be more difficult to identify. The simple guidance is to be vigilant, and not be afraid to question something if you don't think it looks right. If you think something looks suspicious, then the probability is someone else may think the same. It is better for the Council to be safe when handling public money – it would not reflect well on the Council's reputation if it was found we had taken monies that were obtained through theft, drug trafficking, terrorism, etc.

It is recognised that a lot of the Council's activities are sensitive in nature, and in cases what, to some people, may be suspicious or concerning behaviour, from a money laundering perspective may not necessarily be in line with the activity occurring. However, people should always be mindful of genuine concern and suspicion. Examples of where there are risks are set out in the technical notes at the end of this policy.

Customer Due Diligence

The Council does undertake activities that may be considered, under the Money Laundering Regulations, to be regulated, however it does not undertake these activities by way of business, and therefore would not normally be expected to undertake due diligence in respect of any clients to whom it provides these services.

The types of activities that are regulated are:

Credit and Financial institution, Legal, Auditors, Accountants and Tax Advisers, Trust of Company service providers, Estate Agents, Casinos and High value dealers i.e. dealing in goods of any description **whenever a transaction involves accepting a total cash payment of more than £8,770* (€10,000)** *as at 21/5/2019

However, it is good practice that wherever the Council does enter into such activities with a third party then due diligence checks should be actioned before the establishment of a relationship/transaction with the third party. Anyone entering into such transactions, who has concerns from their checks, should refer these to the MLRO to undertake further due diligence checks.

Undertaking customer due diligence checks can take a number of forms. HM Revenues and Customs have issued "core guidance" in this area. Consideration should be given to taking one or more of the following, where applicable:

- Confirming the identity of the client via documentation, data or information obtained from a reliable and independent source, e.g. passport, and/or position within an organisation, where appropriate.
- Obtaining confirmation from Companies House as to the registration details of the Company and details of the Company business.
- Seeking electronic verification, e.g. performing credit checks.
- Obtaining confirmation to regulated industries bodies (e.g. in the case of accountants, checking to CCAB certified bodies).
- Requesting copies of financial statements.
- Requesting details of interests and beneficial ownerships – with reference to the latter this is any individual who holds more than 25% of the shares, voting rights or interest in a company, partnership or trust.
- Obtaining information on the purpose and intended nature of the business relationship.

Examples of other available internal information that may be considered relevant are:

- Reviewing other transaction patterns and volumes
- The length of any business relationship involved
- The number of any one-off transactions and linked one-off transactions
- Any identification evidence held

Any checks undertaken should remain proportionate to the risks of the individual business and the relationship. Additional checking may need to be performed if the person is not physically present to be identified, or they are politically exposed, by virtue of holding a prominent public function, see technical details below. Details of such checks should be recorded, retained for a minimum of 6 years, with an electronic copy of every customer due diligence record being retained to meet the requirements of the regulations and in case of inspection by the relevant supervising body.

There is also now an ongoing legal obligation to check the identity of existing clients and the nature and purpose of the business relationship with them at appropriate times. One option to review these matters might be to do so as part of the ongoing monitoring of the business arrangements, as is usually provided for in the Terms of Business Letter, Service Level Agreement or other written record, as well as scrutinising transactions as they occur, paying particular attention to complex or unusually large transactions, unusual patterns of transactions and/or unexpected transactions, etc.

Once the MLRO has evaluated the disclosure report and any other relevant information, they must make a timely determination as to whether:

- There is actual or suspected money laundering taking place; or
- There are reasonable grounds to know or suspect that is the case; and
- Whether they need to seek consent from NCA for a particular transaction to proceed. (Where the MLRO concludes a referral is needed then they must disclose the matter as soon as possible to the NCA).

Where the MLRO suspects either: money laundering but has reasonable excuse for nondisclosure: or concludes that there are no reasonable grounds to suspect money laundering: They must note the report accordingly and give immediate consent for any ongoing or imminent transactions to proceed.

Where money laundering is suspected the MLRO will report to NCA, by making a Suspicious Activity report.

In considering higher risk transactions, one of the criterion the council has to consider is whether the transaction(s) relate to Politically Exposed Persons (PEP), see the technical note below for more details.

Training

The Council will take appropriate measures to ensure that all employees are made aware of the law relating to money laundering and will arrange targeted, ongoing training to key individuals most likely to be affected by the legislation. The topic will also be promoted in ‘Norfolk Manager’. A training schedule is included in the technical notes at the end of this policy.

Reporting suspicions to the Money Laundering Officer

All employees and members are obliged to report any suspicion of money laundering or terrorist financing to the Council's Nominated Officer(s). The Council has nominated the Chief Legal Officer/Monitoring Officer as the Money Laundering Reporting Officer (MLRO); in their absence, the Head of Internal Audit acts as the Deputy Money Laundering Reporting Officer. Their contact details are as follows:

Helen.edwards2@norfolk.gov.uk
01603 223415

Adrian.thompson@norfolk.gov.uk
01603 222784

Both of Norfolk County Council, County Hall, Martineau Lane, Norwich. NR1 2DH.

Reporting to the Money Laundering Reporting Officer (MLRO) – the Procedure

The primary duty of any employee, member or third party under this Policy is to ensure that any suspicions or concerns that money laundering has occurred, or is likely to occur, should be reported to the MLRO as soon as the suspicion arises. The disclosure should be within 'hours' of a suspicious activity coming to an individual officer's attention, rather than several days or weeks later.

The employee, member or third party should not make any further enquiries into the matter themselves and any further action must be with the approval of the MLRO. Those who have raised a concern should ensure that they do not then voice their suspicions to the suspect or tell them that you have reported the transaction. Otherwise an employee may commit a criminal offence of 'tipping off' (see Technical Notes below) which carries a maximum penalty of 5 years imprisonment and unlimited fine.

Upon receipt of a disclosure report the MLRO must acknowledge receipt and confirm the timescale within which they expect to respond.

The MLRO is required to promptly evaluate any concerns/disclosures raised and determine whether they require further investigation and hence referral to the National Crime Agency (NCA), by means of a Suspicious Activity Report (SARs). The MLRO should not undertake investigation of any concerns themselves.

Where money laundering is suspected the MLRO will report to NCA, by making a timely Suspicious Activity report.

In some cases, it may be necessary to seek approval from NCA before the Council can undertake any further activity in respect of the transaction. Where the MLRO has made such a referral to NCA, they will notify the person raising the concern, and again inform the individual when NCA has provided permission for the transaction to proceed.

If a request for consent has been made to NCA, no action should occur for a period of 7 days or until NCA gives consent. If this results in a transaction having to be deferred or delayed, it should be carefully handled to ensure that the customer is not tipped off as to the money laundering concern.

After 7 days, if NCA does not notify otherwise, they are deemed to have given consent to the transaction. If NCA instead notifies they refuse to give consent, they have a further 31 calendar days to take action, a moratorium period of 31 days starts on the day the Council receives the refusal notice. During this period, the Council cannot proceed with the matter for which the consent was applied. At the expiry of the 31 days if the Council have not heard anything, NCA is deemed to have consented to the request and the Council can proceed.

The MLRO should retain the details of any referrals made, including correspondence with the necessary bodies.

All information should be retained for a minimum of 6 years.

To ensure the Council minimises the risk of tipping off, and to minimise any reputational damage should the suspicion be unfounded, the confidentiality of the matter will be respected at all times; the MLRO will only inform anyone of the suspicion where there is a genuine business need.

Reporting to the National Crime Agency (www.nationalcrimeagency.gov.uk)

The initial discussion/ disclosure will be noted by the MLRO, and he will promptly evaluate this and determine whether it is appropriate to report it to the National Crime Agency (NCA). If a report is made then the relevant NCA forms must be completed by the MLRO. Up to date 'Suspicious Activity Report' forms can be downloaded from the NCA website at: http://www.nationalcrimeagency.gov.uk/ In the event that a report is not submitted online, a form can be downloaded from the following website: http://www.nationalcrimeagency.gov.uk/publications/36-ukfiu-appendix-2-disclosure-report- detail/file If no report is made, the reason must be recorded by the MLRO. All disclosure reports referred to the MLRO and reports made to the NCA must be retained by the MLRO in a confidential file for a minimum of 5 years. The MLRO or deputy will commit a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering and they do not disclose this as soon as practicable to the NCA.

This policy will be reviewed every three years or sooner if there are changes in legislation or regulations.

Technical Notes:

Cash

The limit for eligible cash transactions has been reduced to £8,770* (€10,000) and is extended to receiving as well as making payments in cash.

*as at 21/5/2019

The types of activities that may be affected

- New customers with high value (more than £8,770* (€10,000)) transactions *as at 21/5/2019
- Selling or renting out property to individuals or businesses, or other lease agreements
- Undertaking services for other organisations
- Secretive clients
- People buying, renting property from the Council or receiving grant funding who may not want to say what it is for
- Customers who we think may be acting dishonestly or illegally
- People paying for significant Council services who do not provide details about themselves
- People making odd or unusual requests for payment arrangements or Illogical transactions
- People paying in cash, then requesting refunds
- Requests for the Council to pay seemingly unconnected third parties in respect of goods / services provided to the Council
- Requests for the Council to pay in foreign currencies for no apparent reasons
- Payments of substantial sums by cash and large debt arrears paid in cash
- Refunding overpayments or the cancellation of earlier transactions
- Movement of funds overseas, requests to pay monies overseas, potentially for "tax purposes"

- Third party "refunds" grant payment as no longer needed / used
- No payment demanded even though goods / service has been provided
- Sudden and unexpected termination of lease agreements
- Requests for client account details outside normal course of business
- Queries from other companies regarding legitimacy of customers
- Council receiving correspondence / information on behalf of other companies
- Extensive and overcomplicated client business structures / Arrangements, or requests to pay third parties in respect of goods / services
- Receipt of business payments (rent, business rates) in settlement from seemingly unconnected third parties
- Poor accounting records and internal financial control
- Requests for grant funding / business support indicates third party not supported by financial information
- Companies tendering for contracts unable to provide proper financial information / information provided raises concerns or a tender for a contract which is suspiciously low
- Unusual property investments, transactions or requests to purchase or rent Council assets / land with no apparent purpose
- Overcomplicated legal arrangements /multiple solicitors, or Property transactions where the Council is dealing with several different parties.

Criminal offences

The main offences are:

(i) Concealing, disguising, converting, transferring or removing criminal property from anywhere within the UK;

(ii) Entering into or becoming concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person

(iii) Acquiring, using or possessing criminal property

(iv) Entering onto or being concerned in an arrangement which facilitates the retention or control by or on behalf of another person of terrorist property by concealment, removal, transfer or in any other way

It is also an offence to attempt, conspire or incite to commit any of the above offences and to aid, abet, counsel or procure the commission of any of the above offences.

Criminal property is something which constitutes a person's benefit from criminal conduct or represents such benefit; it is not limited to money and there is no minimum amount.

Terrorist property includes money or other property likely to be used for terrorism, proceeds of terrorist acts, and proceeds of acts carried out for the purposes of raising funds for terrorism.

Information offence

Failing to disclose information relating to money laundering offences (in respect of both criminal property and terrorist property) where there are reasonable grounds for knowledge or suspicion

Tipping off offence

Tipping off or informing someone who is, or is suspected of being involved in money laundering activities, in such a way as to reduce the likelihood of or prejudice an investigation.

All individuals and business' have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from terrorism, proceeds of acts carried out for the purposes of terrorism or finance likely to be used for terrorism, where that information has come to them in the course of their business or employment.

Politically Exposed Person ("PEP")

In considering higher risk transactions, one of the criterion the council has to consider is whether the transaction(s) relate to Politically Exposed Persons (PEP).

A PEP is a person who has been entrusted within the last year by:

- a state other than the UK

- a community institution, or
- an international body

and who fulfils one of the following public roles:

- heads of state, heads of government, ministers and deputy or assistant ministers
- Members of Parliament
- members of supreme courts, or constitutional courts or of other high-level judicial bodies whose decisions are not generally subject to further appeal, except in exceptional circumstances
- members of courts of auditors or of the boards of central banks
- ambassadors, chargés d'affairs and high ranking officers in the armed forces
- members of the administrative, management or supervisory bodies of state-owned enterprises.

PEPs will also include this person's family members and known close associates

Proposed Training Schedule

Who	**What**	**When**
Members	Annual Confirmation of Money Laundering Compliance (Monitoring Officer Report) to Audit Committee	Annual
MLRO/Deputy MLRO	General training relating to the regulations/risk assessment and NCA reporting	Three yearly
Executive Directors	Consideration and self-certification of awareness/compliance of the policy	Annually for the Annual Governance Statement process.
Service Heads	Consideration and self-certification of awareness/compliance of the policy	Annually for the Annual Governance Statement process.
Corporate Property/Cashiers	Confirmation of compliance to the Executive Director of Finance and Commercial Services	Annual
General	Reporting of topic in Norfolk Manager	Three yearly

Main Legal Sources

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, the "2017 Money Laundering Regulations" detail the requirements on risk assessments, policies, procedures and customer due diligence. **http://www.legislation.gov.uk/uksi/2017/692/contents/made**

This Policy seeks to complement the Council's Anti-Fraud, Corruption and Bribery Policy and Whistleblowing Policy and should be read in conjunction with those other policies.

The Proceeds of Crime Act 2002 and the Terrorism Act 2006, place duties and responsibilities on Local authorities, Employees and Members which could result in criminal prosecution and lengthy prison sentences or fines if they are not complied with. There are defences if matters have been properly reported to the NCA.

Money Laundering Report Form

Official – Sensitive

Please refer to the reporting procedure in the Policy. Once complete please send this form immediately to the Money Laundering Reporting Officer helen.edwards@norfolk.gov.uk . This record will then be stored for the required retention period.

MLRF Part A

1	**Person making the report:**	**Name:** **Department:** **Service/Team:** **Email:** **Telephone:**
2	**Details of the suspected offence or transaction:**	**Name of the person/company/organisation involved:** **Address of the person:** **Email/Telephone:** **What are the details of the matter (who, what, where, when, why and how)?**

	Details of the suspected offence or transaction Cont/:	**What is the value of the transaction?** **Why is the transaction/activity suspicious?** **Has this matter been reported previously?** **Y/N (if yes please provide details)** **Have you consulted any other person/body about this concern?**
3	**Is a Legal professional privilege claim relevant?**	**Y/N (if yes please provide details)**
4	**Do Prohibited acts under sections 327-329 of the Proceeds of Crime Act 2002 apply?**	**Y/N (if yes please provide details)**
5	**Any other relevant details?**	
6	**Signature and date:** **Warning:** **Please read the Information Offence and Tipping Offence notes in the Policy Technical Notes.**	**Signed ……………………………………..** **Date…………………………………………**

MLRF PART B – For MLRO Use only

1	**Date Received:**	
2	**Acknowledged date:**	
3	**Does a report need to be made to the National Crime Agency (NCA)?**	**Y/N (if yes note the date and reference number here)**
4	**Key dates and periods of Notice or Moratoriums**	
5	**Is NCA consent required for any future actions?**	**Y/N (if yes note the date and reference number here)** **Date received:** **Date advised to relevant officer:**
6	**Notes for Non-Disclosure Decision**	
7	**Consent to proceed from the MLRO to the service**	**Y/N (if yes note the date and reference number here)** **Date consent granted:** **Date advised to relevant officer:**

Report to Cabinet

Item No. 13

Report title:	**Consultation on draft Environment Agency National Flood and Coastal Erosion Risk Management Strategy**
Date of meeting:	**10 June 2019**
Responsible Cabinet Member:	**Martin Wilby – Cabinet Member for Highways, Infrastructure and Transport**
Responsible Director:	**Tom McCabe – Executive Director, Community and Environmental Services**
Is this a key decision?	**No**

Introduction from Cabinet Member

Water shapes the places and activities of the County in both positive and negative ways. The Broads, rivers and the extensive coastline attract numerous visitors each year, while the Fens contain around half of the grade 1 agricultural land in England. However, Norfolk also has a long and well documented history of flooding and coastal erosion that has affected both rural and urban communities, transport and businesses. Norfolk is ranked as the 10th area most at risk of local flooding in the UK whilst also being an area prone to drought.

This nationally high level of risk is not matched by national investment. Much of our infrastructure needs investment to maintain or to improve the levels of protection. The strategy needs to acknowledge and highlight this.

Executive Summary

We have been consulted by the Environment Agency on their new draft Flood & Coastal Erosion Risk Management Strategy for England. The focus of the new draft strategy is on what we can do as a nation over the next 10 – 30 years to help support the longer-term ambitions for change needed by 2100.

The draft strategy sets out 3 ambitions:

- Climate resilient places;
- Today's growth and infrastructure to be resilient in tomorrow's climate; and
- A nation of climate champions, able to adapt to flooding and coastal change through innovation.

Following approval, the new strategy is due to be published in early 2020 and is a key commitment outlined in the Government's 25 Year Environment Plan which sets out to protect and enhance the environment.

The consultation closes on 04 July 2019.

Recommendations:
To consider Norfolk County Council's response to the consultation of the national flood and coastal erosion risk management strategy and to delegate the submission of the final response to the Cabinet Member for Highways, Infrastructure and Transport.

1. Background and Purpose

1.1. The first national flood and coastal erosion risk management strategy was published in May 2011. It provided the overarching framework for action by all risk management authorities to tackle all sources of flooding, including surface water, and coastal change. Significant progress has been made and, on the whole, risk management authorities have met the original strategic objectives and measures. Much has happened since 2011, including significant events such as the 2013 east coastal tidal surge, the 2013 to 2014 winter flooding in the south of England, the 2015 to 2016 winter flooding in the north of England and the 2016 and 2018 summer flooding in central and south east of England.

This draft strategy looks forward to the year 2100 and aims to blend long-term ambitions with shorter-term practical steps. The focus of this draft strategy is on the objectives the nation should take forward over the next 10 to 30 years to help support the longer-term ambitions for change needed by 2100. It also sets out shorter-term measures to achieve the strategy's objectives.

This draft strategy is not a policy document but a consultation by the Environment Agency (EA), reflecting its own views and those it has heard from other stakeholders. Policy on flood and coastal erosion risk is for the Government and the strategy will be finalised in the light of the consultation responses and the Government's forthcoming national policy statement on flood and coastal risk before being submitted to the Secretary of State for Environment, Food and Rural Affairs for approval.

The EA will develop arrangements for the monitoring and reporting of the strategy's progress with risk management authorities. With the final strategy the EA will publish an action plan on how it will take forward the strategy objectives and measures with partners. The next assessment of progress and review of the strategy is planned for 2026 but the vision and approaches described within the draft strategy are intended to establish an approach capable of being pursued until 2100.

The final strategy will also sit alongside the EA's next 5-year action plan, due to be published in 2020.

2. Proposals

2.1. The draft strategy sets out 3 Ambitions with associated objectives and measures, which are listed in Appendix B - National FCERM consultation questions.

Ambition 1: Climate resilient places
This covers flood and coastal change resilience, adaptive approaches and new sources of funding and finance

Ambition 2: Today's growth and infrastructure – resilient to tomorrow's climate
This covers new development, flood recovery and protection for critical infrastructure

**Ambition 3: A nation of climate champions, able to adapt to flooding and

coastal change through innovation
This covers education, support and professional development

3. Impact of the Proposal

3.1. Ambition 1: Climate resilient places

- The EA's long-term investment scenario estimates an average annual investment of at least £1 billion nationally in flooding and coastal change infrastructure is necessary over the period to 2065. It also states that for every £1 spent on protecting communities, around £9 in property damage and wider impacts are avoided.

  NCC commentary: To achieve the aims of this strategy more money will need to be invested over time and it states that much of this may have to come from new sources other than the taxpayer, such as people and businesses at risk of flooding and coastal erosion. It also proposed to explore options for borrowing, such as green finance. National funding has traditionally prioritised high population areas over places like Norfolk. This approach does not consider the impact on agriculture or the environmental value of much of Norfolk.

- The EA wants to work with other Risk Management Authorities (RMAs) and other partners to explore and develop the concept of standards for flood and coastal resilience. The National Infrastructure Commission recommended a long-term goal of establishing a 'national standard of flood resilience'. They proposed that major urban areas should be resilient to 0.1% (1 in 1000) annual likelihood events and other parts of the country should be resilient to events of 0.5% (1 in 200) annual likelihood.

  NCC Commentary: Although they did not examine resilience to local flood risk, current standards in existing communities range from 20% (1 in 5) annual likelihood events to 5% (1 in 20) annual likelihood events. A higher standard is also going to cost more funding to deliver.

- The EA wants to work with RMAs to identify frontrunner places for developing adaptive approaches. This includes making places and property more resilient, but also moving away from areas of flood risk and coastal erosion.

  NCC Commentary: The full cost of these policies and schemes should include the impact on local Highways Authorities and any additional investments required which should be agreed as part of any consultation.

Ambition 2: Today's growth and infrastructure – resilient to tomorrow's climate

- The EA wants all RMAs to achieve biodiversity/environmental net gain through their programmes and projects and as part of strategic development proposals.

  NCC Commentary: This will require effective co-operation between the authorities in the County to ensure that all options for delivering growth are considered and allow the best choices to be made.

- The EA wants to work with government, insurers and financial institutions to be able to 'build back better and in better places'.
  NCC Commentary: Currently most properties that have suffered from flooding have been renovated back to their original state leaving them as prone to flooding as before.

Ambition 3: A nation of climate champions, able to adapt to flooding and coastal change through innovation

- The EA wants to clarify roles in relation to surface water flooding.
  NCC Commentary: Currently there are 36 RMAs that operate in the County who share many responsibilities and drainage systems. Any changes to this would need sensitive consultation and careful management.

- The EA wants to expand their flood warning service to all areas of high risk of flooding from river and the sea.
  NCC Commentary: However, warnings for surface water flooding remain very difficult due to the variable intensity and distribution of storms and the speed of inundation.

Please see Appendix D – Draft NCC Response to the National FCERM Strategy, for more detail.

4. Financial Implications

4.1. There are no direct financial implications for the County Council within the draft Strategy. Funding and finance from public, private and individual sources will have to be found to achieve the measures outlined in the draft strategy.

The draft strategy estimates an average annual investment of at least £1 billion nationally in flooding and coastal change infrastructure is necessary over the period to 2065.

For these ambitions to be realised, nationally there needs to be clear guidance on sources of funding and bidding for funding as well as defined timescales for delivery.

5. Resource Implications

5.1. **Staff:**
No direct implications.

5.2. **Property:**
No direct implications.

5.3. **IT:**
No direct implications.

6. Other Implications

6.1. **Legal Implications:**
Norfolk's Local Flood Risk Strategy must be consistent with the approved National FCERM Strategy. This draft strategy proposes that by 2026 lead local flood authorities will update their local flood risk strategies to incorporate

adaptive approaches to planning for flood and coastal resilience.

6.2. **Human Rights implications**
This report has no direct Human Rights implications.

6.3. **Equality Impact Assessment (EqIA)**
We have requested that DEFRA and the EA provide evidence on how this strategy may affect vulnerable groups when more detail is available at the project delivery stage.

6.4. **Health and Safety implications**
This report has no direct H&S implications.

6.5. **Sustainability implications**
The draft strategy states that enabling sustainable growth does not mean increasing flooding and coastal change or damaging the environment. Sustainable growth and resilience to flooding and coastal change must go hand in hand.

All RMAs have a role to play in supporting sustainable development. Guidance was issued alongside the 2011 strategy for RMAs on sustainable development. The Environment Agency will update this guidance using the United Nations Sustainable Development Goals.

6.6. **Any other implications**
N/A

7. Risk Implications/Assessment

7.1. This report has no direct implications, however further stages of the strategy development will include more detail of funding/finance and projects/schemes. Future projects and schemes will be accompanied by individual risk assessments.

8. Select Committee comments

8.1. N/A.

9. Recommendation

9.1. To consider Norfolk County Council’s response to the consultation of the national flood and coastal erosion risk management strategy and to delegate the submission of the final response to the Cabinet Member for Highways, Infrastructure and Transport.

10. Background Papers

10.1. Appendix A – National FCERM Strategy draft
Appendix B – National FCERM consultation questions
Appendix C – National FCERM Q&A
Appendix D – Draft NCC Response to the National FCERM Strategy

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

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Email address: **mark.ogden@norfolk.gov.uk**

IN TRAN communication for all

If you need this report in large print, audio, braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

Appendix A

Environment Agency

Draft National Flood and Coastal Erosion Risk Management Strategy for England

Vision: a nation ready for, and resilient to, flooding and coastal change – today, tomorrow and to the year 2100.

Contents

Chair's foreword

A nation resilient to flooding and coastal change

The country has come a long way since 1953, when an East Coast storm surge killed over 300 people. In 2013, there were no fatalities during a much stronger surge because warnings, evacuation procedures, and flood schemes are much improved.

In recent decades, we have got much better at managing flood risk as a result of collaboration between governments, the Environment Agency, local authorities, Internal Drainage Boards, and local communities themselves. The government's 6 year, £2.6 billion flood and coastal defence programme means that the Environment Agency is on course to better protect a further 300,000 homes by 2021, but we must guard against complacency.

Climate change increases the risks and means we need to build on our progress, but we can't do so infinitely. It is not realistic to try to manage more increasingly intense flooding and sea level rise with limitlessly high walls and barriers.

One way the Environment Agency can help – as the Secretary of State said in his climate change speech in November – is to "explore new philosophies around flood and coast management". The draft strategy begins that process. The consultation gives you the chance to tell us how to raise our ambitions even higher.

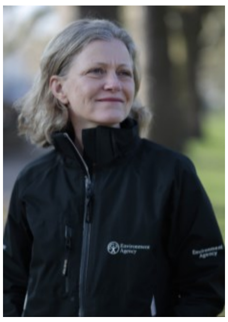
For every £1 spent on protecting communities from flood, around £9 in property damages and wider impacts is avoided. According to the Institution of Civil Engineers, over 45% of national infrastructure and construction up to 2020/21 will be financed through the private sector. We need a systemic shift in the way people think about investment.

We need to move from the concept of protection to resilience – property owners should be encouraged to build back better after a flood. This could involve home improvements such as raised electrics, hard flooring and flood doors.

That is an economic opportunity. Low-carbon, flood resilient planning and development in the right places will deliver long term returns for investors. It will also develop skills, technology, and expertise in the national economy and create jobs.

