

English Severn and Wye Regional Flood and Coastal Committee

Meeting date: 9th October 2012

Item no. 6

Appendix 1: FCRM SR10 Principles

Appendix 2: Indicative Allocations by RFCC, National and RMA

Appendix 3: English Severn & Wye 2013/14 Indicative Allocation

Appendix 4: Candidate projects for local choices

Paper by: Programme Manager

Subject: English Severn & Wye Programme Priorities and Looking Forward to 2013/14

Recommendations

The English Severn and Wye Regional Flood and Coastal Committee is asked to:

1. Note the National Principles used for the 2013/15 Indicative Allocation of FCRM GiA
2. Discuss and agree any programme changes in light of any local choices made by the RFCC
3. Note demand exceeds available funds in 2014/15 and 2015/16

1.0 Introduction

1.1 The aim of this paper is to give headline information to members on the following:

- Principles used for the 2013/15 FCRM GiA Indicative Allocation
- English Severn & Wye 2013/14 FCRM GiA Indicative Allocation;
- Preparing for implementation of 2013/14 Programme;
- Forward look to 2014/15 onwards.

2.0 2013/15 FCRM GiA Indicative Allocation

2.1 Defra has confirmed that the 'Flood & Coastal Resilience Partnership Funding' (FCRPF) policy will continue to be applied in 2013/14 and the working assumption is that there will be no changes to the Partnership Funding (PF) policy in this spending review period.

2.2 The Board FCRM Finance Committee confirmed that all schemes for the 2013/14 allocation had to align to the FCRM SR10 principles (approved by the Board on 13 October 2011). These are shown in Appendix 1.

2.3 The capital schemes programme for the allocation process from 2013/14 onward has been constructed using the following approach:

- All schemes requiring FCRM GiA funding are initially prioritised according to their relative PF scheme scores, which includes committed contributions
- The FCRM GiA allocation is to individual schemes and had to comply with at least one of the following to receive FCRM GiA funding:

- ❖ Achieve a PF score above 100%
- ❖ Clearly demonstrate that the scheme is necessary to meet essential urgent, safety or legal requirements
- ❖ Have commenced construction as part of the 2012/13 programme.

- 2.4** The indicative programme includes investment in property protection and resilience measures. These measures can be very effective in reducing the misery of frequent flooding. A total of 21 schemes (£2.1m in total) that required an element of FCRM GiA funding achieved the PF score threshold and have been included in the National programme, one of which is in this RFCC. In addition to this there are another two property level protection schemes that have been solely funded from Local Levy funds also included in the RFCC programme. These schemes are shown in Appendix 3.
- 2.5** Mapping and modelling programmes of work have been flat funded across the spending review period, enabling us to provide expert advice on flood risk management and reduction at a catchment scale. Within this we will support Lead Local Flood Authority (LLFA) Preliminary Assessments (PFRAs) with hazard and risk maps.
- 2.6** Flood warning and forecasting programmes have been constructed to extend our national flood warning coverage to at least 66% coverage in high risk areas. This increase will involve extending training and guidance to volunteer wardens who will support our staff in providing warnings where appropriate.
- 2.7** We aim to achieve a 33% carbon saving by 2015. Further to the 2012/13 allocation we have now found large cost savings within this programme and this allocation is now designed to deliver 35% carbon savings at a cost of £1.3m in 2013/14 and 2014/15. As a consequence of these carbon saving initiatives, we estimate that by the end of this year we will have saved £1.3m in operational costs nationally since 2009 (7,300 tonnes of CO₂).
- 2.8** Funding for Recondition projects is for assets that are failing or are expected to fail within year. The allocation is more transparent this year and has been based on 6 tiers of decision making:
1. Is it statutory?
 2. Are there public safety concerns?
 3. Are we able to operate the asset without this funding?
 4. Have we previously funded this work?
 5. The remaining bids were sorted in descending order of benefit cost ratio, where benefit cost is the total project cost against the total number of households at risk. The cut off point for funding was B/C ratio of 1.
 6. Tiers 1-5 cover most current fails with the remaining £2.3M allocated to the future fails pot. Future fails were calculated using the national deterioration rate against the total number of assets in each region.
- 2.9** The reduction in revenue funding from 2010/11 to 2014/15 nationally is £53m (18%). Our ongoing change programmes are designed to improve the organisational structure and reduce costs accordingly. The essential 'National Office and Support' revenue activities are bearing their share of the FCRM funding pressure, reducing by 26% over the period. These savings are constrained by a number of factors, the most significant are:

- CIS costs, though much reduced, have had the benefits to the revenue budget constrained by changes to capitalisation.
- Previously FCRM were not paying for its full benefit of some support services, an example of which is the Evidence directorate. FCRM contribution has therefore increased.