We believe the concept of standards for flood and coastal resilience is worth exploring. There needs to be a consistent approach to flood risk across the country but the tools for delivering it vary from place to place. This could include flood and coastal defences, natural flood management, ensuring new development is safe from flood risk, and adapting property so people can recover quickly.

If you haven't already, sign up for our free flood warnings and find out more from our flood campaign. Only 34% of people in flood risk areas believe their property is at risk. We need to build a nation of climate champions who understand their risk, are responsible for it, and know how to act on it.



Thank you to my colleagues and our partners for their work on this document.

Emma Howard Boyd, Chair

Introduction

Climate change is the biggest challenge we face. It poses the greatest threat to our economy, environment, health, and way of life. The increased risk of flooding and coastal change that it brings is significant.

The most recent climate change predictions confirm we will experience wetter winters and drier summers, with an increased likelihood of more intense rainfall leading to flooding. We can already see the impact of a changing climate, with increased flooding over the past decade, and summer heatwaves. In all climate futures, we'll experience a continued rise in sea level well into the next century. This will affect our coastline significantly.

Flooding of any kind is horrendous. Erosion destroys. They are dirty, invasive, damaging, and they can kill. They can force people to leave their homes and their businesses, cause prolonged mental ill health, and destroy livelihoods, natural habitats and other valued places. Even at their best, flooding and coastal change can be inconvenient and disruptive. The final FCERM strategy will apply to all risk management authorities and all sources of flooding and coastal change, such as flooding from rivers and surface water.

The scale of potential future flooding and coastal change is significant. Despite the positive work the Environment Agency and other risk management authorities are already doing we need to adopt a different philosophy. This will ensure that as a nation we take urgent and immediate action so that we can all live in **climate resilient places** that are able to manage and adapt to flooding and coastal change. Working alongside local people and partners, we need to act now without delay, but also plan to adapt to risks as they change. This is especially important given the time-limited commitments to the Flood Re insurance scheme, which are due to end in 2039.

As a nation, we need to be prepared for a 2°C rise in global temperatures, but plan for a 4°C rise. In November 2018 the Secretary of State for Environment, Food and Rural Affairs called for a new philosophy for managing all sources of flooding and coastal change. This strategy sets out how we will achieve this. The challenges the nation faces will affect everyone, so it's only right that everyone plays their part in working towards a climate resilient country.

We need sustained investment across society to prevent flood damage to properties and infrastructure in England increasing significantly. The Environment Agency estimates that as a nation we need an average annual investment of at least £1 billion in flooding and coastal change infrastructure over the next 50 years. (Environment Agency, 2019, long term investment scenarios). The cost of becoming resilient to flooding and coastal change can be spread between government, business and people by promoting sustainable investment in infrastructure, housing and the environment.

Traditionally, investment has been targeted at new flood and coastal infrastructure and its subsequent maintenance. While this will remain very important, we'll need a wider range of tools for creating climate resilient places. In combination, natural flood management offers opportunities to slow, store or filter floodwaters, while community resilience and preparedness can help individuals and communities recover after a flooding or coastal event.

There are many priorities for the nation – improving our environment within a generation, managing sustainable water supplies, and supporting sustainable economic growth. There are already significant numbers of properties in areas at risk from flooding and coastal change, but as the population grows, we're likely to see the number of properties built on the flood plain almost double by 2065. (Environment Agency, 2019, long term investment scenarios).

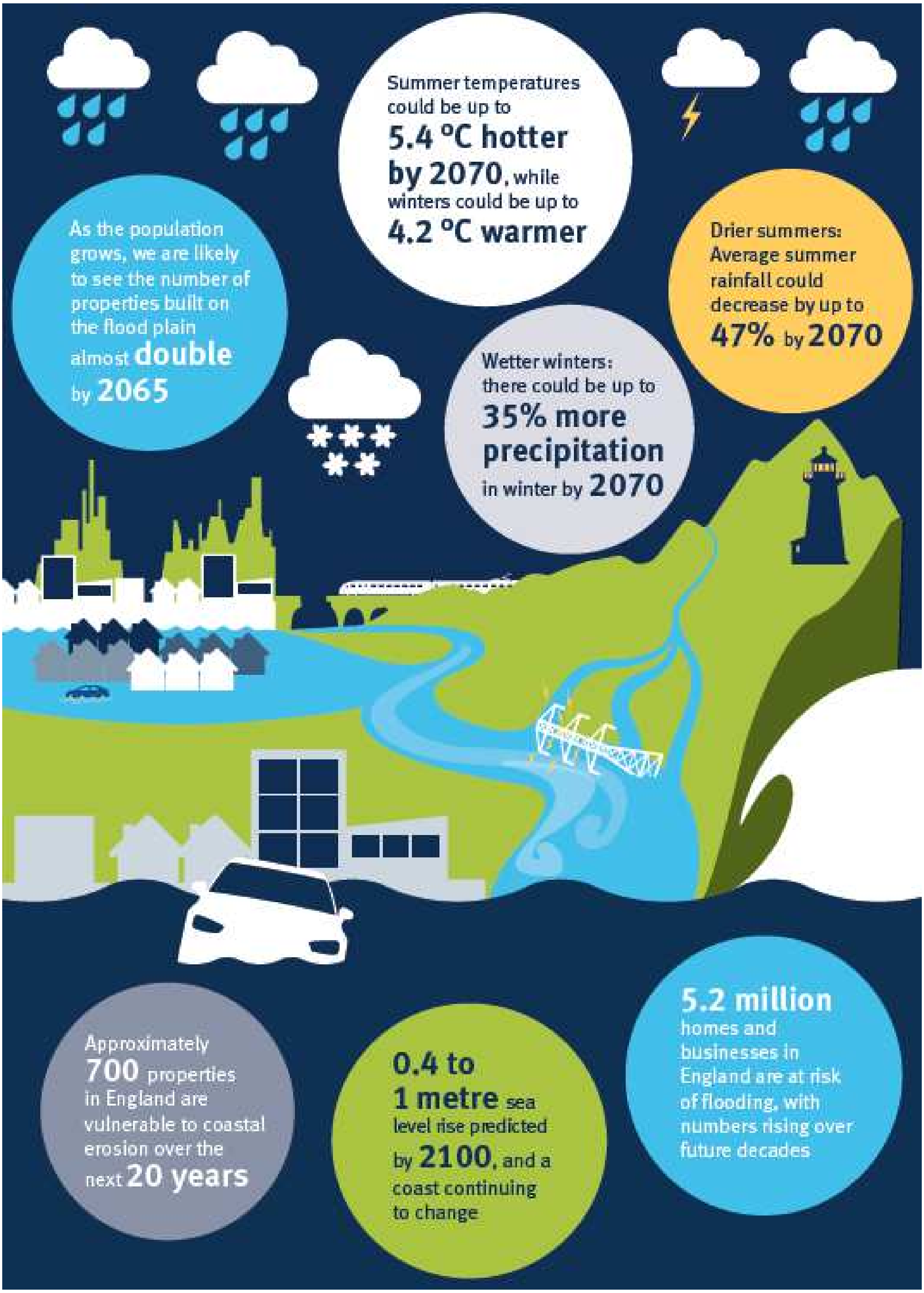


Figure 1: Current and future flood and coastal change risks (sources, Environment Agency, 2019 & Met Office, 2018, UKCP18 Headline Findings)

Making the right investment and planning decisions will be vital to keep pace with population growth and climate change. How we manage flooding and coastal change will help ensure that **today's growth and infrastructure is resilient in tomorrow's climate**.

We can't prevent every flood or change to our coast. Together people, businesses, public and voluntary sectors need to support each other to prepare for the unavoidable flooding and loss of homes to the sea. As climate change increases, we'll need to mobilise and empower **a nation of climate champions** that can better take responsibility for dealing with the risks posed by flooding and the erosion of our coastline.

We can tackle flooding and coastal change if we act now. Our vision is for **a nation ready for, and resilient to, flooding and coastal change – today, tomorrow and to the year 2100**.

Resilience includes accepting that in some places we can't eliminate all flooding and coastal change, and so we need to be better at adapting to living with the consequences. For example, by designing homes that can be restored quickly after they've been inundated with water, or potentially moving communities out of harm's way. It also includes plans to ensure we respond effectively during a flood, and that people and livelihoods can recover as quickly as possible.

This draft strategy paints a national ambition for England that can also work for local places. It recognises that every place is different – made up of different people, with different skills, needs and infrastructure, and in often very different environments. It embraces the idea that the best solution for a given place now is likely to look different in the future. It also recognises innovation may lead to new approaches to managing different climate issues or societal expectations.

Looking to the year 2100, the draft strategy aims to blend long term ambitions with shorter term practical steps. The focus of this draft strategy is on the objectives we should take forward as a nation over the next 10 to 30 years to help support the longer term ambitions for change needed by 2100. It also sets out shorter-term measures to achieve the strategy's objectives.

This draft strategy is not a policy document but a consultation by the Environment Agency, reflecting its own views and those we have heard from other stakeholders. Policy on flood and coastal erosion risk is for the government and the strategy will be finalised in the light of the consultation responses and the government's forthcoming national policy statement on flood and coastal risk before being submitted to the Secretary of State for Environment, Food and Rural Affairs for approval.

The Environment Agency will develop arrangements for the monitoring and reporting of the strategy's progress with risk management authorities. With the final strategy we will publish an action plan on how we will take forward the strategy objectives and measures with partners. The next assessment of progress and review of the strategy is planned for 2026 but the vision and approaches described within the draft strategy are intended to establish an approach capable of being pursued until 2100.

The final strategy will also sit alongside the Environment Agency's next 5-year action plan, due to be published in 2020.

Setting the context for the draft strategy

The impact of flooding and coastal change

England has a long history of flooding and coastal change, and as the frequency of these occurring increases, the way we manage these will need to change too.

Figure 2: Past flooding and coastal events in England

The changing landscape for flooding and coastal change

The original national flood and coastal change risk management strategy for England, published in 2011, provided the overarching framework for action by all risk management authorities to tackle all sources of flooding and coastal change, including surface water. Significant progress has been made and, on the whole, risk management authorities have met the original strategic objectives and measures. The progress is detailed in the Environment Agency's managing flood and coastal erosion annual risk annual reports. This draft strategy is a review of the strategy published in 2011.

Guidance was issued alongside the 2011 strategy for risk management authorities on sustainable development. The Environment Agency will update this guidance using the United Nations Sustainable Development Goals.

Boston Barrier

An example of how work contributes to sustainable development is the new Boston Tidal barrier in Lincolnshire. Due for completion in 2019, it will protect over 15,000 properties from coastal flooding. Although the project's primary aim is to reduce the risk of flooding to the town, there are significant other benefits which fit directly with the United Nations Sustainable Development Goals. It's a good example of the wider benefits that investment in flooding and coastal change can bring. For example:

- with improved protection, businesses can invest with more certainty, having a positive impact on the local economy
- it used sustainable and less environmentally damaging approaches, such as moving materials by sea rather than land, and working with Natural England and the Marine Management Organisation to dispose of dredged materials locally
- it enhanced the natural, built and historic environment for the benefit of local people and wildlife

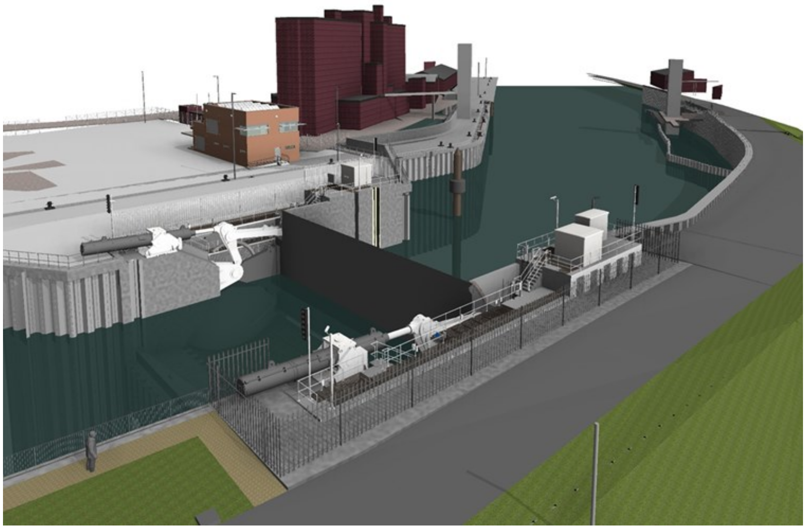


Figure 3: Computer graphic of the Boston Barrier, Lincolnshire

A lot has happened since 2011, including significant events such as the 2013 east coastal tidal surge, the 2013 to 2014 winter flooding in the south of England and the 2015 to 2016 winter flooding in the north of England. There's growing evidence of the impact of climate change from the UK Climate Change Risk Assessment 2017 and the updated 2018 UK Climate Impacts Projections.

There have been record levels of investment in the management of flooding and coastal change, with £2.6 billion of government funding going towards better protecting 300,000 homes between 2015 and 2021. (Environment Agency, 2019, flood and coastal erosion risk management programme 2015 to 2021). In addition the government's partnership funding approach has generated further significant investment from those benefitting from the programme. As of April 2019, partners have already contributed £486 million of funding which is making a significant contribution to the projects ensuring 300,000 homes are better protected by 2021. Over £170 million of further partner contributions have also been secured to better protect homes in the next flood and coastal change management programme due to begin in April 2021.

Government investment for flood risk management has also been made available from funds linked to local economic growth such as the funding from local enterprise partnerships. Many infrastructure providers have also increased their investment to ensure the services they provide are resilient as well.

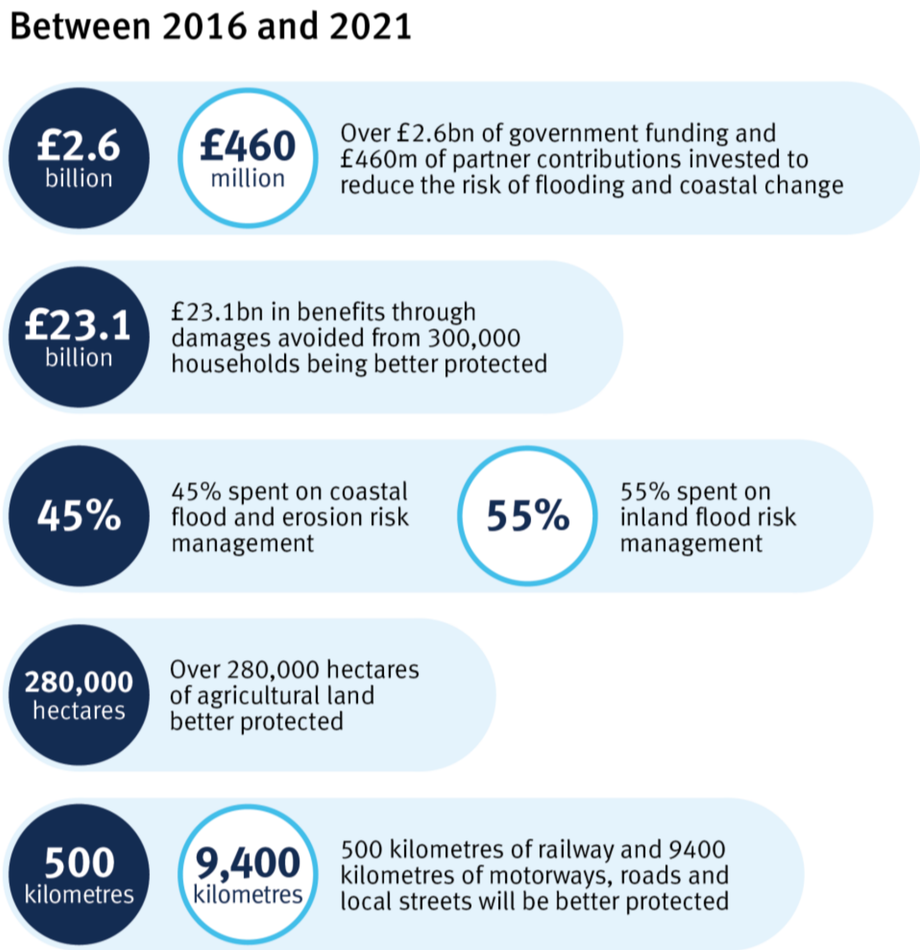


Figure 4: existing activity to manage flooding and coastal change in England. (Environment Agency, 2019)

All of these things, and more, mean that now is the right time to review what we're doing to ensure we prepare the nation for the range of possible climate change scenarios and the flooding and coastal change risks they will bring.

People, places and plans

Working with many other organisations the Environment Agency has developed this draft strategy which seeks to put people at the heart of decisions about their place. Different people will define 'their' place in different ways. For some it might be their home, for others their city, town or village. A place could also mean a river catchment, a tidal estuary or the coast. There's no right or wrong definition. The concept of what a place is within the draft strategy is flexible, so the size and scale of a place is decided in the most appropriate way for the people that live there, and their environment.

By taking this flexible approach, the draft strategy can fit into existing plans for places. A plan for a place may fit in with the administrative boundary for a neighbourhood plan, or a local authority local plan or even a city region. However, flooding and coastal change does not respect administrative boundaries, and so it may be more appropriate in some cases to align a plan for a place with flood risk management plans or shoreline management plans.

The involvement of people in planning for managing the risks associated with flooding and coastal change is essential, whatever the spatial planning scale of the place.

The roles and responsibilities for those managing flooding and coastal change

Environment Agency

The Environment Agency has several roles in relation to flood risk and coastal erosion management, including as a category 1 responder under the Civil Contingency Act (1994).

The Environment Agency takes a strategic overview of the management of all sources of flooding and coastal change. This includes, setting the direction for managing the risks through the national flood and coastal erosion risk management strategy for England and through plans (including shoreline management plans and flood risk management plans). Alongside this we carry out surveys and mapping; undertake warning and informing and report to the minister about flood and coastal erosion risk and how the national and local strategies are being applied by all of the authorities involved. We also provide evidence and advice to inform government policy and support others to develop risk management skills and capacity.

The Environment Agency also has an operational role and is the lead authority for managing the risk of flooding from main rivers, reservoirs, estuaries and the sea. This includes acting as an expert advisor, notably providing planning advice to local planning authorities on planning applications, local plans and environmental assessments.

Lead local flood authorities

Lead local flood authorities (LLFAs) (unitary authorities or county councils) are responsible for developing, maintaining and applying a strategy for local flood risk management in their areas and for maintaining a register of local flooding infrastructure. They also have an operational role as the lead authorities with responsibility for managing the risk of flooding from surface water, groundwater and ordinary watercourses.

Lead local authorities are also a category 1 responder in relation to flooding from local sources under the Civil Contingency Act (1994).

District councils

District councils are key partners in delivering local flood risk management and can carry out flood risk management works on ordinary watercourses. They also work with lead local flood authorities and others to ensure decisions on development in their area effectively manage the risks from flooding. District and unitary councils in coastal areas are also the coast protection authorities.

Internal drainage boards

Internal drainage boards (IDBs) are an integral part of water level management, for flood risk, land drainage and the environment.

Each internal drainage board is a local independent public authority established in areas of special drainage need in England. They have operational responsibilities and play an important role in the areas they cover (approximately 10% of England). Working in partnership with other authorities they undertake works to manage water levels to meet local needs. They have permissive powers to manage water levels within their respective drainage districts.

Highway authorities

Highway authorities are responsible for providing and managing highway drainage and roadside ditches, and must ensure that road projects do not increase flooding.

Water and sewerage companies

Water and sewerage companies are responsible for managing the risks of flooding from water and foul or combined sewer systems and providing drainage from buildings and yards.

Risk management authorities

The Environment Agency, lead local flood authorities, district councils, internal drainage boards, highways authorities and water and sewerage companies are collectively known as risk management authorities. All risk management authorities have a duty to co-operate with each other and to share information.

The main distinction in the responsibilities between risk management authorities is the source of flooding or coastal change each is responsible for. This simply means where the water comes from – larger (main) or smaller (ordinary watercourses) rivers and streams, reservoirs, the sea, eroding coastlines, water that runs off land (surface water), groundwater or the sewer. If your home or business is flooded, it does not matter where the water comes from, but to manage these risks it's a helpful distinction. Often flooding spans country boundaries so risk management authorities that border Scotland and Wales are also required to work collaboratively with both the Scottish Environmental Protection Agency and Natural Resources Wales.

Risk management authorities are required to exercise their flooding and coastal change functions in a manner which is consistent with the national strategy and guidance. The local strategies produced by lead local flood authorities must also be consistent with the national strategy. The Environment Agency and coast protection authorities may only carry out works where they are desirable having regard to the national strategy.

The risk management authorities, coast protection authorities and regional flood and coastal committees are just some of the organisations that have a role in, or are affected by, flooding and coastal change. Landowners, householders, businesses, insurers, environmental groups, community action groups, consultancies, government departments, and many more, all have a vital part to play.

Regional flood and coastal committees

The regional flood and coastal committees are established by the Environment Agency under the Flood and Water Management Act 2010. They bring together members appointed by government, the Environment Agency and lead local flood authorities (LLFAs) with relevant experience for 3 purposes:

- to ensure there are coherent plans for identifying, communicating and managing flood and coastal erosion risks across catchments and shorelines
- to promote efficient, targeted and risk-based investment in flood and coastal erosion risk management that optimises value for money and benefits for local communities
- to provide a link between the Environment Agency, LLFAs, other risk management authorities, and other relevant bodies, to engender mutual understanding of flood and coastal erosion risks in its area

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The Environment Agency's strategic overview

This draft strategy is a good example of what we can achieve by working together and providing a strategic direction for flooding and coastal change management in England. In continuing to shape the direction of flooding and coastal change, we need to continue to build effective partnerships and improve the performance of all risk management authorities. This will need clear leadership – not direction or control, but a coalition of partners. We can do this within the current legal framework through the Environment Agency making stronger use of its strategic overview role of all sources of flooding and coastal erosion.

We think the focus of the Environment Agency's strategic overview should continue to:

- provide national data, information and tools on flooding and coastal change, to be shared publicly, appropriate for the decisions that risk management authorities need to make in helping everyone understand the risks we're managing
- lead effective partnerships that enable place-shaping, to manage flooding and coastal change
- provide timely and effective information and warnings
- exercise a general supervision of flooding and coastal change in England.

and change to include:

- leading flooding and coastal change as part of broader climate resilience contributing to integrated solutions to the environmental and societal challenges the nation faces
- overseeing the collaboration, sharing and monitoring between flooding and coastal change infrastructure owners
- providing reporting and assurance that the final strategy's objectives and measures are being progressed

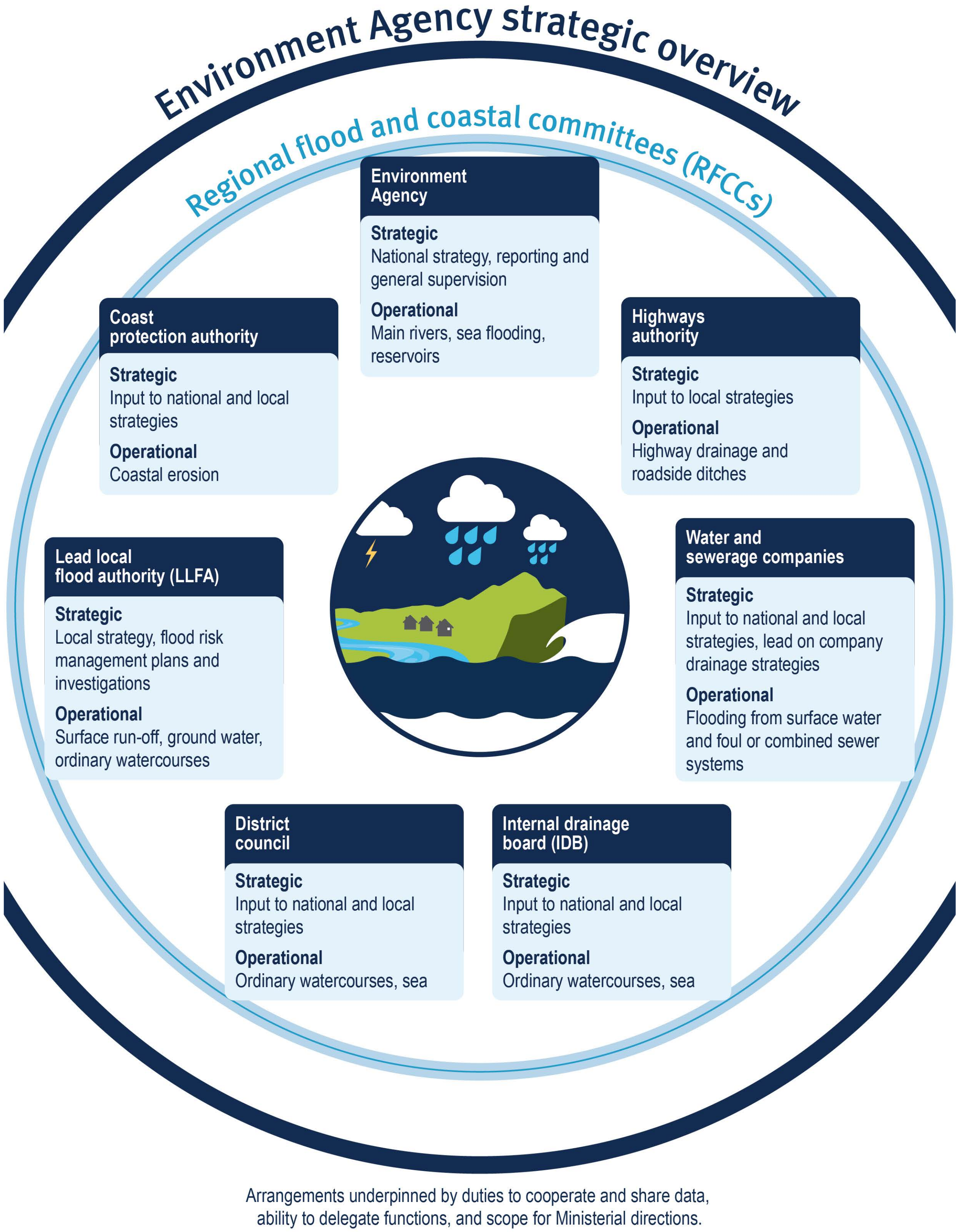

Figure 5: The risk management authorities and other organisations involved in managing flooding and coastal change in England

Contribution to wider environmental objectives

Managing flooding and coastal change provides a significant opportunity to improve and protect the natural, historic and built environments.