This has meant that there is an additional £10m pressure on regional revenue funding for 2013/14 and £6m in 2014/15 in relation to figures provided through the 2012/13 allocation.

- 2.10** At the start of the spending review it was planned that funding for the maintenance programmes would reduce year-on-year, however, in 2012/13 a one year increase of £6m was possible due to earlier than anticipated reductions in national office and support costs. Therefore there is a significant reduction in the funding available for revenue maintenance from 2012/13 to 2013/14 and 2014/15.
- 2.11** Maintenance spend has been prioritised using our System Asset Management Plans (SAMPs). A maintenance over-programme of 15% (£9m) in 2013/14 has been proposed to create the potential to utilise additional revenue funding should it become available in-year.
- 2.12** Minimum need has been fully funded, this covers Legal and statutory requirements but funding for minimum need alone would lead to deterioration in the standard of assets. Identified need is funded based on the benefit cost of the SAMPs. The systems are ranked in order of highest B/C and 80% of the funding available for identified need fully funds the highest B/C systems, the cut off point for 2013/14 was a B/C of 22.4. The remaining 20% of identified needs funding half funds the systems with the next highest B/C until all available funding has been allocated, the cut off point for 2013/14 for 50% funded systems was a B/C of 11.6.
- 2.13** Indicative allocations by RFCC, National and Risk Management Authority (RMA) are given in Appendix 2.

3.0 English Severn & Wye 2013/14 FCRM GiA Capital Indicative Allocation

- 3.1** RMAs & Environment Agency (EA) Areas submitted their bids by the 15th June to the Area Flood and Coastal Risk Manager (AFCRM), this was reviewed by members at the 3 July Committee Meeting where £972k of Local Levy funds was committed in principle to support the 2013/14 bid.
- 3.2** We now have our indicative allocation and in consultation with the RFCC we need to consider the schemes within this programme. RFCC's are able to make local choices and decide whether they would like to fund schemes from Local levy that did not make the FCRM GiA indicative allocation. We also have the opportunity to re-profile projects if required for deliverability or affordability reasons.
- 3.3** If further contributions are forthcoming it will be possible to bring in more work within the RFCC boundary utilising the FCRM GiA released by those contributions.
- 3.4** To enable RFCCs to make local choices on the basis of the indicative allocation the following approach has been agreed nationally:

1. Any revisions to RFCC programmes should support the SR10 principles as set out in Appendix 1 and achieve or improve on the FCRM outcomes available from the RFCC's indicative allocation.
 2. RFCC's should aim to keep within their indicative FCRM GiA capital allocation.
 3. Further discussion and agreement with the Board is required if RFCC's are proposing to replace or defer schemes that have been identified as being nationally significant for achieving the Government's expectations of better protection to 145,000 houses, habitat creation or a significant procurement efficiency saving of at least 15%. The only scheme that falls into this category for the English Severn & Wye RFCC is the Severn Estuary, Severn Vale Water Level Management Plan which has an indicative allocation in 2014/15.
 4. All schemes included in programmes must have a PF score of at least 100%.
- 3.5** Nationally the demand for FCRM GiA in 2013/14 reduced from 2012/13 forecasts. This is partly due to increased external contributions reducing the demand for FCRM GiA. The transition to the new PF policy has caused some schemes in the National programme to slip whilst contributions are sought to bring PF scores back to 100%. This means that the PF Score that attracts FCRM GiA into the 2013/14 programme is 100%.
- 3.6** This reduced level of competition is beneficial to the English Severn and Wye RFCC bid as it means every project that bid for FCRM GiA and had a score above 100% has got an indicative FCRM GiA allocation.
- 3.7** Consequently the overall English Severn & Wye RFCC Indicative Programme for 2013/14 consists of £2,139k FCRM GiA, £972k Local Levy and £379k External Contributions. Based on this Indicative programme the Local Levy carried forward to 2014/15 totals £926k this excludes next years levy which will be voted on in January 2013. Full details of the schemes which secured funding are shown in Appendix 3.
- 3.8** An important step in realising the benefits of our Programme is ensuring the contributions pledged come to fruition. We will be working with RMAs to support them in acquiring the contributions and RFCC members can assist with this by using their knowledge and influence in their LLFA area to help secure any contributions in a timely manner to avoid delays to the programme.
- 3.9** If any further contributions to schemes in the 2013/14 Programme are forthcoming or cost savings are achieved FCRM GiA will be released back into the English Severn & Wye Committee area. This will enable us to bring forward schemes from future years into the 2013/14 Programme.
- 3.10** There were some projects which required Moderation Evidence to support them in a bid for FCRM GiA in 2013/14 because they have a PF Score of less than 100%. These projects had to make a special case for funding under the category of urgent works in the interests of Health and Safety. Unfortunately none of these projects were successful in securing funding. Appendix 4