Risk management authorities through all their activities should minimise damage to and, where possible improve, the local natural, historic and built environments. Where it is not possible to avoid damage to protected features (for example designated sites, protected habitats and historic buildings) it may be necessary to provide compensatory measures to comply with legal requirements.

The objectives and measures in this draft strategy are intended to support the achievement of wider environmental objectives and the ambition. This is primarily in relation to supporting the 25 year environment plan which sets out the government's ambition to leave our environment in a better state than we found it. Specifically it will support the 25 year environment plan objectives to protect threatened species and provide richer wildlife habitats; reduce the risk from natural hazards; and adapt to and mitigate climate change. The strategy also takes account of the natural, built and historic environments that are valued by so many people and protected within different pieces of legislation.

All risk management authorities need to work with natural processes. Working with natural processes can include protecting and restoring the natural function of catchments, rivers, floodplains and our coast. Significant evidence of the benefits of working with natural processes already exists in the Environment Agency's natural flood risk management evidence base and case studies published in 2017. The maintenance and restoration of a range of ecosystem services, or natural functions of the environment, can provide valuable additional benefits including:

- water quality improvements through reductions in run-off and diffuse pollution
- water resource provision through aquifer recharge
- mitigation of and adaptation to climate change through, for instance, wetland creation and coastal and fluvial realignment
- the provision of urban biodiversity and amenity green spaces through sustainable drainage systems

All risk management authorities have a role to play in supporting sustainable development. Their choices and long term decisions should result in gains for our environment by:

- reducing carbon by considering the wider carbon costs or benefits of flood and coastal risk management projects both over their construction and operational life
- contributing to the achievement of sustainable development, balancing the needs of society, the economy and the urban, rural and natural environment, taking account of the cultural heritage and seeking to secure environmental benefits
- meeting legal requirements, to have regard to the purposes of conserving and enhancing the natural beauty, wildlife and cultural heritage and promoting opportunities for public understanding and enjoyment of national parks; have regard to biodiversity conservation; comply with the Water Framework Directive, Environmental Quality Standards Directive and the Groundwater Directive; regarding the marine environment, comply with the Habitats and Birds Directives and to preserve, maintain and re-establish wild bird habitat; regarding the terrestrial/freshwater environment, having regard to the Habitats and Birds Directives and taking appropriate steps to help achieve the preservation, maintenance and re-establishment of wild bird habitat

Ambitions, strategic objectives and measures

The strategy has been split into 3 high level ambitions: **climate resilient places, today's growth and infrastructure – resilient to tomorrow's climate and a nation of climate champions, able to adapt to flooding and coastal change through innovation.** The delivery of these ambitions is achieved through a series of objectives which have either 2030 or 2050 timescales associated with them. These objectives are then supported by a number of measures with shorter timescales to show how the longer term objectives will be achieved.

Figure 6: The timescales and elements that make up the draft strategy

Climate resilient places

Climate change is already altering our weather and with it the flooding and coastal change the nation faces is evolving too. The government’s 25 year environment plan states that current global commitments under the Paris agreement are insufficient to limit the average temperature rise to well below 2°C. The approaches taken to manage flooding and coastal change therefore need to be able to adapt to a range of future climate change scenarios, including a 4°C rise in global average temperature.

Progress towards climate resilient places

Previous and ongoing work of the Environment Agency and other risk management authorities has ensured we are already making progress towards having climate resilient places. This includes:

- between April 2015 and March 2021 the Environment Agency and other risk management authorities are investing over £2.6 billion of government funding to reduce the risk of flooding and coastal change to over 300,000 homes. By March 2019 over 150,000 homes have been better protected
- in addition to the government’s contribution, partners have also already contributed over £460 million to enabling more homes to be better protected
- many flooding and coastal change schemes already include a mix of solutions, for example flood walls, property level resilience measures or woody debris dams to slow water
- work undertaken by risk management authorities to manage flooding and coastal change regularly improves the environment. Between April 2017 and March 2018 work by risk management authorities enhanced 111km of waterbodies and 248 hectares of habitat as well as creating a further 556 hectares of new habitat. (Environment Agency, 2019)

To help continue the work to create climate resilient places we need sustained and long term investment in helping to mitigate and manage the risks associated with flooding and coastal change. The Environment Agency’s long term investment scenarios set out the economic case for future management of flooding and coastal change and what this could look like over the next 50 years in England. It is a set of scenarios which describe possible ‘What if..?’ futures, but does not predict which of these futures will happen. The long term investment scenarios do not set out who should pay, but it is expected contributions will come from central and local government, businesses and those benefiting from any work.

Long term investment scenarios

The Environment Agency has produced an updated economic assessment to aid planning for flood and coastal risk management over the next 50 years. It considers a full range of climate change scenarios. The long term investment scenarios show that without increased investment, flood damage to properties and infrastructure in England will significantly increase.

The long term investment scenarios report estimates an average annual investment of at least £1 billion in flooding and coastal change infrastructure is necessary over the period to 2065. For every £1 spent on protecting communities, around £9 in property damages and wider impacts are avoided.

As the population grows, we are likely to see the number of properties built on the flood plain almost double by 2065. Current planning policy and its implementation mitigates most of the potential damages to properties from flooding and coastal change in the long term.

With optimum investment, it is possible to prevent a rise in property damages over the next 50 years even with a high climate change scenario (4ºC warming) and many more homes in the flood plain.

Over two thirds of properties in England are served by infrastructure sites and networks located in (or dependent on others in) areas at risk of flooding. Infrastructure sites and networks must be resilient to flooding to avoid wider impacts on people and properties in England. The National Flood Resilience Review 2016 sets out how government is working with utilities companies, regulators and others to implement long term resilience plans.

Figure 7: Long term investment scenario overview - with optimum investment it is possible to prevent a rise in property damages over the next 50 years even with high climate change and many more homes in the flood plain

There are commitments in many existing government strategies and individual organisations' plans which will contribute to creating climate resilient places. These include the government's 25 year environment plan and its sister document the clean growth strategy. In addition the government have committed to publishing a national infrastructure strategy. More local authorities, infrastructure providers and developers are also taking action to enhance the flood and coastal change resilience of their infrastructure and services.

Although this draft strategy focusses on flooding and coastal change, climate resilient places also need to cope with drought and heat, protect and improve habitats and ultimately be places that people want to live, work and relax in. Managing these challenges in a changing climate and with a growing population will require sustainable water management to be at the heart of every solution and embraced by every decision maker.

Many of the proposals in this draft strategy are applicable to wider water management and assist with better joining up of both flood and drought resilience within our environment. Looking more broadly still, it is not possible to create climate resilient places able to adapt to flooding and coastal change without also protecting and enhancing the natural, historic and built environments. This needs to be reflected in all decisions to ensure the environment is improved within a generation.

We need to act now without delay. We also need to be dynamic and plan for our **climate resilient places** to adapt over time. To do this people need to understand and take ownership of the steps needed to make the places in which they live and work resilient to a range of climate futures.

To improve the overall resilience of the nation to flooding and coastal change we need to apply a different philosophy. This draft strategy is seeking to set out a different approach to how we consider flooding and coastal change in the decisions that are made at a national and local level. While it will never be possible to prevent all flooding and coastal change the current approach has been developed responding to previous floods rather than to meet the challenges of climate change. If we don't change our approach, we risk locking future generations into a legacy of increasing challenges.

Central to creating climate resilient places will be the need to explore and develop the concept of standards for flood and coastal resilience for all places at risk.This will be considered by the government later in the year in its national infrastructure strategy which is being developed in response to the National Infrastructure Commission's National Infrastructure Assessment published in 2018.

The Environment Agency believes that there needs to be a consistent approach across the country but one that recognises that the tools for delivering resilience will vary from place to place, based on technical, environmental, economic and social needs and constraints. The responsibility for agreeing the best combination of resilience tools will rest with the most appropriate decision maker depending on the scale of the place.

Strategic objective 1.1: Between now and 2050 the nation will be resilient to future flood and coastal risks. Over the next year the Environment Agency will work with partners to explore and develop the concept of standards for flood and coastal resilience.

Through this draft strategy we introduce the concept of 'resilience for places' which refers to the ability for a community in a place to cope with, and recover from, all sources of flooding or coastal change.

People and places around the country need to know the impacts of the risk they face from flooding and coastal change, how significantly it will affect their lives and how best to respond. Many opinion formers support the idea of flood and coastal resilience standards.

The National Infrastructure Commission recommended a long term goal of establishing a 'national standard of flood resilience'. They proposed that major urban areas should be resilient to 0.1% annual likelihood events and other parts of the country should be resilient to events of 0.5% annual likelihood.

The Environment Agency would like to work with risk management authorities and other partners to explore and develop the concept of standards for flood and coastal resilience, and in doing this we will consider the pros and cons of all options.

A vital tool for future resilience in many places will remain building and maintaining our flood and coastal change infrastructure. It is important, however, to be aware that the protection provided by flood and coastal change infrastructure can only ever be one part of our nation's toolkit for creating more climate resilient places. In some places it makes economic sense to invest heavily in engineered solutions to improve resilience, for example the Thames Estuary. But, building our way out of managing future climate risks will not alone be the right approach in the majority of places.

This is supported by the Environment Agency's long term investment scenarios which tested the benefits of investing in very high levels of protection across the country. In theory, very high levels of protection could make a big positive difference to managing long term flood and coastal risks. But, technical, social and environmental limitations can make this difficult to achieve in many places. For instance, to contain an extreme flood through an urban area unacceptably high flood walls or a lot more space for flood waters may be required.

The value people put on the look and feel of a place means we have to think even more innovatively about how to reduce the risk and create climate resilient places. For instance, in Keswick the Environment Agency agreed with the local community and local partners to use glass panels instead of stone to increase the effective height of defences while keeping much loved views of the river. In Cockermouth, a self-raising barrier was used to allay local concerns about the look of the flood scheme.

These challenges are not specific to England. Even in the Netherlands, a country whose identity and culture is entwined with its flood and coastal infrastructure, communities oppose the idea of ever higher flood and sea walls. At Hondsbossche, sand dunes support coastal infrastructure so the existing flood defences don't have to rise and rise. Natural flood management like this is also adaptable to different levels of climate change - and it supports tourism, the local economy and the environment. In Japan, the authorities are developing ever more innovative options to protect communities from tsunamis and typhoons because, once again, people want alternative solutions to flood and coastal infrastructure alone.

It is also important to recognise that, despite our collective best efforts, we will not always be able to prevent flooding and coastal change happening. In these places, the priority will be to keep people safe and to develop resilience tools that minimise the impacts of flooding or coastal change and to aid recovery after an incident. Over a period of time, it may mean supporting individuals and communities to move out of harm's way.

The Environment Agency believes we need a national suite of resilience tools to help places to avoid, prevent, protect, respond and recover from the future threat of flooding and coastal change. These tools should include:

- **making decisions on land use**, which reflect the level of current and future flooding and coastal change risk. For example, by directing development away from the areas at risk and making sure that new development is safe for its lifetime and does not increase risks elsewhere
- **managing the flow of water through the environment** to reduce the risks in upstream and downstream areas, through natural flood management, good land management, temporary flood storage areas and sustainable drainage systems
- **protecting areas from flooding and coastal change** by investing in flood walls, sea defences and embankments. In combination, this should also include assessing the benefits of temporary flood barriers or working with natural processes by creating multi-functional green infrastructure or using natural flood management. It is also important to recognise that it is not possible to completely protect everyone from all risks
- **designing places, buildings and infrastructure more effectively.** For example, by improving building standards, so people can cope with the impacts of flooding and coastal change and return to normal more quickly
- **enhancing community resilience** by providing effective warnings and emergency response services, and by encouraging and supporting volunteers and community groups so people take action to move their possessions, stay safe and evacuate when needed
- **adapting property and services to boost their resilience**, by reducing the damage and disruption and making recovery quicker when a flood does happen. This includes

designing and altering property and infrastructure so that they are less easily or less seriously damaged when there is a flood, and making sure that the people most at risk are mentally and physically prepared for what could happen

- **responding quickly and effectively to flood and coastal erosion events** by forecasting and monitoring to assess the risks as well as warning and informing communities and local responders
- **recovering quickly after a flooding or coastal change event** by repairing damages, restoring the economy and supporting community wellbeing. This includes effective use of insurance to transfer recovery costs between parties
- **accepting that some areas will flood and erode** and enabling local areas to achieve a managed transition. There are already areas of managed realignment on the eroding coast. Increasingly in coming years there will need to be a similar approach in some areas of high flood risk from rivers. This will mean identifying some areas of flood plain which need to be clear for flood waters, and creating and sustaining more wetlands

Figure 8: Tools used to achieve place based resilience standards

Every place is different and the exact combination of tools selected will need to be tailored to a particular place and reflect the local aspirations and opportunities, economic and environmental needs of that place and people. There cannot be a ‘one size fits all’ approach. The tools for delivering placed based resilience will not be the same everywhere. Offering a combination of tools will give people control and choices about how they respond to flooding and coastal change, while creating clear expectations on the role and contribution of risk management authorities in achieving resilience in a place. Alongside this, the Environment Agency will review its appraisal guidance for flooding and coastal change projects, so that investment decisions better account for a range of climate change futures.

Some of the tools for delivering resilience go beyond the role and direct influence of risk management authorities and so it will be vital that they also work closely with land managers and the business and environment sectors. It will also be important to involve local elected members who have a democratic mandate for representing local community views as well as regional flood and coastal committees. In places like Cumbria, local partners and the community are already working with risk management authorities to develop an action plan based on applying a variety of resilience tools.

Cumbria strategic floods partnership

The Cumbria strategic floods partnership was formed following the devastating flooding experienced during the winter of 2015 to 16. The partnership is made up of the public and private organisations, local partners and members of local communities who are working in partnership with catchment management groups. The Cumbria floods action plan was developed by the partnership, and contains about 100 actions to increase resilience to flooding.

Actions include investing in physical flood defences in combination with upstream land management and techniques to slow the flow of flood water upstream of places at risk whilst maximising the amount of flood water that can be carried safely by our river channels. Importantly the plan also contains actions for local people to progress with farmers and landowners which has helped to develop community ownership for the action plan.

Figure 9: Photograph of flooding in Keswick, Cumbria during the winter 2015 floods

Climate resilience is recognised as important in the government's 25 year environment plan through 2 key goals which aim to reduce the risk from natural hazards' and 'adapt to and mitigate climate change'. Developing a national suite of tools for flood and coastal resilience in places would help contribute to these goals and demonstrate progress against the government's national adaptation plan.

How we assure ourselves that the best combination of resilience tools are being applied in places is a key question facing us as a nation. Depending on the scale of the place the final decision maker will vary. For example, at a catchment scale the most appropriate decision maker may be the Environment Agency, at a city scale it may be the local authority but at a small village scale it may be more appropriate for a parish council to make the decision. In some places risk management authorities, people and businesses will voluntarily want to progress resilience tools and this should be encouraged. In other areas more support will be required.

To achieve our objective we have the following measures:

Measure 1.1.1: By 2021 the Environment Agency will enhance the appraisal guidance for flooding and coastal change projects, so that investment decisions better reflect a range of climate change scenarios.

Measure 1.1.2: By 2022 the Environment Agency will work with partners to explore and develop the concept of standards for flood and coastal resilience, and will consider the pros and cons of all options. This will feed into the government's flood policy statement in 2019. The Environment Agency will also develop a national suite of tools that be used in combination to deliver flood and coastal resilience in places.

Strategic objective 1.2: Between now and 2050 risk management authorities will help places plan and adapt to flooding and coastal change across a range of climate futures.

To be better prepared for climate change we need to take action now, so we are ready for the impacts and can make sure the places people live, work and play in are safe. Although we have more certainty around what a changing climate will look like in the future, planning for it is uncertain, daunting and expensive. It is easier to plan for one future climate but much more difficult to plan for a range.

Looking out to the year 2100, people in every place need to be able to identify the decisions for managing flooding and coastal change that need to be taken now and those which can be made in the future. To ensure this happens decision makers need to be agile to the latest climate science, growth projections, investment opportunities and other changes to our local environment.

Flooding and coastal change is not static but constantly changing. It requires an iterative and dynamic approach for places that can be reviewed over time in response to changing risks. We call this 'adaptive approaches' and it promotes positive action before it is needed. It is already used in some locations in England.

For example, the Thames Estuary 2100 plan identifies a series of approaches or options for different climate change, social and economic futures. The plan is adaptable to a changing climate to ensure that the actions taken by all partners are the right ones and taken at the right time to benefit people and the economy. The approach can be applied to any place-based plan enabling a combination of resilience tools to be developed, agreed and mapped across adaptive pathways to the year 2100 and beyond.

Thames Estuary 2100

The Thames Estuary is protected today by a world class system of defences providing protection to 1.25 million people and £200 billion of property. Climate change, growth and other pressures mean the risk of tidal flooding will increase over time. The Thames Estuary 2100 Plan, approved by government in 2012, was developed to provide strategic direction for managing flood risk to the end of the century.

The plan has climate change at its core. It includes a series of pathways for different climate change and socio-economic futures. The current plan has 3 phases:

- 2010 to 2034 focuses on maintaining the current flood defence system and safeguarding land for future improvements through local strategies and spatial plans
- 2035 to 2049 will see work to reshape the riverside with improvements to many flood walls, embankments and small barriers
- 2050 to 2100 is when the plan expects decisions to be needed on long term investments, including the construction of a new Thames Barrier.

The first full review of the plan will be in 2020 and will consider how the climate, environment and socio-economic conditions in the estuary have changed and are expected to change in the future. This will influence whether the Environment Agency and partners need to alter the current pathway and how this may impact future investment and management of the tidal flood defences. (Environment Agency, 2012, TE2100 Plan).

Figure 10: The Thames Barrier, London

Taking an adaptive approach is not a reason to delay taking immediate action as there will be many no-regrets and low-regrets activities we can do to improve resilience in a place. This could include avoiding inappropriate siting and design of new building in risk areas or employing natural flood management tools to slow the flow of water.

The potential benefits of developing long term adaptive approaches is that it gives people time and opportunity to think differently about how they fund and work with others to deliver the flood and coastal resilience tools they need in a place. This could include developing new and innovative funding mechanisms to deliver higher standards of protection for flooding and coastal infrastructure. It could also provide the long term framework for better aligning planning and investment cycles with potential funders, infrastructure providers and utilities, to unlock investment in flood and climate resilient infrastructure and services. The adaptive approach is also able to accommodate any future change to existing planning frameworks that support the management of flooding and coastal change.

Figure 11: The potential benefits of adaptive pathways

Taking an adaptive approach also enables risk management authorities to plan more effectively for the maintenance and replacement of the existing flooding and coastal change infrastructure that people rely upon. They allow us to manage flooding and coastal change without closing off future management options and with regular monitoring and review respond to a changing climate and reflect changing local social, environmental and economic needs.

Taking an adaptive approach does not create a need for a separate set of plans, instead they will inform the development options in strategic local spatial plans and others' plans. Importantly, adaptive approaches can provide the opportunity to regularly review if the right approach and combination of resilience tools are being followed and at the right pace. This will ensure places are ready for a range of climate change scenarios, including planning for a 4ºC rise in temperature.

Happisburgh – Norfolk coast

An example of where of an adaptive approach has been used is Happisburgh on the North Norfolk coast. The seaward edge of the Happisburgh cliffs had been a coastal management challenge since the 1980s. Beginning in the 1930s, a small community of non-standard chalet-style dwellings were built behind the cliff top along Happisburgh beach. More substantial brick-built houses were constructed further back from the edge. Defences were installed to help reduce erosion in the 1960s, after the 1953 storm surge. The defences along this section of coast began to fail in the late 1980s due to the low beach levels. In the 1990s and early 2000s, North Norfolk District Council promoted several coast protection schemes to try to address the problem. These were not successfully approved and funded because they weren't cost-effective.

In 2010, North Norfolk District Council was awarded £3 million of Defra funds to test an alternative adaptive approach as part of the pathfinder projects. This investigated and implemented the acquisition and removal of properties immediately at risk, and cleared the site, making it a more attractive cliff-top area and a safer place to live and visit, by improving access to the beach.

Since 2010, North Norfolk District Council continue to intervene at this dynamic location to address safety and access challenges, whilst 'roll back' policy is still in operation.

Figure 12: A property at risk of coastal erosion being demolished (image courtesy of North Norfolk District Council)

As part of the strategic overview role for flooding and coastal change, the Environment Agency has a key role to play in facilitating adaptive approaches as part of any place based plan. Alongside developing a national suite of resilience tools, the Environment Agency would like to develop a framework to help risk management authorities work with and others to take an adaptive approach to planning for flood and coastal resilience in a place.

The Environment Agency is currently developing a new way of producing a single picture of flood risk from rivers, the sea and surface water using both our existing detailed local information and improved national datasets. This will incorporate the improvements being undertaken to improve surface water mapping by lead local flood authorities. Collectively this will vastly improve the evidence base for making decisions about spatial planning, prioritising investments in flood and coastal infrastructure and targeting the work of emergency responders when planning their incident response. The new national mapping, modelling and data will provide a key evidence base to assist places in taking an adaptive approach and identify key decision points for informing when resilience tools should be applied. It will also support the implementation of the government's surface water action plan.

The Environment Agency intends to test and develop an adaptive approaches framework for a range of different scales and social contexts through a number of frontrunner places. Working with risk management authorities and other partners, the Environment Agency will progress these frontrunners from the start of the next flood and coastal risk management programme starting in April 2021.

To achieve our objective we have the following measures:

Measure 1.2.1: By 2021 the Environment Agency and risk management authorities will identify frontrunner places for developing adaptive approaches for a range of different scales and social contexts, working with local places and partners.

Measure 1.2.2: By 2024 the Environment Agency will publish a new picture and evidence of current and future flood risk that will help places better plan and adapt for climate change.

Measure 1.2.3: By 2024 the Environment Agency will develop a national framework to help risk management authorities, people, businesses and public bodies identify the steps and decisions needed to take an adaptive approach to planning for flood and coastal resilience in a place.

Measure 1.2.4: By 2025 the Environment Agency will produce a new set of long term investment scenarios to inform future policy and investment choices for delivering flood and coastal resilience.

Measure 1.2.5: By 2026 lead local flood authorities will update their local flood risk strategies to incorporate adaptive approaches to planning for flood and coastal resilience in a place.

Strategic objective 1.3: Between now and 2030 all those involved in managing water will embrace and embed adaptive approaches to enhance the resilience of our environment to future flooding and drought.

It is not possible to separate the management of our natural environment and our rivers and coasts from the way we manage and reduce risk of flooding and coastal change. Our natural environment goes through periods of both flood and drought – so we should be looking at adaptive approaches that benefit them both for the benefit of people and wildlife.

The Environment Agency is working with water companies to put water and flood management at the heart of the sector's agenda. Our water industry strategic environmental requirements sets the ambition for the water environment to be managed in a way that is more resilient to flood and drought, to support people, wildlife and the economy. Through developing their business plans for 2020 to 2025, many water companies have secured customer support for investing in managing the risks associated with flooding and extreme weather events.

Water companies are already planning for sustainable water resources over the next 25 years. They are also embarking on long term drainage and waste water management plans. Several water companies are already taking an adaptive approach to their long term water resource planning alongside assessing the resilience of water infrastructure. By joining up planning around drought and flood resilience, we can better help people manage these extremes whilst also looking for environmental enhancement.

We already know that holding water back, slowing run-off and encouraging infiltration, either naturally or through engineering design, can reduce flooding downstream. When used alongside conventional flood and coastal infrastructure, there is also a growing evidence base around the benefits of working with natural processes on a smaller scale.

Stroud rural sustainable drainage project

After areas of Stroud flooded in 2007 and 2012, residents established community flood action groups to campaign for better protection from flooding. Studies showed large engineered storage solutions were not appropriate so local authorities made a bid for local levy funding to develop a natural flood management project.

A strong local, supportive partnership is a key strength of the project, and helps to maintain local political support. The way the project works encourages local ownership and builds skills by working with local landowners and contractors to design and construct natural flood management measures on their own land.

This has led to working with over 20 landowners to reduce flood risk across the 250 Km^2 catchment. Over 400 measures such as leaky woody dams, earth field bunds, silt traps, dry ponds and off-line storage areas now intercept flows from about one quarter of the catchment area. (Short, Chris & Clarke, Lucy & Carnelli, Fabio & Uttley, Chris & Smith, Brian, 2018, Capturing the multiple benefits associated with nature-based solutions: Lessons from a natural flood management project in the Cotswolds, UK. Land Degradation & Development.)

Figures 13 and 14: Leaky dams; some of the measures used in the Stroud rural sustainable drainage project

Encouraging working with natural processes is a key part of our approach and can take many forms. This includes encouraging the most appropriate crops, farming techniques that limit soil erosion, natural flood risk management tools on farmland as well as the creation of inter-tidal or coastal habitat. In 2016 the government announced £15 million to learn more about these interventions. This funding was allocated to 60 projects across England, creating the natural flood management programme. The 60 projects are split as 26 catchment scale led by risk management authorities and 34 community scale projects led by community groups and charities.

Although working with natural processes should be encouraged everywhere, the greatest opportunities and perhaps easiest to visualise natural process solutions are in rural areas.

We are expecting to have a new environmental outcome driven payment system to replace the Common Agricultural Policy supported by the Agriculture Bill. The government's 'Health and Harmony' policy statement on the future of food and farming encourages farmers and land managers who wish to improve the environment by entering into environmental land management contracts which could span several years. One objective of these contracts is to prevent, reduce and adapt to climate change and other environmental hazards like flooding. This includes forestry and woodland management which is a theme of the 25 year environment plan.

Future Fens

The Fens in the East of England were first drained in the 1600s and largely funded by wealthy landowners to create valuable land for farming. The present-day landowners are the modern-day custodians of one of the richest legacies of flood risk and drainage management in the country. We need innovative, co-ordinated and sustainable solutions from landowners, businesses, planning authorities, communities and risk management authorities, to manage this landscape for the long term.

The Fens are particularly fertile, containing around half of the grade 1 agricultural land in England (National Farmers Union, https://www.nfuonline.com/assets/23991).

An adaptive approach is needed to manage this catchment to balance the needs of people, the environment and agriculture. This will identify the decisions which need to be taken now and those that will need to be taken in the future. This could include strategic, long term agreements between farmers, land managers and supermarkets about the future of the Fens and the contribution that flood risk investments could play in sustaining agriculture.

Figure 15: Aerial photograph of the Fens. Kite aerial photography by Bill Blake Heritage Documentation

Over the coming decades, there are also opportunities for using an adaptive approach to explore what climate resilience means in places where flood risk management and food production is interdependent. In places like the Fens where this is high grade agricultural land critical to food production, there is the need to better join up our strategic and long term objectives around flood and climate resilience with the environment and its use.

To achieve our objective we have the following measures:

Measure 1.3.1: From 2021 the Environment Agency will use the lessons learned from the Defra £15 million natural flood management projects and other pilot projects to expand and mainstream working with natural processes by all risk management authorities.

Measure 1.3.2: From 2021 the Environment Agency will work with farmers, landowners and others to identify opportunities for using agricultural practices (through funding, advice and regulation) to manage flooding and coastal change.

Measure 1.3.3: From 2020 risk management authorities will seek to better align long term planning for flood and coastal change with water company business planning cycles to identify opportunities for managing both floods and droughts.

Strategic objective 1.4: Between now and 2030 risk management authorities enhance the natural, built and historic environments so we leave it in a better state for the next generation.

The government's 25 year environment plan: 'A Green Future: Our 25 Year Plan to Improve the Environment' sets out what the nation should do to improve the environment, within a generation. Risk management authorities have a part to play in helping to achieve those aspirations and should take opportunities to improve our natural, built and historic environment through their programmes, strategies and activities to manage flooding and coastal change.

We depend upon our environment for services such as clean water, air, food, climate mitigation and reducing flood and coastal change risk. Managing flooding and coastal change interacts with the environment in a number of ways, both positively and negatively. Intervening in the natural environment to reduce flood risk and coastal change can mean making changes to the physical water environment that can have impacts on some natural habitats and species. Risk management authorities have a key role to play in mitigating and compensating for those activities that are damaging whilst overall making a more positive contribution to the environment. This should include contributing to the achievement of statutory requirements relating to the protection of habitats, conservation and the water environment. But it should also include opportunities for enhancing the health and ecology of our rivers and coastal waters through investments in flood and coastal projects. The 25 year environment plan aspires to return 75% of waterbodies to a natural or a near natural condition which may mean repairing some of the damage from past activities.

There are many examples around the country where we have seen the positive role creating or restoring natural habitats such as salt marsh, floodplain meadows and woodland can play in reducing flooding or where natural flood management measures that create or restore habitats can slow the flow of floodwaters. Risk management authorities should work with those seeking to create or restore natural habitats as part of the nature recovery network to help ensure the network can contribute to reducing risk.

Under the draft strategy ambition 'today's growth and infrastructure is resilient in tomorrow's climate', there are proposals for how risk management authorities can also contribute to wider objectives relating to delivering biodiversity and environment net gain in local places through the spatial and development planning process. It is also equally important that risk management authorities protect and enhance the built and historic environment for the benefit of future generations.

Taking an adaptive approach provides a long term framework for risk management authorities to identify opportunities for enhancing the natural, built and historic environments as part of delivering more climate resilient places.

To achieve our objective we have the following measures:

Measure 1.4.1: From 2021 risk management authorities will contribute to improving the natural, built and historic environment through their investments in flood and coastal projects.

Measure 1.4.2: From 2021 risk management authorities will work with partners and others to identify how the nature recovery network, the northern forest and other habitat improvements can help to manage flood risk and coastal change.

Measure 1.4.3: From 2021 risk management authorities will help to ensure that 75% of all water bodies are in natural or near-natural condition within 25 years.

Strategic objective 1.5: Between now and 2030 risk management authorities will use funding and financing from new sources to invest in making the nation resilient to flooding and coastal change.

To achieve the aims of this draft strategy and keep building the nation's resilience to flooding and coastal change, especially in the face of a changing climate, we will need to invest more money over time. At a time where there are many competing demands on government money, much of that investment may need to come from new sources other than the taxpayer. We need to consider 'who pays' for future climate resilience and the balance of payments from people and businesses at risk from flood and coastal change versus everyone contributing through the public purse.

The growth of green finance and increasing awareness about climate resilience in financial markets offers an important opportunity to secure this investment. New ways of funding and financing could help to deliver adaptive approaches, particularly for some of the largest and most challenging areas such as the Thames and Humber estuaries, where investment needs will be high. New funding and financing tools could give risk management authorities more power and control over how they invest in the future.

There are two related concepts within this area of new investment: funding and finance. Finance means borrowing money now which we pay back over a number of years it potentially offers a very effective way to deliver adaptive approaches over the coming decades. Funding means finding new sources of money each year to pay for activities that make places more resilient to flooding and coastal change.

There is a major appetite in financial markets for green investments, which generate a return on investment while also protecting or improving the environment. This growing market in green finance could offer borrowing at significantly lower costs than traditional forms of borrowing, which can make financing far more cost effective. There are also risks associated with financing, which would need to be carefully managed.

There are a range of new sources of funding that might enable such an approach. In general, these approaches work by getting beneficiaries: the people; businesses; infrastructure providers; and others who benefit from a flooding and coastal change action to contribute towards the cost.

These funding tools would build on the government's partnership funding approach we already successfully use. Upfront borrowing might in turn make it easier to secure partnership funding contributions, because it is easier to secure a small amount of money over a long period than it is to secure a large contribution upfront.

To achieve our objective we have the following measures:

Measure 1.5.1: By 2021 the Environment Agency will work with the government on its green finance strategy to explore new options for funding and financing flooding and coastal change that deliver more private funding in the future.

Measure 1.5.2: By 2025 risk management authorities will test whether it is feasible to use upfront financing to deliver an adaptive approach in a place which will need very significant investment in future.

Today’s growth and infrastructure – resilient to tomorrow’s climate

Places are about much more than the people who live there. The people are served by utility providers, connected by transport links, supported by hospitals, schools and care homes, and sustained by shops and businesses. These are complemented by parks and green spaces that add to our wellbeing and connection to the natural environment.

Progress towards ensuring today’s growth and infrastructure is resilient to tomorrow’s climate

Previous and ongoing work of the Environment Agency and other risk management authorities has ensured we are already making progress towards ensuring today’s growth and infrastructure is resilient to tomorrow’s climate. This includes:

- in the financial year 2017 to 2018, 99.4% of planning applications involving new homes were decided in line with Environment Agency advice. (Environment Agency, 2019, Managing flood and coastal erosion risk annual report 2017 to 2018 (unpublished))
- working in close partnership with Defra and the Cabinet Office, the Environment Agency has made major improvements to the modelling and evidence base of the risk of widespread flooding in England to inform the Cabinet Office national risk register of civil emergencies
- flooding and coastal change schemes completed between 2016 and 2021 will better protect over 280,000 hectares of agricultural land and help avoid more than £1.5 billion worth of direct economic damage to agricultural land. Transport infrastructure will also be better protected including 500 kilometres of railway and 9400 kilometres of motorways, roads and local streets. (Environment Agency, 2019)
- in 2018 to 2019, the Environment Agency are investing over £200 million in maintaining existing flood and coastal risk management infrastructure to ensure it continues to protect communities and our staff have carried out more than 90,000 inspections to ensure they remain ready to protect communities. (Environment Agency, 2019)

A robust spatial planning process is essential to creating and maintaining places resilient to flooding and coastal change, especially in the face of changing climate. Local planning authorities are crucial to getting the right kind of sustainable growth in the right places. The Environment Agency and lead local flood authorities have a key role to play in engaging and advising developers and planners to enable resilient development, as well as identifying opportunities to protect and enhance the environment for people and wildlife.

Local people, partners and authorities come together to shape the future of their local places, through influencing spatial planning priorities. Spatial plans can help develop adaptive approaches for places, providing clarity on what a place may look like in the future and determining appropriate resilience for a place.

Sustainable growth and resilience to flooding and coastal change must go hand in hand. All risk management authorities have a role to play in helping places plan and adapt for climate change, ensuring existing places are protected and continue to prosper.

Funding for new and improved flooding and coastal change infrastructure comes from a range of sources, for example government, businesses and those directly benefiting. The government's investment in flood and coastal change infrastructure projects is primarily focussed on better protecting existing homes. These projects can also provide wider benefits such as creating environmental enhancements, stimulating sustainable growth and accelerating regeneration. Where this is the case, some government funding has also been made available from other funding sources linked to supporting local economic growth. In addition projects aimed at reducing the risks from flooding and coastal change can also help to provide long term confidence to investors looking to build new houses, fund new infrastructure, and develop new businesses in places at risk.

The Environment Agency's long term investment scenarios highlight the importance of infrastructure resilience. They found over two-thirds of properties in England are served by infrastructure sites and networks located in, or dependent on others located in, areas at risk of flooding. All infrastructure providers need to be clear about the level of resilience customers expect of their service and how they'll need to adapt to keep pace with climate change.

The adaptive approach enables infrastructure providers to plan to be resilient to a range of climate change futures. Resilient infrastructure can sustain great places for people to live and prosper, but can also enable sustainable growth by providing confidence for others to invest and provide wider environmental benefits. In some cases, our infrastructure will need to be relocated away from areas of flooding and coastal change. Elsewhere, improving resilience will be enough. Whatever the local decision, the key is to make sure the resilience tools are planned and funded well in advance of when they'll be needed.

Strategic objective 2.1: Between now and 2030 all new development will contribute to achieving place based resilience to flooding and coastal change.

About 12% of England is in the floodplain. 1,800km of our coast are at risk of erosion (Environment Agency, 2019). Many more areas are at risk of flooding from surface water running off the land. Ideally, no one wants to build in these areas. The government's planning policy makes this clear, steering development away from floodplains or tidal flood zones. In some locations, for example, in the middle of some cities, this isn't possible. Where this is the case, planning policy requires that developments are designed to be resilient to flooding or coastal change. Local planning authorities have democratic accountability for approving proposals for new development. The Environment Agency and lead local flood authorities are statutory consultees for most planning applications and for strategic local development plans. The 2 consultees work closely to ensure government planning policy and guidance is followed.

We know as the nation's population grows we'll need many more new homes. The Environment Agency's long term investment scenarios show the importance of local planning authorities implementing planning policy effectively. We're likely to see a doubling of the number of properties built in the floodplain over the next 50 years. Continued implementation of government planning policy can limit most of the potential flood damages to properties. However, if planning policy or its implementation is weakened, property damage could increase by 38% over the next 50 years. (Environment Agency, 2019, long term investment scenarios).

It will be challenging in some places to make future development climate-resilient, due to limited development areas outside of the flood plain. Over the next 50 years, 20% of projected new development on the flood plain will occur in just 3% of local authorities.

(Environment Agency, 2019, long term investment scenarios). So it's key to find opportunities where investment to reduce the impacts of flooding and coastal change can also bring climate-resilient and sustainable growth.

Better and earlier cooperation on the design of places where people live and work can help minimise future damage from flooding and coastal change. This cooperation has to go beyond just local authorities, developers and risk management authorities, to include infrastructure providers. This will help ensure not only peoples' properties, but also the infrastructure and services they rely on, are resilient to flooding and coastal change and can adapt for future climate change.

To achieve our objective we have the following measures:

Measure 2.1.1: From 2021 risk management authorities will invest in planning skills and capabilities to ensure they can advise planners and developers effectively to enable climate resilient places.

Measure 2.1.2: From 2025 the Environment Agency and lead local flood authorities will advise local planning authorities on how adaptive approaches should inform strategic local plans.

Strategic objective 2.2: Between now and 2030 all new development will seek to support environmental net gain in local places.

Enabling sustainable growth does not mean increasing flooding and coastal change or damaging the environment. 'Net gain' is an approach to development that aims to leave the natural environment in a measurably better state than beforehand. Net gain can also help ensure that new development contributes towards managing the risk of flooding and coastal change. The net-gain approach has several advantages:

- it offers a degree of flexibility in improving the environment rather than requiring rigid like-for-like replacement for losses
- it could be a means of raising funding for investing in the environment through, for instance, placing a legal requirement on developers
- for developers, it could streamline the planning process and help them proceed more quickly

The government has committed to mandating that certain new developments must achieve 'biodiversity net gain'. This should improve how the planning system addresses development's impact on habitats and allow new development to proceed without negatively affecting our wildlife. Developers and infrastructure providers will have a key role to play in achieving biodiversity net gain. This includes risk management authorities where they're constructing and delivering flood and coastal infrastructure projects. This obligation on risk management authorities is expected to take effect from 2021, which is the start date of the next flood and coastal risk management programme.

Biodiversity net gain is a positive step towards the wider opportunities offered by 'environmental net gain', a way of improving all aspects of resilient and sustainable development. Environmental net gain was identified in the government's 25 year environment plan as a key means of achieving its ambition ‘to be the first generation to leave the environment in a better state than we found it.’

We know growth will not be sustainable if its net impact is to harm our natural environment – which includes geology, soil, air, water and all living things, or our cultural heritage – or ignore the risks posed by natural hazards. Establishing environmental net gain in the planning system would allow us to maintain and improve the nation’s resilience to natural hazards such as flooding and coastal change as well as the effects of climate change. This could include more sustainable drainage systems in new development or retrofitted into existing, and the wider use of best practice land management techniques. Environmental net gain could also provide an opportunity to secure investment in flooding and coastal change benefits through new developments and funding partners.

To achieve our objective we have the following measures:

Measure 2.2.1: From 2021 all risk management authorities will achieve biodiversity net gain in all programmes and projects.

Measure 2.2.2: From 2021 all risk management authorities will seek to work with developers and planners to achieve environmental net gain as part of strategic development proposals.

Cambridge Oxford Arc

3.3 million people live in the Oxford to Cambridge (OxCam) Arc. It hosts some of the most productive and fastest-growing cities in the UK.

Too much and too little water, alongside aging infrastructure, are key considerations in enabling the proposals for one million new homes by 2050 – a doubling of previously proposed growth, which is estimated to increase GVA (gross value added) from £90 billion to £250 billion a year.

In the government's 2018 Budget funding was confirmed for a pan-Arc Local Natural Capital Plan to coordinate investment in housing, infrastructure and the environment to support transformational growth across the Arc. The aim is to make sure new development maximises its economic potential, increases resilience to flooding as well as integrates environmental infrastructure with other development to provide high-quality and productive places for people to live and work.

Environmental net gain provides a lever, not only for improvements in biodiversity, but also for improvements in flood and water infrastructure to support OxCam ambitions to be a model for climate-resilient growth.

Figure 16: New development in the OxCam Arc

Strategic objective 2.3: Between now and 2030 all risk management authorities will contribute positively to local economic regeneration and sustainable growth through their investments in flooding and coastal change projects.

Our long term ambition should be to support local economic regeneration and sustainable growth through investments in flood and coastal infrastructure projects that facilitate the development of climate-resilient places. You can look at this in 2 ways. Firstly, stopping economic blight in places that have experienced repeat flooding and, secondly, facilitating resilient development and unlocking opportunities for sustainable growth.

Stopping long term economic blight in places that have experienced repeat flooding has become a serious challenge to some local economies. We know after flooding there are generally more small business failures, and other employers move away. We also know flood victims can suffer serious mental health problems, affecting their ability to work, and further harming businesses.

Local communities and partners in places with local economic vulnerabilities can find themselves caught in a funding trap. Their weaker economies mean they’re less able to contribute to the costs of projects that would help to reduce the long term risks from flooding or coastal change.

There are many examples around the country where we can see how investments in flood and coastal infrastructure can make available areas of land previously thought undevelopable. In doing so, risk management authority projects have helped to accommodate population growth and unlock opportunities for new housing and businesses in some local places. Some risk management authorities have succeeded in securing private-sector contributions or funding from local enterprise partnerships for flooding and coastal-change infrastructure projects, where they’ve been able to demonstrate benefits to job creation and new businesses in a local community.

Investment decisions in flood and coastal infrastructure could better account for the benefits to sustainable growth and resilient development. Understanding how to integrate these benefits is an area where further research and development is needed in the coming years.

Selly Park, Birmingham

At Selly Park, Birmingham, a new flood alleviation scheme has created new development land, protected 150 homes, an important highway and an emergency route. All thanks to an innovative flood storage scheme. The scheme provides £21 million of 'avoided damages' to property. It was made possible through a catchment partnership approach and securing developer contributions. (Environment Agency, 2017, Selly Park North flood risk management scheme briefing)

Figure 17: Emma Howard Boyd joins colleagues to announce the start of works at the Selly Park scheme

Figure 18: Aerial photograph of works at Selly Park.

Leigh flood storage area

The Leigh flood storage area was built in 1982 following the 1968 flood, to reduce the risk of flooding to 1,200 homes and businesses in Tonbridge in Kent. It played a key role in protecting homes and businesses during the winter 2013/14 floods. In recent years, the Environment Agency has been developing a scheme to enlarge the flood storage area, working with local councils. The total costs are approximately £21.5 million, with a quarter of the funding coming from local sources, including from the South East Local Enterprise Partnership. (Environment Agency, 2018, Leigh expansion and Hildenborough embankments scheme)

The scheme has succeeded in securing local enterprise partnership funding because it will help to create opportunities for more housing and employment to support the growth and infrastructure strategy in Kent. The local economic benefits will include 200 businesses being better protected from flooding, and the creation of 50 direct jobs and 100 associated jobs.

The Leigh flood storage area is one of the flagship projects in the Medway Flood Partnership, a consortium of local partners in Kent, who have come together to develop a shared action plan for better managing flood risk in the Medway. (Environment Agency, 2017, Medway Flood Action Plan)

Figures 19 and 20: Photographs of Leigh flood storage area

To achieve our objective we have the following measures:

Measure 2.3.1: From 2021 the Environment Agency will identify ways in which flood and coastal infrastructure projects can better contribute to local economic regeneration and sustainable growth.

Strategic objective 2.4: Between now and 2050 places affected by flooding and coastal change will be 'built back better' and in better places.

Either as a proactive step or in response to flooding, more should be done to encourage property owners to build back better and in better places. This could involve installing property flood resilience measures to aid recovery or taking steps to permanently move away from the risk.

Flood-resilient measures which help people return to their homes quickly after flooding, such as raised electrics, hard flooring, waterproof plaster and flood doors, often cost more than typical non-flood-resilient measures. If you're already paying for clean-up and other related activities, it can be quicker and cheaper to just return your property to how it was before the flood. Most insurance companies take this view too, and won't pay for replacement with flood-resilient products.

If insurance companies changed their policies on pay-outs following flooding or coastal change, places could be built back better, making them significantly more resilient, so people feel safer. Taking this one step further, insurance companies could incentivise customers at risk of flooding and coastal change to take this kind of action before a flood. This could work in a similar way to how they incentivise customers to have strong locks on windows and doors for security reasons. Mortgage lenders could also have a strong influence, for instance, by requiring resilience measures to be fitted to a property at risk of flooding or coastal change before they grant a mortgage.

In some cases, the scale of flooding or coastal change may be so significant the concept of ‘build back better’ may not be appropriate, as recovery back to the same place is not the best long term solution in the decades to come. For example, coastal authorities can identify through coastal change management areas where to build back better and in better places.

The Adaptation Sub Committee’s 2018 report identified the challenges facing some of England’s coastal communities in the face of climate change. It calculated implementing the current shoreline management plans to protect the coast would cost £18 to £30 billion, depending on the rate of climate change. It also found that it will not be beneficial to protect or adapt 149 to 185 kilometres of England’s coastline as currently planned by England’s coast protection authorities. The Adaptation Sub Committee recommended developing adaptive approaches with coastal communities, to better involve them in the difficult decisions they’ll need to make in future. All risk management authorities should be prepared to provide the necessary support to achieve this.

To achieve our objective we have the following measures:

Measure 2.4.1: By 2025 the Environment Agency will work with government, insurers and financial institutions to review the legal, policy and behavioural changes needed to 'build back better and in better places' and improve the resilience of homes and business.

Measure 2.4.2: By 2021 coast protection authorities and the Environment Agency will refresh the shoreline management plans and keep them under review.

Strategic objective 2.5: Between now and 2030 all flooding and coastal infrastructure owners will understand the responsibilities they have to support flood and coastal resilience in places.

Flooding and coastal change infrastructure includes flood walls and sluices. It may also include natural features that provide an element of protection to people. Flooding and coastal change infrastructure is one of a combination of tools supporting an adaptive approach for improving the resilience of a place. But it’s a very important one.

Building and maintaining flooding and coastal change infrastructure to keep pace with climate change will remain critical to the future resilience of people, property and other infrastructure. The responsibility and management of flooding and coastal change infrastructure is complex.

In any given place, all infrastructure operators need to work together. Failure of one piece of flooding and coastal change infrastructure potentially compromises them all, and, ultimately, the safety of people living and working behind them. Some key infrastructure is privately owned, with limited legal responsibilities on owners to maintain it in a proper state. As local people and partners determine the tools they require to deliver flood and coastal resilience, it may be necessary to review the responsibilities of flood and coastal change infrastructure owners.

The government's surface water management action plan highlighted that consistent and complete infrastructure information is critical to managing surface water flooding, but the same can be said for all other sources of flooding and coastal change. Part of the Environment Agency's strategic overview role is to oversee the condition of the nation's flood and coastal change infrastructure, regardless of ownership. To support this and provide a clear understanding of the risks, risk management authorities should provide information in a consistent way. As part of the delivery of the surface water management action plan, the Environment Agency will work with lead local flood authorities and other expert bodies to develop guidance setting out best practice on local flood infrastructure management and record keeping.

Brunton Park flood alleviation project

This is a partnership project between the Environment Agency, Northumbrian Water and Newcastle City Council. It is a good example of infrastructure providers working together to deliver a combined solution that reduces the risk of flooding to 85 properties.

Flooding in September 2008 resulted from the combined effects of surface water, the sewer network and the main Ouseburn River. The preferred option for the scheme was to address all sources of flood risk through the creation of a new river channel with new defences up and downstream of the new channel. This option allowed for the creation of a storage channel adjacent to the existing river which will store excess surface water from Brunton Park in periods of heavy rainfall.

In addition to the flood alleviation project, Northumbrian Water installed 2 kilometres of new surface water and foul sewers and a new underground foul storage tank within Brunton Park to reduce the risk of sewer flooding in the area.

Figure 21: the new river channel at Brunton Park

Change is needed to clarify the responsibilities of flooding and coastal change infrastructure owners, but also to encourage greater collaboration between infrastructure owners to make better use of public funding and resources. Such an approach would reflect recommendations from recent research to improve asset management (Interreg, North Sea Region, 2019, A perspective on the future of asset management for flood protection) and also allow a better and more coordinated response to managing flooding and coastal incidents.

To achieve our objective we have the following measures:

Measure 2.5.1: By 2021 the Environment Agency will work with lead local flood authorities and other expert bodies to develop guidance setting out best practice on local flood infrastructure management and record keeping.

Measure 2.5.2: By 2024 the Environment Agency will require risk management authorities to report on the resilience of their flood and coastal change infrastructure in a nationally consistent way.

Measure 2.5.3: By 2024 the Environment Agency will work with risk management authorities to develop recommendations for flooding and coastal change infrastructure owners that enable greater collaboration, sharing and monitoring between them.

Strategic objective 2.6: Between now and 2050 the Environment Agency and risk management authorities will work with infrastructure providers to ensure all infrastructure investment is resilient to future flooding and coastal change.

Following the 2015/16 winter floods, the government undertook the National Flood Resilience Review. This assessed the resilience of key local infrastructure such as energy, transport, water and communications, and identified ways to protect it better. The review found 41% of transport and utility infrastructure is in areas at risk of flooding. Around 36% is directly at risk and 5% is at risk due to its dependence on electricity supplies, which are also at risk. Over 55% of water and sewerage pumping stations, 20% of railway lines, 10% of major roads, 28% of gas infrastructure and 14% of electricity sub-stations are in areas at risk of flooding. (HM Government, 2016, National Flood Resilience Review)

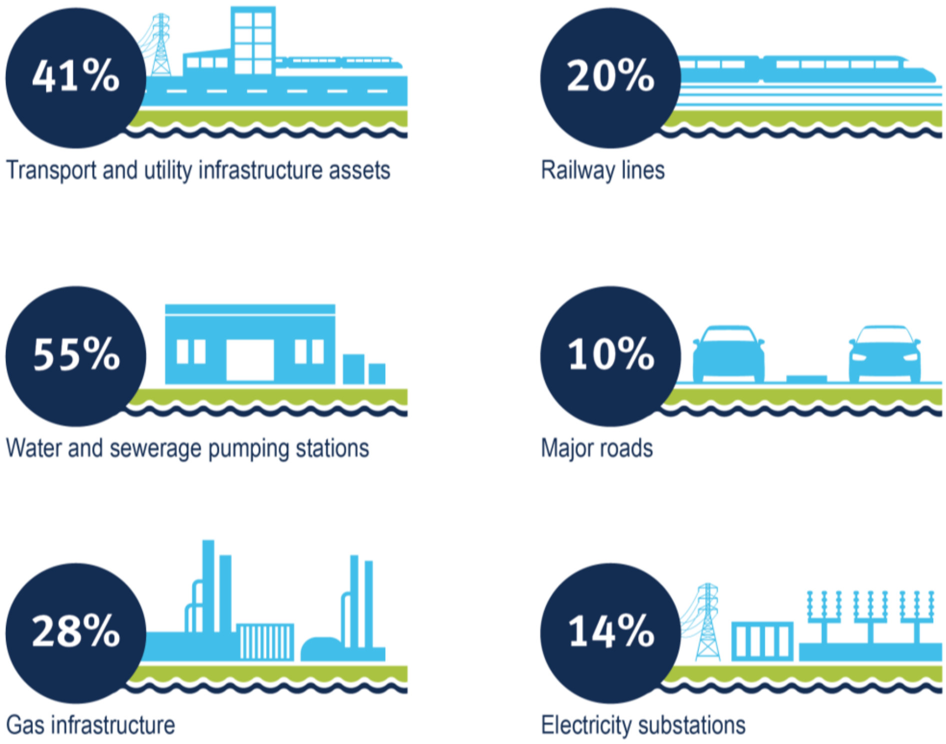

Figure 22: Key infrastructure at risk from flooding and coastal change

The current plans and strategies of risk management authorities go part of the way to providing the ambition for resilience, and describe what a place will look like in the future. However, to understand the full picture, the current and future plans of key infrastructure providers need to be considered as well.

Many government departments and agencies are reviewing opportunities for improving the climate resilience of infrastructure including HM Treasury's forthcoming national infrastructure strategy. The government's national adaptation programme and the Third Strategy for Climate Adaptation Reporting sets a clear expectation that utility companies and major industries will report on how they are adapting to climate change. Most recently, the government has commissioned the National Infrastructure Commission to examine the resilience of the UK's infrastructure.

All risk management authorities should work with infrastructure providers to ensure they properly consider resilience to flooding and coastal change throughout their operations. In some places, building back infrastructure in high-risk locations may not be the most economic or sustainable option. By developing flood and coastal resilience, it will be easier for infrastructure providers to determine how their long term investment plans can contribute to climate resilient places.

Humber flood risk management strategy

The Humber estuary is of national importance. It includes key ports such as Hull, Grimsby, Immingham and Goole, significant transport infrastructure, well-established chemicals and manufacturing industries, and internationally important habitats. It's also home to over 660,000 people and 73,000 businesses.

To help ensure long term resilience across this vital estuary, the Environment Agency, Humber Local Enterprise Partnership (LEP) and 12 local authorities are working together to comprehensively review the current Humber Flood Risk Management Strategy.

The challenges the estuary faces with rising sea levels and river flooding risks mean that between 2015 and 2021 over £250 million is being invested to better protect over 55,000 homes. But this won't be enough to keep up with future climate risks, especially if key infrastructure is to remain resilient. The Humber strategy will identify a number of trigger points at which difficult decisions will need to be taken, allowing for implementation before they're needed.

Figures 23 and 24 Aerial photographs of the Humber estuary

We need to set clear and high expectations that the infrastructure being planned today is resilient in tomorrow's climate. To support this the Environment Agency will review its guidance to planners following the UK Climate Impact Projections 2018. This will ensure all infrastructure – water, transport, power, hospitals, schools and more – takes future flooding and coastal change into account during their design and build.

To achieve our objective we have the following measures:

Measure 2.6.1: By 2021 the Environment Agency and risk management authorities will work with infrastructure providers to ensure all infrastructure investment is resilient to future flooding and coastal change.

Measure 2.6.2: By 2021 the Environment Agency will establish a Flood and Coastal Infrastructure Task Force to better align the long term investment planning of publicly funded infrastructure bodies.

A nation of climate champions, able to adapt to flooding and coastal change through innovation

Everything this draft strategy sets out to do is about helping people face the impacts of flooding or coastal change. As a nation, we are only just beginning to acknowledge the increasing risks from flooding and coastal change. The Environment Agency estimates over 5 million people in England are at risk from flooding and coastal erosion. Many millions more are affected when essential transport services and water infrastructure become interrupted or damaged by flooding or coastal change incidents. The blunt truth is it’s not possible to prevent all flooding and coastal change. Everyone must live with this risk.

Research shows for every individual directly affected during a large flood - with a 1% annual chance of occurring - about 16 more suffer knock-on effects from losses of utility services. (Environment Agency, 2019). The impact of flooding on people is devastating, and can last long after the flood waters have gone away. People can be out of their homes for months or even years, but the impact on their lives is wider when businesses, schools and transport routes are affected. Even when formal ‘recovery’ has ended, the implications of living with the knowledge of risk are substantial. So it's not surprising there’s strong evidence linking floods to mental health and wellbeing issues. Estimates from Environment Agency research suggests that the costs of mental health impacts of flooding could be £3,000-£7,000 per flooded household, depending on the scale of the flooding. (Environment Agency, 2019, Benefits of recreation, tourism and health, (unpublished)).

In 2018, only 34% of people with properties in areas the Environment Agency identified at risk, believed their property was either definitely or probably at risk. There’s no data to quantify awareness amongst those who live at risk of utilities, transport routes or services being affected. Put simply, people and businesses are living at risk of flooding and coastal change without knowing.

There are many ways to increase awareness of flooding and coastal change. The Environment Agency and Met Office already run a world-class flood forecasting and warning service. Together, they’re continually improving the service.

To create climate-resilient places, the ownership of flooding and coastal change needs to include everyone. We all have a role to play. This means people at immediate risk of flooding and those who aren’t; small and large businesses, as much as national and local government. This is why we need **a nation of climate champions**.

Improving awareness of flooding and coastal change, and with it responsibility and action, will not be instant. But by mobilising a nation of climate champions, and with all risk management authorities working even better together, we can make this happen.

Progress towards a nation of climate champions, able to adapt to flooding and coastal change through innovation

Previous and ongoing work of the Environment Agency and other risk management authorities has ensured we are already making progress towards ensuring we have a nation of climate champions: This includes:

- the Environment Agency's flood forecasting service which provides people, businesses and the emergency services vital time to prepare in a flood. Currently 1.4 million properties are signed up to our free flood warnings
- since the floods of winter 2015/16, the Environment Agency have invested in new kit including vehicles, 40km of temporary flood barriers and 250 high volume pumps. We have around 6,500 trained staff across the country, ready to respond to flooding, including 500 flood support officers
- the Flood Forecasting Centre (FFC) is a partnership established between the Environment Agency and the Met Office. The centre operates 24 hours a day every day, and provides Emergency responders and Local Authorities in England and Wales with daily flood and coastal risk assessments
- over the last 6 years the Environment Agency has targeted the 5.2 million households and businesses in England at risk of flooding with information and advice about how to prepare for, and respond to, flooding
- the Flood and Coast Conference is an important part of bringing those who manage flood and coastal erosion together. It provides an opportunity to share lessons, celebrate success, showcase innovations and discuss ways to meet future challenges. Attracting 1,700 delegates over 3 days, the event offers a combination of formal conference sessions and an exhibition space

We need to inspire people to take action ahead of time and take responsibility for some of the solutions needed to help them when warnings are issued. Achieving this will need a range of approaches, tailored to different people. For some, easy-to-use digital tools will be the most appropriate answer, but for others it may be formal education in schools. There's no 'one size fits all', and all risk management authorities need to be able to adapt their approach.

Over the past 5 to ten years, more and more risk management authorities have been involving local people early on, to benefit from their local knowledge and help shape sustainable decisions in their area. This is not the case everywhere, and there's undeniably more to do to ensure inclusive engagement across all people in a place.

The draft strategy's consultation's proposals for developing flood and coastal resilience for places should help to ensure local people have a voice. They will be at the heart of the decisions taken to shape what climate resilience means for the places they live and work in. Ultimately, people will enable the final strategy to work. If we don't take this approach, the feedback will be loud and clear – people will feel like decisions are being imposed on them.

To achieve this isn't easy. It takes time and energy. Not all people can, or want, to give that time. It's also hard for risk management authorities to manage expectations where there are legal, financial or practical constraints on decisions they can make. But asking people for their views undoubtedly leads to better solutions, better understanding, and a stronger relationship between local people, their risk management authorities, and their environment.

As a nation, we face some hugely difficult decisions about how we respond to future risks in light of climate change. For many places, flooding is a reality and we're already losing homes to the sea. Along the coast and inland there are already places where homes and businesses can no longer be protected from flooding and coastal change. This means tough choices will need to be made. We need our communities and infrastructure to be better prepared for floods and coastal change, so that they recover more quickly from the damage and disruption and, where necessary, to help people and communities move out of harm's way. To ensure people accept the decisions, the choices need to be made by everyone, not just a few. The number of places where tough choices are likely to be required is only going to increase.

The threats posed by a changing climate are a global challenge, and we are not facing them alone. Our nation is already recognised as an expert in managing flooding and coastal change. We're well respected internationally and regularly offer our expertise and learn from others' experiences. For example, the Environment Agency regularly shares best practice with the Rijkswaterstaat in the Netherlands and the United States Army Corps of Engineers. It also contributes to international networks such as I-STORM which offers knowledge on using and constructing coastal barriers, protecting places from the sea.

I-STORM

I-STORM is an international network for Storm Surge Barrier managers and operators from around the world. The network exists to help knowledge exchange, foster continuous improvement and assist with future adaptation plans for Storm Surge Barriers and the places they protect. The range of activities undertaken by the network ensures the regular sharing of expertise, review of respective organisational challenges and opportunities and collaborative working towards international consistency across the storm surge barrier industry.

With the Rijkswaterstaat from the Netherlands, the Environment Agency is a founding member. Governance for the network is through a strategic board and below that, a delivery board. Both of these Boards include representatives from core members the Rijkswaterstaat, US Army Corps of Engineers, Venice Water Authority and the Environment Agency with the delivery board chair position held by the Environment Agency.

Faced with the challenges of increased flooding and coastal change, we need a thriving and innovative flood and coastal change profession. Risk management authorities, coast protection authorities and the commercial sector have an important role to play in working effectively with communities to develop climate resilient places. Better use of digital tools should be key part of this due to the mobile nature of modern life.

Strategic objective 3.1: Between now and 2030 young people at 16 should understand the impact of flooding and coastal change, but also recognise the potential solutions for their place, and opportunities for career development.

We can achieve a lot by making better use of the information we hold, in a way people understand. However, the significant challenges the nation faces require a better understanding of the impact, and the role everyone needs to play to address it. Flooding and coastal change are already regularly used as case studies within schools to show the impacts of natural hazards and climate change. However, more can be done and we need to take a long term view in helping those delivering the school curriculum to further include flooding and coastal change in it. This will have both immediate and longer-term benefits:

- short-term improvement in understanding by young people, who also share information with their friends and families – enabling action now
- ensuring all young people have the understanding, so when they reach adulthood they can contribute to place-based resilience and adaptive approaches – supporting action in the future
- encouraging young people to consider a career in flooding and coastal change, which will help increase the pool of specialists needed – ensuring long term

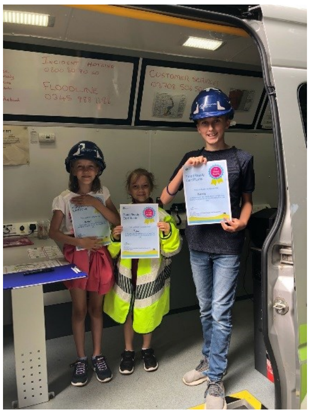

Figure 25: Photograph of children with Flood Ready certificates

Geographical Association

In 2018, the Environment Agency worked with the Geographical Association to produce materials for geography teachers that supported the existing national curriculum for GCSE and A level exams.

Topics covered included the causes, effects and responses to flooding. All the content was supported by real life examples and data, helping students develop a strong understanding of the subject.

Figure 26: A student takes part in a GCSE workshop

To achieve our objective we have the following measures:

Measure 3.1.1: By 2021 flooding and coastal change materials will be provided to help teachers deliver existing elements of the national curriculum.

Strategic objective 3.2: Between now and 2030 people will understand the potential impact of flooding and coastal change on them and take action.

Regardless of whether people recognise they're at risk of flooding and coastal change, or live in a place that's been affected, they all need to play a role in shaping the solutions. Community groups, flood action groups and wardens play a vital part in raising awareness, raising funds and running community schemes. We welcome this and want to encourage others to do the same, and to encourage all groups to have a presence, even when the memories of floods and their devastating impact fade. Increasing climate change evidence shows flooding and coastal change has and will continue to be something we need to act on today. As we look to manage that, everyone's involvement will be essential.

A key part of this is helping people and businesses understand what services they can expect from public bodies, what action they can take themselves, and how to get help in the event of an emergency, or recover from flooding or coastal events. Risk management authorities will need to engage with local people and businesses on the journey of understanding, accepting and taking action to the risks they face. This will require many to evolve their approach to involving the public and the skills of their staff. It's important all risk management authorities recognise this, and encourage people to play a part in decisions about their place.

The impact of flooding or coastal change is long-lasting and can be incredibly significant. People suffer from depression, anxiety and post-traumatic stress disorder to levels similar to those seen after major disasters, including terrorist attacks. In a recent study 36% of people flooded were suffering from post-traumatic stress disorder 12 months after, and 24% were still suffering after 24 months (The English national cohort study of flooding and health: cross-sectional analysis of mental health outcomes at year one). Children are acutely affected during and after floods. They lose their homes, friendship networks and familiar surroundings. They also see adults under great strain and witness the exceptional and long term tensions flooding brings. (Mort, M., Walker, M., Lloyd Williams, A., Bingley, A. & Howells, V., 2016, Children, Young People and Flooding: Recovery and Resilience Project Report. Lancaster, UK: Lancaster University).

Helping people recover from flooding and coastal change, however they've suffered, is a direct cost to local authorities through increased use of services. It also affects businesses of all sizes if people can't work. This has a direct long term impact on the local economy.

Independent organisations, often from the third sector, also have a vitally important role - both to help people prepare for and recover from flooding and coastal change. Organisations such as the National Flood Forum and the Action for Rural Communities in England, work with communities in different parts of the country. The work these organisations can do is often limited by their funding. As the risk of flooding and coastal changes increases, so will the need for these organisations.

England has a recognised world-class flood forecasting and warning service. The Met Office and the Environment Agency provide warning services to people and businesses for severe weather and flooding. Together, they're continually improving their combined services and giving people more accurate information, with more warning, for all sources of flooding. Bringing other risk management authorities into this work will be important, particularly as warnings for surface water flooding are developed. Despite these improvements, more needs to be done to ensure everyone understands the language, and can access simple digital tools that prompt them to act, regardless of whether there's an imminent risk of flooding or coastal change. This includes expanding the Environment Agency's flood warning service to everyone at high risk of flooding and developing a range of different ways to warn people at risk, wherever they are.

Embracing new digital tools will be a key part of this because it provides the opportunity to provide bespoke information to any person or business based on their need.

Flood warning service and Google alerts

The Environment Agency has worked closely with Google Public Alerts to make flood warning information more accessible. Google Public Alerts is a platform for disseminating emergency messages for hazards or threats.

The system works in a number of ways:

- whenever someone in a live flood warning area performs a Google search for a flood related term, flood warning information will be highly visible on the search results page
- in the future for the most extreme incidents Google will enable the alerts to be visible in Google maps

There will also be a role for improved digital tools to ensure discussions on resilience for places, and the tools needed to achieve them, are open and understandable to everyone. If these digital tools aren't clear, we risk confusing people and failing to involve them in flooding and coastal change.

The information and language used needs to be accessible and tailored to different audiences. For example, people will want information to ensure their family and property are safe, whereas businesses will want to use it to make decisions that can improve the profitability, viability and longevity of their commercial activity.

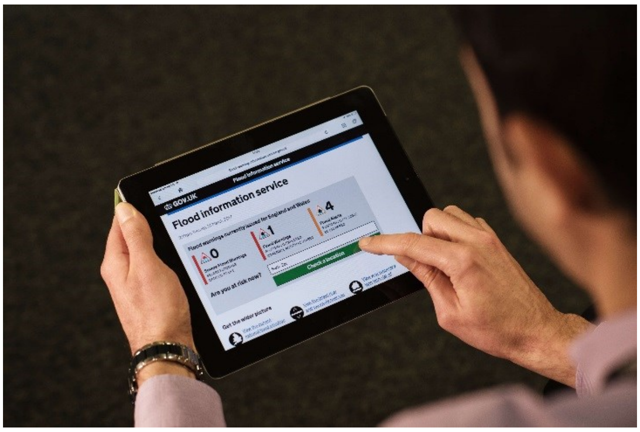

Figure 27: A user accessing the Environment Agency flood information service

To achieve our objective we have the following measures:

Measure 3.2.1: By 2022 government and risk management authority research programmes will identify how best to help people and businesses understand, accept and take responsibility for their risk to flooding and coastal change. This will help all risk management authorities better shape the way they work with people and businesses.

Measure 3.2.2: By 2021 all risk management authorities will develop and use digital tools to better communicate flooding and coastal change. This will help achieve greater awareness and responsibility of the risks people face.

Strategic objective 3.3: Between now and 2030 people will receive a consistent and coordinated level of support from all those involved in response and recovery from flooding and coastal change.

Throughout the draft strategy, we have been clear that it's impossible to completely remove the risk of flooding and coastal change and that we need a combination of tools to improve the resilience of places. Dealing quickly and effectively with incidents of flooding or coastal change, and the subsequent recovery from them, is a vital part of this.

The impacts of a flood or coastal change event on a place are complex. They can include impacts on the economy, infrastructure, social wellbeing, homes and the environment. Effective recovery needs to address all of these. Resilience tools for a place need to consider and prioritise all parts of recovery. Following a major flooding or coastal change, it's essential the decisions that follow help people and places be more resilient in the future. This may include building back better, and in better places, away from future risk. Whatever the scale of flooding and coastal change, recovery needs to be well-coordinated to ensure people involved are supported.

There are many organisations that play a role in managing what happens to people and the environment during and after an incident of flooding or erosion. Initially, the organisations involved depend on the source of the incident, for example surface water or river flooding. As the incident moves into recovery, and regardless of the source of flooding, the number of organisations helping people can grow considerably, and include insurance companies, health workers and waste disposal companies. Risk management authorities already have a duty to cooperate with and support one another. However, people expect this approach across all organisations.

The vital work some organisations do, particularly during recovery, isn't formally considered as part of incident management. For example: local mental health services helping people cope with the trauma and anxiety that follows flooding; the British Red Cross providing emergency support; local authorities re-homing families whose houses are uninhabitable; and the insurance industry providing repairs and finance.

The Multi-Agency Flood Plan Review, published in 2018, found that there are many good people and organisations engaged across the country in this work and the overall picture is reassuring. The review found there was room for some improvements in aspects of flood response planning. This largely involves reinforcing success, spreading existing good practice, extending national support measures and increasing resources devoted to flood emergency preparedness rather than more fundamental reform.

It recognised flood recovery can be even more challenging, with all the public agencies working together with flooded people, business and the third sector. The scale of flooding and coastal erosion can determine how long it takes people and infrastructure to recover, even if that means moving to a safer place. In major incidents, the scale of the incident can overwhelm local capabilities, and recovery can last for months, if not years.

The planning for and response to surface water flooding is led by lead local authorities. Other risk management authorities, for example the Environment Agency, support them in delivering their role. When flooding from surface water happens different organisations work together to manage the incident and support the people and businesses impacted. The government's surface water management action plan recognised that people's understanding of surface water responsibilities can be blurred and placed an action on the Environment Agency to clarify roles through the development of the final strategy.

The role of the insurance industry in recovery is significant. For many people, their insurer will be the first organisation they speak to about the impact on their homes, business and life. We need to make every effort to ensure this is a positive and prompt experience that links all other organisations involved in the recovery process. The same minimum level of service needs to be provided across all insurers, so all people in a place, affected by the same flood, receive the same minimum level of support. As well as helping home insurance remain affordable in areas at risk of flooding, Flood Re has a role in helping manage a transition to home insurance prices that fully reflect flood risk by 2039. This means people benefiting from Flood Re need to better understand the impact of their flood risk and, if possible, take action to reduce it.

To achieve our objective we have the following measures:

Measure 3.3.1: By 2021 the Environment Agency will work with government and risk management authorities to clarify roles in relation to surface water flooding.

Measure 3.3.2: By 2022 the Environment Agency will have expanded their flood warning service to all places at a high risk of flooding from rivers and the sea.

Measure 3.3.3: By 2025 the Environment Agency will work with government to better join up the organisations involved in providing incident response and recovery to provide a consistent and coordinated service.

Strategic objective 3.4: Between now and 2030 the nation will be recognised as world leader in managing flooding and coastal change, as well as developing and attracting talent to create resilient places

The Environment Agency estimate that 117,000 people work in the flooding and coastal change sector. The sector offers well-paid, highly-skilled jobs. As the risks caused by climate change increase, the skills currently available will need to evolve to ensure we have the right professionals, able to help with, and advise on, flooding and coastal change.

This includes engagement specialists, engineers, natural capital and other environmental specialists. The need for skilled flooding and coastal change professionals, able to develop new approaches, will encourage universities and colleges to provide courses that meet this demand. In turn, better supporting the school curriculum will inspire young people to go into a supporting profession.

Flood and coastal engineering degree programme

The Environment Agency is continuing in its rich legacy in attracting and developing professionally qualified flood risk professionals for the sector. The programme is currently delivered through Brunel University London and HR Wallingford, providing students with the ideal mixture of academic study, and work based placements across England with both the Environment Agency and other risk management authorities. Through this partnership, we expect to develop around 250 professionally qualified flood and coastal engineers to embrace the challenges our sector faces over the coming years.

Figure 28: A student undertaking practical work as part of the flood and coastal engineering degree programme.

There is also the opportunity for organisations, such as the British Standards institute (BSi) and their equivalents, to continue to establish industry supported standards for resilience measures such as temporary and demountable defences, property level resilience measures and temporary flood barriers. Encouraging the use of flood resistant building materials for homes and businesses, supported by skilled professionals such as surveyors, developers and builders could ensure new properties and those needing repair after a flood, are built back better. This will increase resilience to flooding in the future. In turn this will drive competition and help England to become a base for world leading flooding and coastal change organisations that attract professionals with the right skills.

Adaptive approaches take this one step further, and allow flooding and coastal change professionals to think ahead to what the future challenges might be The flooding and coastal change sector, which includes government, supply chain and educational institutions, will be able to use this approach to create solutions that are more cost-effective, sustainable and acceptable to people.

To achieve our objective we have the following measures:

Measure 3.4.1: By 2022 the Environment Agency will continue to work with standards setting organisations to encourage flood resilience requirements to be incorporated into the building and materials standards for homes and businesses built in places at risk of flooding.

Measure 3.4.2: By 2025 the flooding and coastal change sector, including risk management authorities, will influence universities and colleges to ensure they develop the capabilities and skills required for both the public and private sectors.

Measure 3.4.3: By 2025 all public and private organisations in the flooding and coastal change sector, including risk management authorities, will support development programmes that enable their professionals to continue to develop their flood and coastal risk management knowledge.

Benefits, costs and funding

There are strong economic, social and environmental cases for investing in resilience to adapt to the impacts of future flooding and coastal change. The Environment Agency's long term investment scenarios 2019 study finds that the annual average investment need in flood and coastal change infrastructure is £1 billion per year, with an anticipated net present value of £100 billion over the next 100 years. The measures in this strategy are intended to make future investment more effective, efficient and co-ordinated. They will help us to realise the benefits set out in long term investment scenarios.

This section explores the potential costs and benefits of the measures up to 2026, and identifies where the funding for delivery may come from. We believe many of the measures are modifications to the existing activities and ways of working of risk management authorities. These should be cost neutral and sit within existing roles, responsibilities and statutory duties. There are other measures which have the potential to be more costly than these existing activities. These are set out below with an indication of the potential cost increases and economic benefits.

We anticipate that these costs can be funded by re-purposing existing flood and coastal expenditure by risk management authorities within current roles, responsibilities and funding arrangements. Risk management authorities receive funding from central and local government sources, agricultural drainage rates, plus private and third sector sources. Costs and funding will be considered in more detail as part of implementing the strategy. The costs avoided by investing in flooding and coastal change will also be considered during implementation.

In addition to the specific benefits which will be achieved, all of the measures should also realise a range of potential wider benefits, namely:

- the strengthening of links with and sharing information across risk management authorities, infrastructure providers, spatial planners and emergency responders to ensure that people, places and infrastructure are more resilient to flood and coastal risks, whilst seizing opportunities to improve the environment
- the encouragement of engagement with a broader a group of people to become more motivated to invest their time and resources in managing these risks, to ultimately become a nation more resilient to climate change

To achieve the aims of this draft strategy and to keep building the nation's resilience to flooding and coastal change, especially in the face of a changing climate, we will need to invest more money over time. At a time where there are many competing demands on government money, much of that investment may need to come from new sources other than the taxpayer. The draft strategy recognises that to achieve greater resilience to flooding and coastal change risk management authorities will need to use funding and finances from new sources. These are likely to include innovative and green financing sources.

Measures that may extend existing roles and responsibilities

Measures supporting the "Climate resilient places" ambition may have additional costs of between £10 million and £20 million up to 2026 depending on choices around implementation. These measures should encourage the development and delivery of tools and adaptive approaches to manage flooding and coastal change, particularly in priority areas. They should also encourage the maintenance of up to date local strategies and the use of future agricultural funding and regulation.

The related measures are:

Measure 1.2.1: By 2021 the Environment Agency and risk management authorities will identify frontrunner places for developing adaptive approaches for a range of different scales and social contexts, working with local places and partners.

Measure 1.2.3: By 2024 the Environment Agency will develop a national framework to help risk management authorities, people, businesses and public bodies identify the steps and decisions needed to take an adaptive approach to planning for flood and coastal resilience in a place.

Measure 1.2.5: By 2026 lead local flood authorities will update their local flood risk strategies to incorporate adaptive approaches to planning for flood and coastal resilience in a place.

Measure 1.3.2: From 2021 the Environment Agency will work with farmers, landowners and others to identify opportunities for using agricultural practices (through funding, advice and regulation) to manage flooding and coastal change.

Measure 1.5.2: By 2025 risk management authorities will test whether it is feasible to use upfront financing to deliver an adaptive approach in a place which will need very significant investment in future.

Measures supporting the ambition "Today's growth and infrastructure resilient to tomorrow's climate" may have additional costs between £10 million and £20 million up to 2026 depending on choices around implementation. These measures should secure improvements in the capabilities of all risk management authorities as well as improve the resilience to flooding and coastal change or homes and businesses

The related measures are:

Measure 2.1.1: From 2021 risk management authorities will invest in planning skills and capabilities to ensure they can advise planners and developers effectively to enable climate resilient places.

Measure 2.2.1: From 2021 all risk management authorities will achieve biodiversity net gain in all programmes and projects.

Measure 2.2.2: From 2021 all risk management authorities will seek to work with developers and planners to achieve environmental net gain as part of strategic development proposals.

Measure 2.4.1: By 2025 the Environment Agency will work with government, insurers and financial institutions to review the legal, policy and behavioural changes needed to 'build back better and in better places' and improve the resilience of homes and business.

Measure 2.5.2: By 2024 the Environment Agency will require risk management authorities to report on the resilience of their flood and coastal change infrastructure in a nationally consistent way.

Measures supporting the ambition "A nation of climate champions, able to adapt to flooding and coastal change through innovation" may have additional costs between £20 million and £50 million depending on choices around implementation. As well as helping to realise the benefits of increasing resilience, these could also bring wider benefits to businesses and society. They could potentially generate between 4 and twelve pounds of benefit for every one pound invested. These measures should secure improvements in the nation's knowledge and awareness of flooding and coastal change issues, particularly within the educational sector which will lead to the development of more people with the relevant skills.

The related measures are:

Measure 3.3.1: By 2021 flooding and coastal change materials will be provided to help teachers deliver existing elements of the national curriculum.

Measure 3.4.2: By 2025 the flooding and coastal change sector, including risk management authorities, will influence universities and colleges to ensure they develop the capabilities and skills required for both the public and private sectors.

Measure 3.4.3: By 2025 all public and private organisations in the flooding and coastal change sector, including risk management authorities, will support development programmes that enable their professionals to continue to develop their flood and coastal risk management knowledge.

Measure 3.2.2: By 2021 all risk management authorities will develop and use digital tools to better communicate flooding and coastal change. This will help achieve greater awareness and responsibility of the risks people face.

Measure 3.3.3: By 2025, the Environment Agency will work with government to better join up the organisations involved in providing incident response and recovery to provide a consistent and coordinated service.

Glossary

This glossary is intended as a reference tool.

A

Appraisal guidance

The Environment Agency provides appraisal guidance, which sets out ways to investigate opportunities to reduce flood risk and secure funding. Appraisal is the process of; defining the problem; setting objectives; examining options, assessing outcome benefit (including benefit: cost ratio); weighing up costs, impacts, (positive and negative) risks and uncertainties, in order to make a decision.

Adaptation

In the context of this draft strategy, it refers to adapting to future changes in our climate.

Adaptive approaches

An adaptive approach enables flood and coastal erosion risk management to be carried out in a way that is agile to the latest climate science, growth projections and other changes to the local environment. Looking out to 2100, adaptive approaches give local places ‘decision points’ to help navigate through an ambiguous future in collaboration with local partners and communities.

Asset

A flood defence asset is defined as any structure that would by its failure or removal or modification, increase the likelihood of flooding. An asset can be a defence, a structure, a watercourse channel or a beach.

B

Benefits

A benefit is any additional value to people, the environment or the economy arising from managing flooding and coastal change. The positive quantifiable and unquantifiable changes a risk management project is expected to produce.

Biodiversity net gain

Net gain is an approach to development that aims to leave the natural environment in a measurably better state than beforehand. Development that adopts a biodiversity net gain approach seeks to make its impact on the environment positive, delivering improvements through habitat creation or enhancement after avoiding or mitigating harm as far as possible. Based on a standardised approach, biodiversity net gain delivers measurable improvements by comparing habitat losses and gains and steering mitigation and compensation accordingly.

C

Catchment

The area from where water is collected by the natural landscape, and will eventually flow to a spring, river, lake or sea. For rivers and lakes, this includes tributaries and the areas they drain.

Climate change

The changes, both current and predicted, in the trend in weather patterns over a long period of time.

Climate future

In the context of this draft strategy, it means the world's climate in the future. This acknowledges that there are a number of climate scenarios to consider involving different predictions of what our climate might be like in the future.

Coastal cell

A length of coastline and its associated near-shore area within which the movement of sand and shingle is largely self-contained, with no significant effect on adjacent cells.

Coastal change

Within this document we use the term coastal change to refer to the risks of coastal erosion and sea flooding.

Coastal groups

Coastal groups are partnerships composed of coastal local authorities, the Environment Agency and other organisations with coastal management responsibilities. They provide a forum both for showcasing local initiatives and for strategic coastal management, principally by developing Shoreline Management Plans (SMPs).

Coast protection authorities

Local authorities in coastal areas have responsibility for managing coastal erosion and are called coast protection authorities. These authorities are represented on coastal groups alongside other organisations responsible for managing changes along our coastline, such as the Environment Agency and Natural England.

Collaboration

In the context of this draft strategy, it describes the way everyone needs to work together to successfully manage risk from flooding and coastal change.

Contributions

This is funding from sources other than the UK government as part of partnership funding projects.

Cost-effective

In the context of this draft strategy, it describes the least cost option. For example, where there are several potential things that could be done to reduce flood risk, the option that achieves the objective for the least overall cost is the more cost-effective option.

D

Department for Environment, Food and Rural Affairs (Defra)

Government department responsible for safeguarding our natural environment and setting environmental policy. The Environment Agency is an executive non-departmental public body of Defra.

Defences

A flood defence refers to the drainage of land and the provision of flood warning systems. Coastal defence is a term used to cover both coast protection against erosion and sea defence against flooding.

E

Environmental net gain

Improving all aspects of environmental quality through a scheme or project. Achieving environmental net gain means achieving biodiversity net gain first, and going further to achieve increases in the capacity of affected natural capital to deliver ecosystem services and make a scheme's wider impacts on natural capital positive.

F

Flooding

Within this document we use the word flooding to refer to flood risk management.

Flood plain

Area of land adjacent to a water-course, which is partly or wholly covered with water during floods.

Flood Re

Launched in April 2016, Flood Re is a re-insurance scheme. Homeowners don't deal with them directly. Homeowners can search for and buy home insurance in the usual way. Insurers can then pass responsibility of the flood risk part of the policy to Flood Re if necessary, and cap the cost of premiums based on the council tax band of the property in question.

Flood and coastal erosion risk management

Flood and coastal erosion risk management manages the risks of flooding and coastal erosion to people, property and the natural environment. The work focuses on minimising, predicting and managing the risk and it is one of the primary roles of the Environment Agency.

Flood Risk Management Plans

Flood Risk Management Plans (FRMPs) highlight the hazards and risks of flooding from rivers, the sea, surface water, groundwater and reservoirs, and set out how risk management authorities work with communities to manage flood risk.

G

Green Finance

Green finance is anything financial (instrument or investment) which is given in exchange for benefit to the environment in addition to what normally happens.

I

Investment

Traditionally, investment has referred to investment in flood and coastal infrastructure as well as maintenance of river channels. In the context of this draft strategy, it refers to funding or improving other measures such as natural flood management, and the preparedness to help communities recover after a flooding or coastal event.

Infrastructure

Roads, railways and other transport, communications and utilities assets, flood and erosion defences.

L

Local authority plan

This sets out local planning priorities and policies. These plans are useful to determine what land should be used for and to make decisions about what development might be built in certain places.

Local enterprise partnerships

These partnerships are voluntary but encourage local agreement of economic priorities and growth. The partnerships are normally between local businesses and local authorities.

Local flood strategies

These are a statutory strategies developed by lead local flood authorities to manage local flood risk in their area. The Flood and Water Management Act 2010 requires that lead local flood authorities in England must develop, monitor, apply and maintain a local flood risk management strategy. The strategy must cover local flood risk (surface water, ordinary watercourses and groundwater flooding) including interactions with main rivers and the sea. It may also cover other sources of flood risk and coastal erosion too.

Long term investment scenarios (LTIS)

LTIS 2018 brings together understanding of long term investment scenarios for flood and coastal erosion risk management. It uses new climate change, population and mapping data to set out potential future scenarios, assessing the costs and benefits of long term investment to meet these challenges. LTIS is evidence which government and others will use to consider future policy and investment choices.

M

Main rivers

Main river means all watercourses shown as such on the statutory main river maps held by the Environment Agency and the Department of Environment, Food and Rural Affairs (Defra), and can include any structure or appliance for controlling or regulating the flow of water into, in or out of the channel. The Environment Agency has permissive powers to carry out works of maintenance and improvement on these rivers.

N

Natural flood management (NFM)

Natural flood management measures can help slow, store and filter floodwater, and are often used in conjunction with more traditional engineering techniques. Environmental, social and other benefits (such as reduced soil erosion) can be provided simultaneously with reducing flood risk. Along with making existing flood defences more resilient to climate change, it can help us achieve Water Framework Directive, Floods Directive and biodiversity goals at the same time.

Neighbourhood plan

The concept of neighbourhood planning was first set out in The Localism Act (2011). These plans act as a catalyst to enable communities to get more involved in planning for their area. They focus on local policy setting for new development and enable the people that understand and take an interest in their area, to plan for it. They are created by the residential and business community and not the local authority and should promote the 'building of neighbourhoods' rather than stifling growth. If these plans are adopted by the local authority, they gain planning 'weight' and become part of the material planning framework for the community.

Net present value (NPV)

Future benefits minus future costs, adjusted using HM Treasury Green Book discount rates.

O

Ordinary watercourses

A watercourse that does not form part of a main river.

P

Partnership funding

Flood and coastal erosion resilience partnership funding is Defra's current policy. It provides a system of funding that applies to all flood & coastal erosion risk management (FCERM) projects seeking FCERM grant in aid Capital funding in England. It's a way of increasing overall investment in flood and coastal erosion risk management by encouraging external contributions as a means to obtain GiA. GiA is capped based on the number of outcome measures a project will achieve, with each project having a partnership funding score for prioritisation. Regional flood and coastal committees have a key role in working with partners and communities to maximise contributions, and also to raise and allocate local levy, which can also be used as an external contribution.

Property level resilience

These are measures people can take to help keep flood water out of their home or business. This includes stopping water getting into a property, for example by using sandbags. It can also include helping to minimise the damage flood water can cause if it does get into the property, for example having tiled floors or raised plug sockets.

R

Regional flood and coastal committees (RFCCs)

The RFCCs are committees established by the Environment Agency under the Flood and Water Management Act 2010. They bring together members appointed by government, the Environment Agency and lead local flood authorities (LLFAs) with relevant experience for 3 purposes:

1. to ensure there are coherent plans for identifying, communicating and managing flood and coastal erosion risks across catchments and shorelines
2. to promote efficient, targeted and risk-based investment in flood and coastal erosion risk management that optimises value for money and benefits for local communities
3. to provide a link between the Environment Agency, LLFAs, other risk management authorities, and other relevant bodies, to engender mutual understanding of flood and coastal erosion risks in its area

Resilient places

Resilience in places should be made up of a combination of tools that reduce the likelihood and consequence of flooding. These tools include: asset resilience (delivering a standard of protection through construction of new defences and maintenance of existing defences), catchment solutions (e.g. natural flood management) and community or business resilience measures (e.g. property level resilience, warnings and recovery plans).

S

Sustainable drainage systems (SuDS)

A system of management practices and control structures designed to drain surface water in a more sustainable way than some conventional techniques.

Shoreline management plans

Shoreline management plans (SMPs) provide a long term framework for dealing with coastal flooding and erosion over a specific stretch of coastline. These plans take into account risks to people and the developed, historic and natural environment as well as climate change. The aim of the plans is to provide the basis for sustainable shoreline management policies, and set out how they should be achieved over the next 100 years.

Sea level rise

The global rise in sea level, which is likely to increase in the future.

V

Voluntary sectors

Self-governing organisations, some being registered charities, some incorporated non-profit organisations. They deliver work for the public benefit using volunteers.

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Draft National Flood and Coastal Erosion Risk Management Strategy for England – consultation document

Vision: a nation ready for, and resilient to, flooding and coastal change – today, tomorrow and to the year 2100.

This document should be read in conjunction with the Draft National Flood and Coastal Erosion Risk Management Strategy for England

Contents

Developing the draft strategy

How have we got here?

The Environment Agency has been leading a conversation with people and organisations who are affected by or work to manage flooding and coastal change. The first national flood and coastal erosion risk management (FCERM) strategy was published in 2011. When published, the new strategy will set clear ambitions and be delivered in collaboration with others in a way that benefits us all.

Legally the strategy has to be written by the Environment Agency but it cannot deliver the strategy alone. It has been important for the Environment Agency to engage directly with those individuals and organisations who will help deliver the strategy. It has listened to feedback and used what it has heard to shape its views.

Collaboration has been wide-ranging and inclusive. Over 150 people and 90 organisations have taken part in an extensive engagement process to help shape the direction of the draft strategy. This front loading of stakeholder engagement has allowed the Environment Agency to significantly progress its thinking and ensure this draft strategy sets ambitious steps to help the nation manage flooding and coastal change.

Naturally, there's a range of ideas and diverging opinions. To help manage these, an independently chaired Advisory Group has helped steer discussions and ensure different stakeholder voices have been heard.

Using principles from the existing strategy and considering future needs, those involved in developing this draft strategy agreed on principles that run throughout.

- We put people and the places they live and work in at the heart of what we do
- We build partnerships, supporting and trusting one another to get the job done
- We continually improve our evidence and understanding of the risks and their solutions
- We look for multiple financing opportunities to fund a nation more resilient to flooding and coastal change
- We are flexible and adapt to changing risk
- We recognise success and continue to grow and develop the range of skills we need
- We will be carbon neutral
- We manage flooding and coastal change whatever its source or cause
- We support sustainable development that creates great places for people and enhances the environment in line with the 25 year environment plan

This draft strategy is not a policy document but a consultation by the Environment Agency, reflecting its own views and those we have heard from other stakeholders. Policy on flood and coastal erosion risk is for the government and the strategy will be finalised in the light of the consultation responses and the government's forthcoming national policy statement on flood and coastal risk before being submitted to the Secretary of State for Environment, Food and Rural Affairs approval.

The Environment Agency is asking for your feedback. It wants to hear your thoughts on the vision for 2100, the steps along the way, and what needs to happen to implement them. This will include consideration of whether you think its strategic overview role for flooding and coastal change should evolve to help ensure the strategy's vision and objectives are achieved. After the consultation the Environment Agency will use your views and others to explore further the concepts being proposed so that it can finalise the strategy.

Alongside the draft strategy for consultation, the Environment Agency has published a Strategic Environmental Assessment Environmental Report. You can view this document online on the consultation pages (https://consult.environment-agency.gov.uk/fcrm/national-strategy-public)

The Environment Agency is also making available an evidence base that has been drawn on to develop the strategy. This will be available on request from 23 May 2019, please e-mail FCERMstrategy@environment-agency.gov.uk for a copy.

How to respond to this consultation

Consultation information

This consultation is open for 8 weeks, from 9 May 2019 to 4 July 2019.

You can view the consultation documents and questions online on the consultation pages (https://consult.environment-agency.gov.uk/fcrm/national-strategy-public)

Please submit your response online. This will help us gather and summarise responses quickly, accurately and cost effectively.

However, if you prefer, you can submit your response by email or post using our response form. You can download the response form using the above link. Please submit by email to: FCERMstrategy@environment-agency.gov.uk

Or by post to:

Morena Staiano

Environment Agency

Horizon House

Deanery Road

Bristol

BS1 5AH

You can also request a printed version of the document and response form using these contact details or by phone to Morena Staiano on 020 7714 1037.

Privacy notice

We are the Environment Agency and we are running the creation, publication and implementation of a national flood and coastal erosion risk management strategy for England. We are the data controller for this process. A data controller determines how and why personal data (personal information) is processed. Our personal information charter (www.gov.uk/government/organisations/environment-agency/about/personal-information-charter) explains how we deal with your personal information. Go to GOV.UK and search 'Environment Agency personal information charter'.

The personal data we collect about you includes:

- Your email address
- Responses, feedback, queries and comments you leave, including information that may reveal your identity if you choose to include in your response
- Full name and contact details including addresses, emails or phone numbers if you contact us and include this information
- Whether you are responding to the consultation as an individual or on behalf of an organisation or group, and the name and type of your organisation or group

We are allowed to process your personal data because you consent to us doing so by responding to this consultation. You have the right to withdraw consent at any time. The lawful basis for processing your personal data is consent.

What we do with your personal data

Public consultation

The Environment Agency will look to make all responses received online via our consultation website (Citizen Space) publicly available during and after the consultation, unless you have specifically requested that we keep your response confidential. We will not be publishing consultation responses which are not received online via our consultation website, unless you specifically tell us to do so.

Throughout the consultation we will look to make all comments received online (excluding personal information) publicly available on our website, unless you have specifically requested that we keep your response confidential. We will not publish personal data. But we may publish the name of the organisation for those responses made on behalf of organisations. We will not publish names of individuals who respond.

We will also publish a summary of all responses on our website in which we may publish the name of the organisation for those responses made on behalf of organisations.

We will not respond individually to responses. After the consultation has closed we will publish a summary of the responses on our website.

In accordance with the Freedom of Information Act 2000, we may be required to publish your response to this consultation, but will not include any personal information. If you have requested your response to be kept confidential, we may still be required to provide a summary of it.

Developing the strategy

We will use your views to develop the strategy but will not identify you in the strategy. We will only share the minimum amount of your personal data as necessary with internal colleagues who are providing expert advice on developing the strategy. We will also share your views with external stakeholders who are taking part in analysing consultation responses, but we will ensure that you are not identifiable from the information we provide.

If you provide them, we will use your name and contact details to contact you if we have any queries about the information you've provided.

How long we keep your personal data

We will keep your views, and any personal data you have included in your response, as part of our records until these have been superseded by a new flood and coastal erosion risk management strategy for England.

Where your personal data is processed and stored

We store and process your personal data on our servers in the UK. We will not transfer your personal data outside the European Economic Area.

Contact details

Our Data Protection Officer (DPO) is responsible for independent advice and monitoring of the Environment Agency's use of personal information.

If you have any concerns or queries about how we process personal data, or if you would like to make a complaint or request relating to data protection, please contact our DPO using the following details:

Address: Data Protection Officer

Environment Agency

Horizon House

Deanery Road

Bristol

BS1 5AH

Email: dataprotection@environment-agency.gov.uk

You can find out about your personal data rights from the Information Commissioner's Office (ICO) at www.ico.org.uk. The ICO regulate the data protection legislation. You have the right to lodge a complaint with them at any time.

Consultation Principles

We are running this consultation in accordance with the guidance set out in the government's Consultation Principles.

If you have any queries or complaints about the way this consultation has been carried out, please contact:

Lucy Payne, Consultation Co-ordinator

Environment Agency

Orchard House,

Endeavour Park,

London Road,

Addington,

ME19 5SH

Email: lucy.payne@environment-agency.gov.uk

Ambitions, strategic objectives and measures

The draft strategy vision is: for a nation ready for, and resilient to, flooding and coastal change – today, tomorrow and to the year 2100.

The draft strategy has been split into 3 high level ambitions:

- climate resilient places,
- today's growth and infrastructure – resilient to tomorrow's climate; and
- a nation of climate champions, able to adapt to flooding and coastal change through innovation.

The delivery of these ambitions is achieved through a series of strategic, longer term objectives and shorter term measures.

Alongside the final strategy the Environment Agency will publish an action plan detailing how it will work with partners to deliver the ambitions, strategic objectives and measures included in the strategy.

Figure 1: The elements of the national flood and coastal erosion risk management strategy

Ambition 1: Climate resilient places

Strategic objective 1.1:

Between now and 2050 the nation will be resilient to future flood and coastal risks. Over the next year the Environment Agency will work with partners to explore and develop the concept of standards for flood and coastal resilience.

Measure 1.1.1: By 2021 the Environment Agency will enhance the appraisal guidance for flooding and coastal change projects, so that investment decisions better reflect a range of climate change scenarios.

Measure 1.1.2: Measure 1.1.2: By 2022 the Environment Agency will work with partners to explore, develop and consult on standards for flood and coastal resilience and a national suite of tools that can be used in combination to deliver flood and coastal resilience in places.

Strategic objective 1.2:

Between now and 2050 risk management authorities will help places plan and adapt to flooding and coastal change across a range of climate futures.

Measure 1.2.1: By 2021 the Environment Agency and risk management authorities will identify frontrunner places for developing adaptive approaches for a range of different scales and social contexts, working with local places and partners.

Measure 1.2.2: By 2024 the Environment Agency will publish a new picture and evidence of current and future flood risk that will help places better plan and adapt for climate change.

Measure 1.2.3: By 2024 the Environment Agency will develop a national framework to help risk management authorities, people, businesses and public bodies identify the steps and decisions needed to take an adaptive approach to planning for flood and coastal resilience in a place.

Measure 1.2.4: By 2025 the Environment Agency will produce a new set of Long Term Investment Scenarios to inform future policy and investment choices for delivering flood and coastal resilience.

Measure 1.2.5: By 2026 lead local flood authorities will update their local flood risk strategies to incorporate adaptive approaches to planning for flood and coastal resilience in a place.

Strategic objective 1.3:

Between now and 2030 all those involved in managing water will embrace and embed adaptive approaches to enhance the resilience of our environment to future flooding and drought.

Measure 1.3.1: From 2021 the Environment Agency will use the lessons learned from the Defra £15m natural flood management projects and other pilot projects to expand and mainstream working with natural processes by all risk management authorities.

Measure 1.3.2: From 2021 the Environment Agency will work with farmers, landowners and others to identify opportunities for using agricultural practices (through funding, advice and regulation) to manage flooding and coastal change.

Measure 1.3.3: From 2020 risk management authorities will seek to better align long term planning for flood and coastal change with water company business planning cycles to identify opportunities for managing both floods and droughts.

Strategic objective 1.4:
Between now and 2030 risk management authorities will enhance the natural, built and historic environments so we leave it in a better state for the next generation.

Measure 1.4.1: From 2021 risk management authorities will contribute to improving the natural, built and historic environment through their investments in flood and coastal projects.

Measure 1.4.2: From 2021 risk management authorities will work with partners and others to identify how the nature recovery network, the northern forest and other habitat improvements can help to manage flood risk and coastal change.

Measure 1.4.3: From 2021 risk management authorities will help to ensure that 75% of all water bodies are in natural or near-natural condition within 25 years.

Strategic objective 1.5:
Between now and 2030 risk management authorities will use funding and financing from new sources to invest in making the nation resilient to flooding and coastal change.

Measure 1.5.1: By 2021 the Environment Agency will work with the government on its Green Finance Strategy to explore new options for funding and financing flooding and coastal change that deliver more private funding in the future.

Measure 1.5.2: By 2025 risk management authorities will test whether it is feasible to use upfront financing to deliver an adaptive approach in a place which will need very significant investment in future.

Ambition 2: Today's growth and infrastructure – resilient to tomorrow's climate

Strategic objective 2.1:
Between now and 2030 all new development will contribute to achieving place based resilience to flooding and coastal change.

Measure 2.1.1: From 2021 risk management authorities will invest in planning skills and capabilities to ensure they can advise planners and developers effectively to enable climate resilient places.

Measure 2.1.2: From 2025 the Environment Agency and lead local flood authorities will advise local planning authorities on how adaptive approaches should inform strategic local plans.

Strategic objective 2.2:
Between now and 2030 all new development will seek to support environmental net gain in local places

Measure 2.2.1: From 2021 all risk management authorities will achieve biodiversity net gain in all programmes and projects.

Measure 2.2.2: From 2021 all risk management authorities will seek to work with developers and planners to achieve environmental net gain as part of strategic development proposals.

Strategic objective 2.3:
Between now and 2030 all risk management authorities will contribute positively to local economic regeneration and sustainable growth through their investments in flooding and coastal change projects.

Measure 2.3.1: From 2021 the Environment Agency will identify ways in which flood and coastal infrastructure projects can better contribute to local economic regeneration and sustainable growth.

Strategic objective 2.4:
Between now and 2050 places affected by flooding and coastal change will be 'built back better' and in better places.

Measure 2.4.1: By 2025 the Environment Agency will work with government, insurers and financial institutions to review the legal, policy and behavioural changes needed to 'build back better and in better places' and improve the resilience of homes and business.

Measure 2.4.2: By 2021 coast protection authorities and the Environment Agency will refresh the shoreline management plans and keep them under review.

Strategic objective 2.5:
Between now and 2030 all flooding and coastal infrastructure owners will understand the responsibilities they have to support flood and coastal resilience in places.

Measure 2.5.1: By 2021 the Environment Agency will work with lead local flood authorities and other expert bodies to develop guidance setting out best practice on local flood infrastructure management and record keeping.

Measure 2.5.2: By 2024 the Environment Agency will require risk management authorities to report on the resilience of their flood and coastal change infrastructure in a nationally consistent way.

Measure 2.5.3: By 2024 the Environment Agency will work with risk management authorities to develop recommendations for flooding and coastal change infrastructure owners that enable greater collaboration, sharing and monitoring between them.

Strategic objective 2.6:
Between now and 2050 the Environment Agency and risk management authorities will work with infrastructure providers to ensure all infrastructure investment is resilient to future flooding and coastal change.

Measure 2.6.1: By 2021 the Environment Agency and risk management authorities will work with infrastructure providers to ensure all infrastructure investment is resilient to future flooding and coastal change.

Measure 2.6.2: By 2021 the Environment Agency will establish a Flood and Coastal Infrastructure Task Force to better align the long term investment planning of publicly funded infrastructure bodies.

Ambition 3: A nation of climate champions, able to adapt to flooding and coastal change through innovation.

Strategic objective 3.1:

Between now and 2030 young people at 16 should understand the impact of flooding and coastal change, but also recognise the potential solutions for their place, and opportunities for career development.

Measure 3.1.1: By 2021 flooding and coastal change materials will be provided to help teachers deliver existing elements of the national curriculum.

Strategic objective 3.2:

Between now and 2030 people will understand the potential impact of flooding and coastal change on them and take action.

Measure 3.2.1: By 2022 government and risk management authority research programmes will identify how best to help people and businesses understand, accept and take responsibility for their risk to flooding and coastal change. This will help all risk management authorities better shape the way they work with people and businesses.

Measure 3.2.2: By 2021 all risk management authorities will develop and use digital tools to better communicate flooding and coastal change. This will help achieve greater awareness and responsibility of the risks people face.

Strategic objective 3.3:

Between now and 2030 people will receive a consistent and coordinated level of support from all those involved in response and recovery from flooding and coastal change.

Measure 3.3.1: By 2021 the Environment Agency will work with government and risk management authorities to clarify roles of risk management authorities in relation to surface water flooding.

Measure 3.3.2: By 2022 the Environment Agency will have expanded their flood warning service to all places at a high risk of flooding from rivers and the sea.

Measure 3.3.3: By 2025 the Environment Agency will work with government to better join up the organisations involved in providing incident response and recovery to provide a consistent and coordinated service.

Strategic objective 3.4:

Between now and 2030 the nation will be recognised as world leader in managing flooding and coastal change, as well as developing and attracting talent to create resilient places.

Measure 3.4.1: By 2022 the Environment Agency will continue to work with standards setting organisations to encourage flood resilience requirements to be incorporated into the building and materials standards for homes and businesses built in places at risk of flooding.

Measure 3.4.2: By 2025 the flooding and coastal change sector, including risk management authorities, will influence universities and colleges to ensure they develop the capabilities and skills required for both the public and private sectors.

Measure 3.4.3: By 2025 all public and private organisations in the flooding and coastal change sector, including risk management authorities, will support development programmes that enable their professionals to continue to develop their flood and coastal risk management knowledge.

Consultation questions

Before we finalise the strategy, including the vision, ambitions, strategic objectives, and measures, we'd like your feedback on the following questions. We've also included a free-text question, so you can tell us about anything important to you these questions don't cover.

Draft flood and coastal erosion risk management strategy questions

Question 1: To what extent do you agree with the vision: a nation ready for, and resilient to, flooding and coastal change – today, tomorrow and to the year 2100?

Question 2: To what extent do you agree with the Environment Agency's proposed strategic overview role as set out in the chapter 'setting the context for the draft strategy'?

Question 3a: To what extent do you agree with strategic objective 1.1: Between now and 2050 the nation will be resilient to future flood and coastal risks. Over the next year the Environment Agency will work with partners to explore and develop the concept of standards for flood and coastal resilience?

Question 3b: Please provide comments on the measures described under strategic objective 1.1, and tell us about any additional measures you think there should be, and who could implement them.

Question 4a: To what extent do you agree with strategic objective 1.2: between now and 2050 risk management authorities will help places plan and adapt to flooding and coastal change across a range of climate futures?

Question 4b: Please provide comments on the measures described under strategic objective 1.2, and tell us about any additional measures you think there should be, and who could implement them.

Question 5a: To what extent do you agree with strategic objective 1.3: between now and 2030 all those involved in managing water will embrace and embed adaptive approaches to enhance the resilience of our environment to future flooding and drought?

Question 5b: Please provide comments on the measures described under strategic objective 1.3, and tell us about any additional measures you think there should be, and who could implement them.

Question 6a: To what extent do you agree with strategic objective 1.4: between now and 2030 risk management authorities will enhance the natural, built and historic environments so we leave it in a better state for the next generation?

Question 6b: Please provide comments on the measures described under strategic objective 1.4, and tell us about any additional measures you think there should be, and who could implement them.

Question 7a: To what extent do you agree with strategic objective 1.5: between now and 2030 risk management authorities will use funding and financing from new sources to invest in making the nation resilient to flooding and coastal change?

Question 7b: Please provide comments on the measures described under strategic objective 1.5, and tell us about any additional measures you think there should be, and who could implement them.

Question 8a: To what extent do you agree with strategic objective 2.1: between now and 2030 all new development will contribute to achieving place based resilience to flooding and coastal change?

Question 8b: Please provide comments on the measures described under strategic objective 2.1, and tell us about any additional measures you think there should be, and who could implement them.

Question 9a: To what extent do you agree with strategic objective 2.2: between now and 2030 all new development will seek to support environmental net gain in local places?

Question 9b: Please provide comments on the measures described under strategic objective 2.2, and tell us about any additional measures you think there should be, and who could implement them.

Question 10a: To what extent do you agree with strategic objective 2.3: between now and 2030 all risk management authorities will contribute positively to local economic regeneration and sustainable growth through their investments in flooding and coastal change projects?

Question 10b: Please provide comments on the measures described under strategic objective 2.3, and tell us about any additional measures you think there should be, and who could implement them.

Question 11a: To what extent do you agree with strategic objective 2.4: between now and 2050 places affected by flooding and coastal change will be ‘built back better’ and in better places?

Question 11b: Please provide comments on the measures described under strategic objective 2.4, and tell us about any additional measures you think there should be, and who could implement them.

Question 12a: To what extent do you agree with strategic objective 2.5: between now and 2030 all flooding and coastal infrastructure owners will understand the responsibilities they have to support flood and coastal resilience in places?

Question 12b: Please provide comments on the measures described under strategic objective 2.5, and tell us about any additional measures you think there should be, and who could implement them.

Question 13a: To what extent do you agree with strategic objective 2.6: now and 2050 the Environment Agency and risk management authorities will work with infrastructure providers to ensure all infrastructure investment is resilient to future flooding and coastal change?

Question 13b: Please provide comments on the measures described under strategic objective 2.6, and tell us about any additional measures you think there should be, and who could implement them.

Question 14a: To what extent do you agree with strategic objective 3.1: between now and 2030 young people at 16 should understand the impact of flooding and coastal change, but also recognise the potential solutions for their place, and opportunities for career development?

Question 14b: Please provide comments on the measures described under strategic objective 3.1, and tell us about any additional measures you think there should be, and who could implement them.

Question 15a: To what extent do you agree with strategic objective 3.2: between now and 2030 people will understand the potential impact of flooding and coastal change on them and take action?

Question 15b: Please provide comments on the measures described under strategic objective 3.2, and tell us about any additional measures you think there should be, and who could implement them.

Question 16a: To what extent do you agree with strategic objective 3.3: between now and 2030 people will receive a consistent and coordinated level of support from all those involved in response and recovery from flooding and coastal change?

Question 16b: Please provide comments on the measures described under strategic objective 3.3, and tell us about any additional measures you think there should be, and who could implement them.

Question 17a: To what extent do you agree with strategic objective 3.4: between now and 2030 the nation will be recognised as world leader in managing flooding and coastal change, as well as developing and attracting talent to create resilient places?

Question 17b: Please provide comments on the measures described under strategic objective 3.4, and tell us about any additional measures you think there should be, and who could implement them.

Question 18: Please provide any other comments

Strategic environmental assessment (SEA) questions

Do you agree with the conclusions of the environmental assessment?

Are there any further significant environmental effects (positive or negative) of the draft strategy you think should be considered?

Are there further mitigations for potential negative effects or opportunities to achieve positive effects that should be considered for the final national FCERM strategy?

Taking the draft strategy beyond the consultation

How we will communicate the consultation responses

The Environment Agency will publish the consultation feedback in a summary document on the GOV.UK website and on Citizen Space before the final strategy is published.

Working closely with those implementing the strategy we will take into account all of the consultation responses received and finalise the strategy.

Implementing and reporting on the final strategy

All risk management authorities are responsible for managing and planning for their own sources of flooding and coastal change. Although each place is different, all lead local flood authorities must ensure that their local FCERM strategies are consistent with the final national strategy. In addition, all risk management authority plans and strategies, even if they are not FCERM focussed, must be undertaken in a manner which is consistent with the national strategy.

There are already several existing plans concerned with flooding and coastal change with slightly different emphases, including flood risk management plans, local flood strategies, shoreline management plans, river basin management plans and water company business plans. Creating more plans will not necessarily make things any easier.

As outlined in the draft strategy, the Environment Agency will:

- develop and consult on standards for flood and coastal resilience and a national suite of tools that can be used in combination to deliver flood and coastal resilience in places
- develop a national framework to help risk management authorities, people, businesses and public bodies identify the steps and decisions needed to take an adaptive approach to planning for flood and coastal resilience in a place

This will help risk management authorities integrate place-based resilience standards and adaptive approaches into all their existing strategies and plans.

Effective collaboration means we all know everyone else is playing their part. Alongside the final strategy the Environment Agency will publish an action plan detailing how it will work with partners to deliver the ambitions, strategic objectives and measures included in the strategy.

Trust is built from openness and confidence. Early discussions about the scope of the draft strategy made it clear a collaborative approach was needed to ensure improved performance of all risk management authorities. This is not about one organisation taking accountability beyond their own remit. Neither is it about unfairly challenging organisations who have had to make difficult decisions about priorities and funding. It’s about us all committing to the final strategy and then working together to review and report publicly on progress.

Appendix C

Draft national flood and coastal erosion risk management strategy for England – Questions and Answers (Q&A)

This Q&A is aimed at anyone who is planning to respond to the consultation and needs further information or context. This Q&A covers the key questions about the consultation process and generic points about the draft strategy. This is followed by a section that covers a number of key themes.

This document should be read alongside the draft strategy, key messages document, and DIY slide pack.

1 About the consultation

How can I respond to the strategy consultation?

- The public consultation is an opportunity for us to share the draft strategy and for you to tell us exactly what you think. Our consultation questions will guide you through the document and ensure we capture your views about all aspects of the draft strategy.

- Information about our consultation will be shared here: https://consult.environment-agency.gov.uk/fcrm/national-strategy-public

How will the relevant organisations be invited to respond to the consultation?

- The Environment Agency will use our stakeholder list to send the consultation link directly to all those who have been involved in working groups or registered their interest with us. If you would like to be on our list, please email us at FCERMstrategy@environment-agency.gov.uk

- We have formally notified all risk management authority representatives in England about opportunities for them to engage with the consultation, in line with Section 7 (3) of the Flood and Water Management Act 2010.

2 About the draft strategy

What has happened since the last national flood and coastal erosion risk management (FCERM) Strategy for England?

- The first national flood and coastal erosion risk management strategy was published in May 2011. It provided the overarching framework for action by all risk management authorities to tackle all sources of flooding and coastal change, including surface water. Significant progress has been made and, on the whole, risk management authorities have met the original strategic objectives and measures.

- We also report to the Minister annually about application of the strategy under Section 18 of the Flood and Water Management Act 2010.

Why does it need updating/revising?

- A lot has happened since 2011, including significant events such as the 2013 east coastal tidal surge, the 2013/14 winter flooding in the south of England and the 2015/16 winter flooding in the north of England. There's growing evidence of the impact of climate change from the 2017 Climate Change Risk Assessment and the updated 2018 UK Climate Impacts Projections (UKCIP).

- Risk management authorities have also had record levels of investment in flood and coastal change, with £2.6 billion of government funding going towards better protecting 300,000 homes between 2015 and 2021.

- All of these things, and more, mean that now is the right time to stop and check what we're doing is right to prepare the nation for the range of possible climate change scenarios and the flooding and coastal change risks they will bring.

- The government's 25 Year Environment Plan has also stated that *"….we will update the national flood and coastal erosion risk management strategy, looking to strengthen joint delivery across organisations".*

What is the expected date for the publication of the final strategy?

- The final strategy will be laid before parliament in late 2019 taking account of consultation responses and final strategy will be published in early 2020, and will be approved by the Secretary of State for the Department of Environment, Food and Rural Affairs

What is the strategic aim of the draft strategy?

- The aim of the draft strategy is to create a shared vision for managing flooding and coastal change in England until 2100.

- The Environment Agency will achieve this by working together with our partners from across the flooding and coastal change sector, to create a collaborative vision which can be adopted and delivered. The draft strategy presents our vision *for a nation ready for, and resilient to, flooding and coastal change – today, tomorrow and to the year 2100.*

- This is a vision that can work for every place. We recognise that every place is different and there is no one size fits all solution to flood and coastal resilience. The only way of doing this is to put people at the heart of decision making.

What will success look like?

- A strategy, resilient to climate change, that reflects the views of a wide range of stakeholders, and that others can commit to implementing.

How will you engage with government?

- The Environment Agency has been working closely with the Department of Environment, Food and Rural Affairs throughout the development of the draft strategy. The final strategy will be approved by the Secretary of State for the Department of Environment, Food and Rural Affairs.

Is the Strategy just for England? What engagement will take place with the devolved administrations and agencies?

- The draft strategy covers England only. However, the Environment Agency are working closely with the Welsh and Scottish governments and their delivery bodies to ensure that any cross border issues are considered.

What evidence have you used to support the draft strategy?

- With help from our partners and stakeholders we have brought together relevant evidence to help underpin the ambitions, strategic objectives and measures that are contained within the draft strategy. This is covered in a document called the Draft Strategy Evidence Base.

- The Draft Strategy Evidence Base has been developed in order to shape the discussions and drafting of the strategy. The document has been developed from an extensive review of available information produced by risk management authorities, government departments, non-departmental public bodies, academics and local organisations.

- The draft strategy also refers to key evidence from UKCP18, and the Environment Agency's long term investment scenarios

How do I access the strategy evidence base?

- An evidence base will support our draft strategy and will be available on request at FCERMstrategy@environment-agency.gov.uk

How far does the draft strategy look out into the future?

- Looking to the year 2100, the draft strategy aims to blend long-term ambitions with shorter-term practical steps. The strategic objectives in the draft strategy identify outcomes needed over the next 10 to 30 years to help support the longer-term ambitions for change needed by 2100. It also sets out shorter term measures for helping to achieve the strategy's objectives.

Will the strategy recommend policy/legislative changes?

- The draft strategy is not a policy document but a consultation by the Environment Agency, reflecting its own views and those we have heard from other stakeholders.
- Policy on flood and coastal erosion risk is for the government and the strategy will be finalised in the light of the consultation responses and the government's forthcoming 2019 national policy statement on flood and coastal risk before being submitted to the Secretary of State for Environment, Food and Rural Affairs for approval.

What is the government policy statement?

- The Department for Environment, Food and Rural Affairs' (Defra) Secretary of State has agreed to publish a government policy statement on flood and coastal erosion risk management (FCERM) to set out government's policy in 2019.

- In November 2018, the Secretary of State spoke at the launch of the UKCP19 Climate projections. He outlined: "*As the risk of flooding and coastal erosion increases, we need a new long-term approach. Government will publish a long term policy statement next year, and the Environment Agency will issue a new 50-year strategy, also next year. I believe these should explore new philosophies around flood and coast management.*"

How was the draft strategy developed?

- The Environment Agency has collaborated with the very people who will be affected by it or play a part in its delivery.

- The Environment Agency opened up invitations to get involved with the development of the draft strategy over the summer of 2018. Over 150 people from over 90 organisations were involved in a wide range of working groups.

- The working groups developed a large number of “Ideas for Change”, which have been analysed by the Environment Agency team, and influenced the development of the draft strategy.

Will members of the public have the opportunity to feed into the strategy?

- Yes - The draft strategy will be formally published for consultation on Thursday 9 May. This is your opportunity to respond and have your voices heard. The consultation will last for 8 weeks. People will be able to respond to questions in the supporting consultation document.

What will the Environment Agency do following the consultation?

- The Environment Agency will read and analyse all responses to the formal consultation. This information will then be used to revise the strategy before final publication in 2020. The Environment Agency will produce a consultation response document in the Autumn 2019.

How will the draft strategy affect me?

- Everyone has the potential to be impacted by flooding or coastal change. You may be directly affected if your home floods or you experience coastal erosion, or you may be indirectly affected. For example your workplace may be impacted, or roads, rail, or utilities such as water and electricity may be disrupted. We know that for every person who suffers flooding around 16 others are affected by a loss of services such as transport or power. The changes proposed by this draft strategy are relevant for everyone. The aims and ambitions of the draft strategy will be applied to your community, workplace, plus the infrastructure and services you rely on.

- As climate change increases, we’ll need to mobilise and empower a nation of climate champions that can better take responsibility for dealing with the risks posed by flooding and the erosion of our coastline.

- The draft strategy paints a national ambition for England, but one that can work for each different place. It recognises that every place is different – made up of different people with different skills, needs and infrastructure, and often in different environments. It embraces the idea that the best solution for a given place now is likely to look different in the future.

Will the draft strategy stop me from being flooded or stop coastal erosion?

- No, we cannot always prevent flooding or coastal erosion. However it will help make people and places more resilient to flooding and coastal change.

How much will the final strategy cost to implement?

- The Flood and Water Management Act 2010 requires that the strategy includes information on the costs and benefits of the measures contained within the strategy.

- Many of the measures contained within the draft strategy are existing activities and ways of working of risk management authorities. These will be cost neutral and sit within their existing roles, responsibilities and statutory duties. There are other measures which have the potential to be more costly than these existing activities. We estimate that the overall costs might be between £40m and £90m over a six year period to 2026. We will update the costs and benefits for the final strategy following consultation.

What are the benefits of implementing the draft Strategy?

- There are strong economic, social and environmental cases for investing in resilience to adapt to the impacts of future flooding and coastal change. The Environment Agency's long term investment scenarios estimate that as a nation we need an average annual investment of at least £1billion in flooding and coastal change infrastructure over the next 50 years. For every £1 spent on protecting communities, around £9 in property damages and wider impacts is avoided.

- All of the measures will also realise a range of wider benefits, namely: stronger links with people and places, better ways of working and more shared information across risk management authorities, infrastructure providers, spatial planners and emergency responders. This will all help to ensure people, places and infrastructure are more resilient to flooding and coastal change.

How will the implementation of the final strategy be governed?

- The Environment Agency will develop arrangements for monitoring and reporting of the final strategy's progress with risk management authorities. Alongside the final strategy, we will publish an action plan on how we will take forward the objectives and measures with partners. We will govern the final strategy by providing leadership and direction in delivering our ambitions, reporting on progress and outcomes, reflecting and learning from our progress, and tracking benefits.

- We will also continue to report to the Minister under Section 18 of the Flood and Water Management Act 2010.

What does this draft strategy mean to me if I am not in the flood and coastal sector, or not even at risk of flooding or coastal change?

- We are keen to hear from anyone who has a concern or interest in the issues that this draft strategy consultation raises. The themes go beyond the idea of traditional flood or sea walls and into how we might want our places, homes, offices and commercial spaces to look in the future to be climate resilient.

- We also want to inspire and mobilise a nation of climate champions – if you are not at risk of flooding or coastal change now, this could change in the future. Additionally, your places of work or leisure may also have routes that cut across areas at risk.

3 Key ambitions of the draft strategy

What are the ambitions of the draft strategy?

- The draft strategy has three long term ambitions:

  - **Climate resilient places -** Working with partners to explore and develop the concept of standards for flood and coastal resilience as well as a national suite of tools that can be used to deliver flood and coastal resilience in places.

- **Today's growth and infrastructure resilient in tomorrow's climate** - Getting the right kind of development in the right places to deliver sustainable growth and working with partners and other agencies to enable infrastructure resilient to flooding and coastal change.
- **A nation of climate champions** - Better preparing society through education and accessible digital information as well as being a world leader in flood and coastal resilience.

What are the key messages that cut across these ambitions?

- Common to all three ambitions, the draft strategy will:
    - Make the right investment and planning decisions today so that we can keep pace with population growth and climate change.
    - Ensure everyone plays their part - we can't prevent every flood or change to our coast. Together, people, businesses, public and voluntary sectors need to support each other, to prepare for the unavoidable flooding and loss of homes to the sea. As climate change increases, we'll need to mobilise and empower a nation of climate champions that can better take responsibility for dealing with the risks posed by flooding and the erosion of our coastline.
    - Make sure that we have a nation ready for, and resilient to, flooding and coastal change – today, tomorrow and to the year 2100. Disaster is not inevitable: we can tackle flooding and coastal change, but only if we act now.

How serious are you about climate change?

- Climate change poses the greatest threat to our economy, environment, health, and way of life – it is the underlying driver for the changes we are proposing. The three ambition statements are all aiming to help deal with the effects of climate change.
- The scale of potential future flooding and coastal change is significant. Despite the positive work of the Environment Agency and other risk management authorities we need to adopt a different philosophy.
- We need to move the nation from a concept of protection to one of resilience – traditional flood and sea defences will remain vitally important but we cannot build our way out of future climate risks in many places. In different places we will need a range of tools which enable us to prepare for, respond to and recover from flooding and coastal change.

What are you already doing to address climate change?

- The Environment Agency and risk management authorities are already planning for climate change: building climate change projections into the design of flood and coastal change strategies and projects to make sure they are fit for the future – and over the course of six years up to 2021 are building new schemes which will better protect 300,000 homes.
- The role of planning is crucial too, and we have worked with the government to ensure that the National Planning Policy Framework reflects our climate change adaptation guidance when planning for flood and coastal risks. We and other risk management authorities also work with local authority strategic and spatial planners and infrastructure

providers to advise on planning applications and longer term, strategic spatial plans with respect to flood and coastal risks.

- In addition, we are seeking carbon emission neutrality in our ambitions. We keep our data and modelling under constant review and examine it rigorously after every flooding incident to ensure our plans are climate-proof.

How will you increase resilience?

- We can increase our resilience to flooding and coastal change by working together. The ambitious draft strategy looks out to 2100. This will help ensure that as a nation we take urgent and immediate action so that we can all live in climate resilient places that are able to manage and adapt to flooding and coastal change.

- But we can never entirely eliminate flooding and coastal changes, so in some places we will need to learn to be more resilient by adapting to this risk and recovering more quickly, building back better and in better places.

What is your definition of resilience? There are so many.

- Through the draft strategy we introduce the concept of 'resilience for places', which refers to the ability for a community in a place to cope with, and recover from, all sources of flooding or coastal change.

- The draft strategy's glossary refers to 'resilience of places', where our aspiration is for places to have access to a combination of tools so that they can understand their risk and have more control over how to adapt and respond to flood risk.

What do you mean by resilience standards?

- Resilience is about flood protection, adapting to our changing climate and recovery when a place is hit by a flood. Traditional defences remain vitally important but we want people to be more resilient so they are ready to respond when flooding hits and they can recover more quickly.

- By developing consistent standards, every community will be able to understand their flood risk and expect certain levels of resilience.

- The way we will do that is by offering communities the tools to give them control of how they respond to flooding and coastal change. This could include traditional flood defences, natural flood management, ensuring any new development built is safe from flood risk and adapting their homes so they can respond more quickly after a flood.

- We are planning to work with partners to explore and develop the concept of standards for flood and coastal resilience over the course of the next year.
- Resilience standards will be considered by the government later in the year in their National Infrastructure Strategy which is being developed in response to the National Infrastructure Commission's National Infrastructure Assessment published in 2018.

What is the 25 Year Environment Plan and how does that relate to the strategy?

- A comprehensive 25 year environment plan has been be developed by the government to address all aspects of the environment (including air, water, land, wildlife, marine, waste and resources) and how the Environment Agency, amongst others, can manage them better. The plan includes a commitment to develop the strategy as follows: "*By 2019, we will update the national flood and coastal erosion risk management strategy, looking to strengthen joint delivery across organisations*".

- Delivering the ambitions, strategic objectives and measures of the revised FCERM strategy will support delivery of the 25 year environment plan. There are measures that aim to increase and normalise the use of Natural Flood Management and ensure that farmers and landowners are able to contribute to reducing flood risk and coastal change through the proposed environmental land management scheme. There is also a measure that seeks to maximise benefits from creating and restoring natural habitats such as woodland, peatlands and saltmarsh for reducing flood risk and coastal change. Finally, there are measures aimed at improving both biodiversity and environmental net gain when risk management authorities are implementing schemes and working with developers.

- Flood resilience is a common theme running through the 25 year environment plan. There are many references to enhancing the use of natural flood management, improving sustainable drainage, increasing the flood resilience of the places we live and work, built environment and taking the opportunity to reform farming subsidies to help support environmental enhancement including climate resilience.

How will the draft strategy contribute to wider environmental objectives?

- The draft strategy's objectives and measures will contribute to wider environmental objectives, and in particular, a range of objectives in the 25 year environment plan which sets out the government's ambition to leave our environment in a better state than we found it.

- Specifically the draft strategy will support the 25 Year Environment Plan objectives to protect threatened species and provide richer wildlife habitats; reduce the risk from natural hazards; and adapt to and mitigate climate change. The draft strategy also takes account of the natural, built and historic environments that are valued by so many people and protected within different pieces of legislation.

- There are measures that aim to increase and normalise the use of natural flood management and ensure that farmers and landowners are able to contribute to reducing flood risk and coastal change through the proposed environmental land management scheme.

- Finally, there is also a measure that seeks to maximise the benefits from creating and restoring natural habitats such as woodland, peatlands and saltmarsh for reducing flood risk and coastal change.

Will working with natural processes really be that effective?

- All risk management authorities need to work with natural processes. Our evidence has shown that working with natural processes can reduce risk in smaller catchments for low magnitude-high frequency flood events and can contribute to reducing coastal erosion. They can also provide additional benefits including: water quality improvements; strengthened water resource provision; mitigation of and adaptation to climate change through, for instance, wetland creation and coastal and fluvial realignment; and providing urban biodiversity and amenity green spaces through sustainable drainage systems.

What will working more with natural processes mean for risk management authorities?

- Guided by this draft strategy, wider government policy and legislative requirements all risk management authorities will face choices and long term decisions that will benefit the environment.

- The following list are just some examples of those choices:
    - balancing wider carbon costs or benefits over the life of new flood and coastal management projects;
    - achievement of sustainable development goals,
    - balancing the needs of society, the economy and the urban, rural and natural environment;
    - securing environmental benefits; and meeting legal requirements to conserve and enhance natural beauty, wildlife and cultural heritage.

- Working with natural processes is a key part of our approach and can take many forms. This includes encouraging the most appropriate crops and farming techniques that limit soil erosion, natural flood risk management tools on farmland as well as the creation of inter-tidal or coastal habitat.

What is Biodiversity Net Gain?

- Net gain is an approach to development that aims to leave the natural environment in a measurably better state than beforehand. Development that adopts a biodiversity net gain approach seeks to make its impact on the environment positive, delivering improvements through habitat creation or enhancement after avoiding or mitigating harm as far as possible.

- Based on a standardised approach, biodiversity net gain delivers measurable improvements by comparing habitat losses and gains and steering mitigation and compensation accordingly.

What is Environmental Net Gain?

- Biodiversity net gain is a positive step towards the wider opportunities offered by ‘environmental net gain’ - a way of improving all aspects of resilient and sustainable development. Environmental net gain was identified in the government’s 25 year environment plan as a key means of achieving its ambition ‘to be the first generation to leave the environment in a better state than we found it.’

- We know growth will not be sustainable if its net impact is to harm our natural environment – which includes geology, soil, air, water and all living things, or our cultural heritage – or ignore the risks posed by natural hazards. Establishing environmental net gain in the planning system would allow us to maintain and improve the nation’s resilience to natural hazards such as flooding and coastal change as well as the effects of climate change.

- We know growth will not be sustainable if its net impact is to harm our natural environment. Establishing environmental net gain in the planning system would allow us to maintain and improve the nation’s resilience to natural hazards such as flooding and coastal change as well as the effects of climate change.

- Our objective is: *"Between now and 2030 all new development will seek to support environmental net gain in local places".*

What will the draft strategy mean for the coast?

- The draft strategy deals with flood and coastal issues in equal measure. Throughout this document we use the term 'flooding and coastal change' to refer to the risks of coastal erosion and sea flooding, as well as inland flooding. All of the principles within the draft strategy apply to managing risks on the coasts as well as inland.

Does the draft Strategy cover all sources of flooding, as well as coastal change?

- The draft strategy considers the current and future risks of flooding and coastal change. This includes all sources of flood risk (flooding from rivers, sea, reservoirs, surface water, groundwater and ordinary water course), and also coastal change (coastal erosion).

How are insurance and finance industries included? Will the draft strategy help to lower insurance premiums?

- If you're already paying for clean-up and other related activities, it can be quicker and cheaper to just return your property to how it was before the flood. Most insurance companies take this view too, and won't pay for replacement with flood-resilient products. But more should be done to encourage property owners to build back better and in better places, with support from their insurance company. This will help people and businesses get back to normal quicker after a flood.

- With enhanced mapping and modelling tools proposed for delivery through the draft strategy it will be possible to better assess flood and coastal risks. In turn, this will help inform the insurance industry, as well as people and businesses understand the impact of their flood or coastal change risks.

- Our draft strategy includes a long term objective to address this, which will involve working with government, insurers and financial institutions.

Appendix D: Draft NCC Response to the National FCERM Strategy

Ambition 1: Climate resilient places

Strategic objective 1.1:
Between now and 2050 the nation will be resilient to future flood and coastal risks. Over the next year the Environment Agency will work with partners to explore and develop the concept of standards for flood and coastal resilience.

Measure 1.1.1: By 2021 the Environment Agency will enhance the appraisal guidance for flooding and coastal change projects, so that investment decisions better reflect a range of climate change scenarios.

Measure 1.1.2: By 2022 the Environment Agency will work with partners to explore, develop and consult on standards for flood and coastal resilience and a national suite of tools that can be used in combination to deliver flood and coastal resilience in places.

NCC Response: We are in general agreement with the strategic objective and measures. However, the National Infrastructure Commission did not examine resilience to local flood risk. Current standards in existing communities ranges from 20% (1 in 5) annual likelihood events to 5% (1 in 20) annual likelihood events. The Commission is proposing that for strategic flood risk major urban areas should be resilient to 0.1% (1 in 1000) annual likelihood events and other parts of the country should be resilient to events of 0.5% (1 in 200) annual likelihood. Considerable work is required with LLFAs, Water Utility companies and other RMAs to set realistic standards for local flood risk and drainage systems and outline potential funding requirements.

Strategic objective 1.2:
Between now and 2050 risk management authorities will help places plan and adapt to flooding and coastal change across a range of climate futures.

Measure 1.2.1: By 2021 the Environment Agency and risk management authorities will identify frontrunner places for developing adaptive approaches for a range of different scales and social contexts, working with local places and partners.

Measure 1.2.2: By 2024 the Environment Agency will publish a new picture and evidence of current and future flood risk that will help places better plan and adapt for climate change.

Measure 1.2.3: By 2024 the Environment Agency will develop a national framework to help risk management authorities, people, businesses and public bodies identify the steps and decisions needed to take an adaptive approach to planning for flood and coastal resilience in a place.

Measure 1.2.4: By 2025 the Environment Agency will produce a new set of Long Term Investment Scenarios to inform future policy and investment choices for delivering flood and coastal resilience.

Measure 1.2.5: By 2026 lead local flood authorities will update their local flood risk strategies to incorporate adaptive approaches to planning for flood and coastal resilience in a place.

NCC Response: We are in general agreement with the strategic objective and measures. However, the full cost of EA policies and schemes should identify and include the impact on local highway authorities. These should be agreed with the LHA/EA as part of consultation and included in the cost benefit appraisals for protection that are carried out by the EA/Coastal Management authorities. Any of these measures which impact existing communities will need careful community consultation.
If additional investment is required by local highway authorities (e.g. managed retreat disrupting the highway network, increasing journey time, requiring new roads or the improvement of alternative routes to coastal communities) this should be fully funded externally.
Regarding the Coastal Management issues and the highway impact, current plans on the NNDC website from Cromer To Winterton show managed retreat and the impact of coastal erosion to 2025, 2055, 2105. https://www.north-norfolk.gov.uk/tasks/coastal-management/view-shoreline-management-plans/

Strategic objective 1.3:
Between now and 2030 all those involved in managing water will embrace and embed adaptive approaches to enhance the resilience of our environment to future flooding and drought.
Measure 1.3.1: From 2021 the Environment Agency will use the lessons learned from the Defra £15m natural flood management projects and other pilot projects to expand and mainstream working with natural processes by all risk management authorities.
Measure 1.3.2: From 2021 the Environment Agency will work with farmers, landowners and others to identify opportunities for using agricultural practices (through funding, advice and regulation) to manage flooding and coastal change.
Measure 1.3.3: From 2020 risk management authorities will seek to better align long term planning for flood and coastal change with water company business planning cycles to identify opportunities for managing both floods and droughts.

NCC Response: Officers are currently working with the EA and other RMAs on developing a programme of Natural Flood Management schemes that will reduce local flooding and improve water management. Officers are also involved with Water Resources East looking at strategic water supply and conservation. Any changes could have a significant impact on agricultural practices.

Strategic objective 1.4:
Between now and 2030 risk management authorities will enhance the natural, built and historic environments so we leave it in a better state for the next generation.

Measure 1.4.1:	From 2021 risk management authorities will contribute to improving the natural, built and historic environment through their investments in flood and coastal projects.
Measure 1.4.2:	From 2021 risk management authorities will work with partners and others to identify how the nature recovery network, the northern forest and other habitat improvements can help to manage flood risk and coastal change.
Measure 1.4.3:	From 2021 risk management authorities will help to ensure that 75% of all water bodies are in natural or near-natural condition within 25 years.

NCC Response: Current NCC local flood risk proposals and schemes seek to improve water quality by reducing pollution associated with surface water flood events. Additionally, NCC advice for new development recommends the use of Sustainable Drainage Systems with water quality as one of the pillars of the design. More detail is required on what is meant by 'natural or near-natural condition' and how this affects artificial waterbodies. As mentioned earlier, it is important to work across the various RMAs and with local communities. This objective should align with the emergent NCC environmental policy.

Strategic objective 1.5:
Between now and 2030 risk management authorities will use funding and financing from new sources to invest in making the nation resilient to flooding and coastal change.

Measure 1.5.1:	By 2021 the Environment Agency will work with the government on its Green Finance Strategy to explore new options for funding and financing flooding and coastal change that deliver more private funding in the future.
Measure 1.5.2:	By 2025 risk management authorities will test whether it is feasible to use upfront financing to deliver an adaptive approach in a place which will need very significant investment in future.

NCC Response: Much more detail is required in this section. The draft strategy estimates an average annual investment of at least £1 billion nationally in flooding and coastal change infrastructure is necessary over the period to 2065, while also mentioning the many competing demands on government funds. EA will need to consider the possibility of the new sources of finance and funding not meeting the shortfall in existing funding programmes, and EA will need to press Government to ensure that national funding is available to meet this national priority.

Ambition 2: Today's growth and infrastructure – resilient to tomorrow's climate

Strategic objective 2.1:
Between now and 2030 all new development will contribute to achieving place-based resilience to flooding and coastal change.

Measure 2.1.1: From 2021 risk management authorities will invest in planning skills and capabilities to ensure they can advise planners and developers effectively to enable climate resilient places.

Measure 2.1.2: From 2025 the Environment Agency and lead local flood authorities will advise local planning authorities on how adaptive approaches should inform strategic local plans.

NCC Response: We currently have a rolling programme of training for officers involved in advising planners on flood risk in new developments and for strategic local plans. Notwithstanding this, taking on extra responsibilities will cost RMAs, assuming that there are suitably trained professionals. EA do need to acknowledge the financial reality that we face.

Strategic objective 2.2:
Between now and 2030 all new development will seek to support environmental net gain in local places.

Measure 2.2.1: From 2021 all risk management authorities will achieve biodiversity net gain in all programmes and projects.

Measure 2.2.2: From 2021 all risk management authorities will seek to work with developers and planners to achieve environmental net gain as part of strategic development proposals.

NCC Response: Clarity is needed for what constitutes a flood and coastal infrastructure project, drainage scheme, and additionally what measures are considered to provide biodiversity net gain. Again, there are staffing, resource and community costs for these laudable measures.

Strategic objective 2.3:
Between now and 2030 all risk management authorities will contribute positively to local economic regeneration and sustainable growth through their investments in flooding and coastal change projects.

Measure 2.3.1: From 2021 the Environment Agency will identify ways in which flood and coastal infrastructure projects can better contribute to local economic regeneration and sustainable growth.

NCC Response: We are in general agreement with the strategic objective and measure. Again, it is important for the EA to work with other bodies and local communities.

Strategic objective 2.4:
Between now and 2050 places affected by flooding and coastal change will be ‘built back better’ and in better places.

Measure 2.4.1: By 2025 the Environment Agency will work with government, insurers and financial institutions to review the legal, policy and behavioural changes needed to 'build back better and in better places' and improve the resilience of homes and business.

Measure 2.4.2: By 2021 coast protection authorities and the Environment Agency will refresh the shoreline management plans and keep them under review.

NCC Response: We are in general agreement with the strategic objective and measures. Currently most properties that have suffered from flooding have been renovated back to their original state leaving them as prone to flooding as before. This will require a significant change in approach but will bring significant benefits in the medium term.

Strategic objective 2.5:
Between now and 2030 all flooding and coastal infrastructure owners will understand the responsibilities they have to support flood and coastal resilience in places.

Measure 2.5.1: By 2021 the Environment Agency will work with lead local flood authorities and other expert bodies to develop guidance setting out best practice on local flood infrastructure management and record keeping.

Measure 2.5.2: By 2024 the Environment Agency will require risk management authorities to report on the resilience of their flood and coastal change infrastructure in a nationally consistent way.

Measure 2.5.3: By 2024 the Environment Agency will work with risk management authorities to develop recommendations for flooding and coastal change infrastructure owners that enable greater collaboration, sharing and monitoring between them.

NCC Response: We are in general agreement with the strategic objective and measures. However, clarity is needed as to what constitutes flood and coastal infrastructure and how well-resourced the various owners are both for reporting and maintenance of their assets.

Strategic objective 2.6:
Between now and 2050 the Environment Agency and risk management authorities will work with infrastructure providers to ensure all infrastructure investment is resilient to future flooding and coastal change.

Measure 2.6.1: By 2021 the Environment Agency and risk management authorities will work with infrastructure providers to ensure all infrastructure investment is resilient to future flooding and coastal change.

Measure 2.6.2: By 2021 the Environment Agency will establish a Flood and Coastal Infrastructure Task Force to better align the long-term investment planning of publicly funded infrastructure bodies.

NCC Response: We are in general agreement with the strategic objective and measures. However, more detail is required on the climate change scenarios planned for and the funding to achieve this objective. It is not realistic to think that the majority of funding can come from local sources.

Ambition 3: A nation of climate champions, able to adapt to flooding and coastal change through innovation.

Strategic objective 3.1:
Between now and 2030 young people at 16 should understand the impact of flooding and coastal change, but also recognise the potential solutions for their place, and opportunities for career development.

Measure 3.1.1: By 2021 flooding and coastal change materials will be provided to help teachers deliver existing elements of the national curriculum.

NCC Response: We are in general agreement with the strategic objective and measure. However, more detail is required on the funding to achieve this objective. It is also important to recognise existing time pressures on teaching time.

Strategic objective 3.2:
Between now and 2030 people will understand the potential impact of flooding and coastal change on them and take action.

Measure 3.2.1: By 2022 government and risk management authority research programmes will identify how best to help people and businesses understand, accept and take responsibility for their risk to flooding and coastal change. This will help all risk management authorities better shape the way they work with people and businesses.

Measure 3.2.2: By 2021 all risk management authorities will develop and use digital tools to better communicate flooding and coastal change. This will help achieve greater awareness and responsibility of the risks people face.

NCC Response: We are in general agreement with the strategic objective and measures. However, more detail is required on the funding to achieve this objective. Winning hearts and minds is also a longer-term project.

Strategic objective 3.3:
Between now and 2030 people will receive a consistent and coordinated level of support from all those involved in response and recovery from flooding and coastal change.

Measure 3.3.1: By 2021 the Environment Agency will work with government and risk management authorities to clarify roles of risk management authorities in relation to surface water flooding.

Measure 3.3.2: By 2022 the Environment Agency will have expanded their flood warning service to all places at a high risk of flooding from rivers and the sea.

Measure 3.3.3: By 2025 the Environment Agency will work with government to better join up the organisations involved in providing incident response and recovery to provide a consistent and coordinated service.

NCC Response: We are in general agreement with the strategic objective and measures. Currently there are 36 RMAs that operate in the County who share many responsibilities and drainage systems. However, more work is required on warnings for surface water flooding as this remains very difficult due to the variable intensity and distribution of storms and the speed of inundation. Again, this is a laudable objective which will require skill and dedication to successfully implement.

Strategic objective 3.4:
Between now and 2030 the nation will be recognised as world leader in managing flooding and coastal change, as well as developing and attracting talent to create resilient places.

Measure 3.4.1:	By 2022 the Environment Agency will continue to work with standards setting organisations to encourage flood resilience requirements to be incorporated into the building and materials standards for homes and businesses built in places at risk of flooding.
Measure 3.4.2:	By 2025 the flooding and coastal change sector, including risk management authorities, will influence universities and colleges to ensure they develop the capabilities and skills required for both the public and private sectors.
Measure 3.4.3:	By 2025 all public and private organisations in the flooding and coastal change sector, including risk management authorities, will support development programmes that enable their professionals to continue to develop their flood and coastal risk management knowledge.

NCC Response: We are in general agreement with the strategic objective and measures. However, more detail is required on the funding to achieve this objective.

Report to Cabinet

Item No. 14

Report title:	**Disposal, Acquisition and Exploitation of Property**
Date of meeting:	**10 June2019**
Responsible Cabinet Member:	**Councillor Greg Peck Commercial Services and Asset Management.**
Responsible Director:	**Simon George Executive Director of Finance and Commercial Services.**

Executive Summary/Introduction from Cabinet Member

Proposals in this report are aimed at supporting Norfolk County Council (NCC) priorities by exploiting properties surplus to operational requirements, pro-actively releasing property assets with latent value where the operational needs can be met from elsewhere and strategically acquiring property to drive economic growth and wellbeing in the County.

One of the key strategic actions within the Asset Management Plan is a sharp focus on maximising income through adoption of a more commercial approach to property.

As part of corporate management of property and a systematic approach to reviewing the use and future needs of property assets for service delivery there is a continued emphasis on minimising the extent of the property estate retained for operational purpose. However, on occasion there will be the requirement to acquire or reuse an individual property to support a service to delivers its aims.

By adopting a “single estate” approach within the Council and sharing property assets with public sector partners through the One Public Estate programme, the Council is aiming to reduce net annual property expenditure by £2.475million over the next three years (2019/20 to 2021/22).

Consideration is also given to the suitability of surplus property assets for reuse or redevelopment to meet specific service needs that could improve the quality of services for users, address other policy areas and/or improve financial efficiency for the County Council, for example, facilitating the supply of assisted living accommodation and other housing solutions for people requiring care, or undertaking re-development to support jobs and growth.

This means that as well as continuing with the rationalisation of the operational property estate to reduce the number of buildings used by the County Council, a more commercial approach is being adopted over the sale or redeployment of surplus property assets.

Recommendations
Cabinet is asked to agree to the:

(i) Leasing of parts of the Holt Fire station site and building for 125 years at a rent of £2,500 per annum on the terms agreed.

(ii) Leasing of parts of the Reepham Fire station site and building for 125 years at a rent of £1,500 per annum on the terms agreed.

1.0 Background and Purpose

1.1 The Council actively manages its property portfolio in accordance with the adopted Asset Management Plan. Property is held principally to support direct service delivery, support policy objectives, held for administrative purposes or to generate income. Property is acquired or disposed of as a reaction to changing service requirements, changing council policies or to improve the efficiency of the overall portfolio.

1.2 The County Council challenges the use of its property on an ongoing basis. In the event of a property asset becoming surplus to an individual service need there are internal officer processes to ascertain whether other service areas have an unmet need that could be addressed by re-using the property asset for that service. This may lead to a change of use of individual properties, for example, an office building may be reused for operational service delivery. Any proposals for retention are only agreed if supported by a robust business case showing the benefits to the County Council and are funded from approved budgets. This assessment will also consider whether a property could be offered at best consideration to public sector or third sector partners.

1.3 The above assessments are carried out by the Corporate Property Officer (the Head of Property) in consultation with the Corporate Property Strategy Group (CPSG). Once it is confirmed there is no further County Council requirement, Cabinet is asked to formally declare property assets surplus or re-designate for alternative purposes.

1.4 The Corporate Property Officer reviews options for maximising income from surplus properties usually by open market sale to obtain the best consideration possible. These will range from selling immediately on the open market (to the bidder making the best offer overall), enhancing the value prior to sale, strategic retention for a longer-term benefit through to direct development of the land and buildings and selling/letting the completed assets, in the expectation of enhanced income for the Council.

1.5 For properties to be sold immediately there is sometimes a need to consider selling directly to a specific purchaser instead of going to the open market. This may be justified where the third party is in a special purchaser situation and is willing to offer more than the assessed market value. Conversely this might be to a purchaser who is in a unique position of control for the unlocking of the full latent value of the Council owned site (ransom situation). A direct sale without going to market can also be justified if there are specific service benefits or a special partnership relationship which is of strategic value with service/community benefits.

1.6 In making recommendations for direct sale without going to market, or direct property development, the Corporate Property Officer will consider risks, opportunities, service objectives, financial requirements and community benefits.

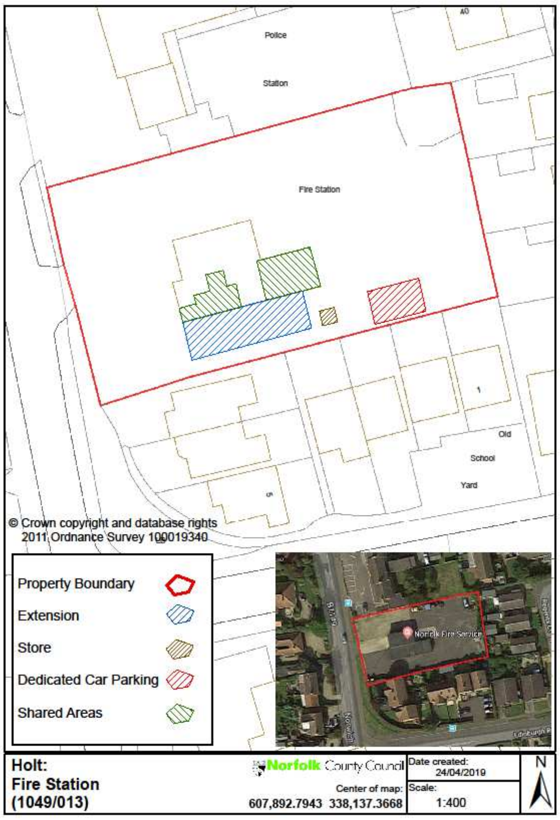
1.7 The recommendations for all disposals, acquisitions and exploitation of NCC property in this report follow detailed assessment by officers of the range of options available. The recommendation for each property is based on existing policies and strategies and judged to provide the best return to the council in financial terms and, where appropriate, taking account of community and economic benefits.

2.0 Proposals

Holt - Fire Station, Norwich Road (1049/013)

2.1 Holt fire station is owned freehold by NCC with a site area of 0.18 hectares (0.44 acres). The fire station building provides 184m² of accommodation for the Norfolk Fire and Rescue Service.

2.2 Norfolk Constabulary occupy the adjacent site, and, through the One Public Estate initiative, an opportunity has been identified to co-locate both emergency services on the fire station site. The Police and Crime Commissioner for Norfolk, as owner, will then dispose of the police station site.



2.3 The Police and Crime Commissioner for Norfolk will construct an extension to the fire station building and construct a new separate external store. Operationally the Norfolk Constabulary will share the use of the existing welfare and meeting facilities and have exclusive use of three dedicated parking spaces.

2.4 It is proposed to grant to the Police and Crime Commissioner for Norfolk a 125-year ground lease of part of the site with an obligation upon them to construct a new single storey building on the site, as an extension to the fire station, area shaded blue on the attached plan. On the same plan the location of the new external store is shaded brown and the three dedicated parking spaces is shaded red. The shared area in the existing fire station building is shaded green.

2.5 The key terms are:

(i) Annual rent: £2,500.
(ii) Term: 125 years (commencement date to be agreed).
(iii) Tenant to have the right to break every 5 years after the first 10 years without compensation.
(iv) Landlord to have the right to break the lease every 5 years after the first 10 years, subject to paying the Police and Crime Commissioner for Norfolk compensation calculated to reimburse them for the unamortised build costs they have incurred in constructing the extension. Tenant to have a right to acquire the site at market value in this situation.
(v) Tenant to be under an obligation to construct new accommodation in accordance with planning consent ref: PF/18/0933.
(vi) Rent review every 10 years, to 20% of market rent of net internal area of new Police accommodation
(vii) Tenant to be responsible for repair and maintenance of new building internally and externally.
(viii) Tenant to pay a fair proportion of any costs relating to their use of the new building and the common parts (exact mechanism to be determined).

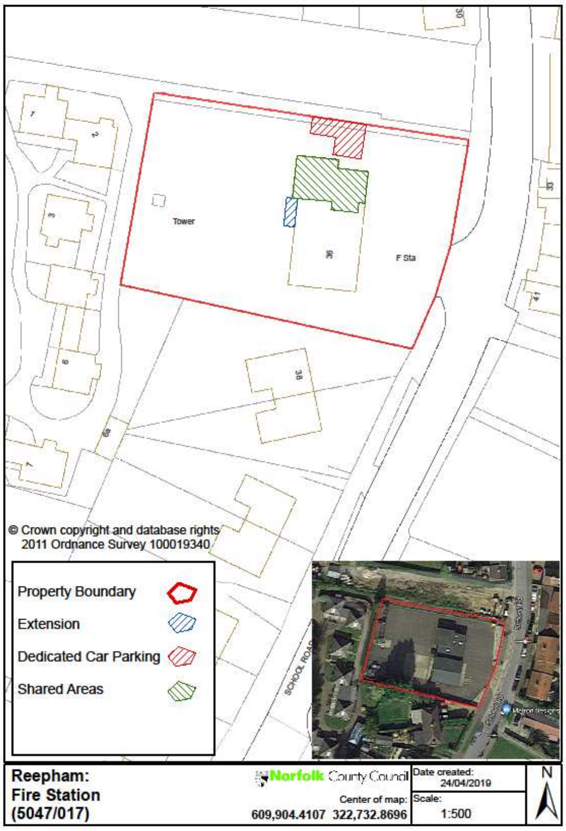
2.6 The Divisional Member has been consulted on this decision.

Reepham - Fire Station, 36 School Road ((5047/017)

2.7 Reepham fire station is owned freehold by NCC with a site area of 0.19 hectares (0.47 acres). The fire station building provides 236m² of accommodation for the Norfolk Fire and Rescue Service.

2.8 Norfolk Constabulary occupy a police station site elsewhere in Reepham, and, through the One Public Estate initiative, an opportunity has been identified to co-locate both emergency services on the fire station site. The Police and Crime Commissioner for Norfolk, as owner, will then dispose of the police station site.

2.9 The Police and Crime Commissioner for Norfolk will



construct an extension to the fire station building. Operationally the Norfolk Constabulary will share the use of the existing welfare and meeting facilities and have exclusive use of three dedicated parking spaces.

2.10 It is proposed to grant to the Police and Crime Commissioner for Norfolk a 125-year ground lease of part of the site with an obligation upon them to construct a new single storey building on the site, as an extension to the fire station, area shaded blue on the attached plan. On the same plan the location of the three dedicated parking spaces is shaded red. The shared area in the existing fire station building is shaded green.

2.11 The key terms are:

(i) Annual rent: £1,500.
(ii) Term: 125 years (commencement date to be agreed).
(iii) Tenant to have the right to break every 5 years after the first 10 years without compensation.
(iv) Landlord to have the right to break the lease every 5 years after the first 10 years, subject to paying the Police and Crime Commissioner for Norfolk compensation calculated to reimburse them for the unamortised build costs they have incurred in constructing the extension. Tenant to have a right to acquire the site at market value in this situation.
(v) Tenant to be under an obligation to construct new accommodation in accordance with planning consent ref: 20180832.
(vi) Rent review every 10 years, to 20% of market rent of net internal area of new Police accommodation
(vii) Tenant to be responsible for repair and maintenance of new building internally and externally.
(viii) Tenant to pay a fair proportion of any costs relating to their use of the new building and the common parts (exact mechanism to be determined).

2.12 The Divisional Member has been consulted on this decision.

3.0 Impact of the Proposal

3.1 These proposals contribute towards improved utilisation of the property portfolio. The County Council has a maintenance liability for the whole of both sites, sharing parts of the site will contribute towards the overall property costs.

4.0 Evidence and Reasons for Decision

4.1 These proposals support the ongoing "blue light" services collaboration in Norfolk.

5.0 Alternative Options

5.1 Due to the nature of the proposals, the only alternative option is to decline the proposals and retain the properties for the single use of the fire service, with NCC retaining the maintenance liability.

6.0 Financial Implications

6.1 An income of £4,000 for the ground rents, reviewable upward every 10 years. Furthermore, there will be a contribution toward operating costs of the shared areas and to ensure no additional cost to NCC for the new extensions.

6.2 There is a small possibility of a future compensation payment to the Police and Crime Commissioner should NCC elects to break either or both the lease within the first 60 years.

7.0 Resource Implications

7.1 **Staff**: none

7.2 **Property**: Loss of use of small area of fire station land for the lease periods, which is not considered to have any operational detriment to NCC at the current time or in the foreseeable future.

7.3 **IT**: None

8.0 Other Implications

8.1 **Legal Implications**: For disposals and acquisitions in the usual way the legal implications are around the parties agreeing to the terms of the agreement for each lease and entering in to a contract.

8.2 **Equality Impact Assessment (EqIA)**
No specific EqIA has been undertaken in respect of this report

8.3 Officers have considered all the implications which members should be aware of. Apart from those listed in the report (above), there are no other implications to take into account."

9.0 Risk Implications/Assessment

9.1 The risks around these proposals are around the usual construction and subsequent estate management risks which are governed by the proposed lease.

10.0 Recommendation

10.1 Cabinet is asked to agree to the:

(i) Leasing of parts of the Holt Fire station site and building for 125 years at a rent of £2,500 per annum on the terms agreed.

(ii) Leasing of parts of the Reepham Fire station site and building for 125 years at a rent of £1,500 per annum on the terms agreed.

Background Papers

nil

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

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