shows the mandates and moderation cases submitted for these schemes for the RFCC to consider in their local choices:

1. Mousesweet Brook, Dudley
2. Wotton Wawen, Warwickshire
3. Snuff Mill Brook, Bewdley

4.0 English Severn & Wye 2013/14 FCRM GiA Revenue Indicative Allocation

4.1 Table 1 shows the summary breakdown of funding from SAMPs for the maintenance programme in the English Severn & Wye and table 2 shows the allocation compared to the bid. We bid for a total of £4,752k for maintenance and have received an indicative allocation of £3,124k to keep 97% of assets in High consequence systems and 95% of assets in Medium and Low consequence systems at standard. In total we have received 70% of our frequent maintenance bid and 41% of our intermittent maintenance bid. Area staff are in the process of quantifying what this means for the RFCC and what the impacts are of not carrying out the work that has not been funded.

	Frequent Maintenance (£k)	Intermittent Maintenance (£k)
Minimum Need	2,077	143
Identified Need (100% funded systems)	504	103
Identified Need (50% funded systems)	294	3
Total	2,875	249

Table 1: 2013/14 Indicative Maintenance Allocation

	Frequent Maintenance (£k)	Intermittent Maintenance (£k)
Bid	4,141	611
Allocation	2,875	249
Unfunded Work	1,266	362
% of total bid allocated	69%	41%

Table 2: 2013/14 Indicative Maintenance Allocation compared to

5.0 Preparing for implementation of 2013/14 Programme

5.1 Following the implementation of the FCRM Review it is the AFCRM and the Partnerships and Strategic Overview (PSO) Teams from the EA who will be working with RMAs and engaging RFCC Members in preparation for delivery of the 2013/14 Programme. They will also be supporting RMAs to improve the quality of their bids for future years. The RMA programme is delivering 92% of spend on schemes in 2013/14 and 100% of the outcomes so certainty of delivery is very important.

5.2 Further updates on preparations and how you can get involved in the projects in your LLFA area are available from the AFCRM or the PSO Team Leaders as detailed below:

- Shropshire & Worcestershire - Christian Wilcox, 01743 283418
- Gloucestershire & Herefordshire - Jo Martin, 01684 864354
- Warwickshire, Dudley, Coventry & Wolverhampton - Peter Clarke, 01543 405022

- 5.3 RMA's are able to use the EA's National Capital Project Management Service (ncpms) and National Environmental Assessment Service (NEAS) to undertake aspects of the projects that they are delivering. RMA's are encouraged to utilise this service where their own resources are limited.
- 5.4 During the autumn we will be holding Programming workshops within each Area to ensure we have a fully resourced deliverable programme ahead of the start of 2013/14. One of the aims of these workshops will be to capture the wider benefits of the programmes of work, including any Water Framework Directive (WFD) Benefits. An update on progress of the programming of the 2013/14 programme will be provided at the January RFCC Committee meeting.
- 6.0 **Forward look to 2014/15 onwards.**
- 6.1 With Capital funding flat lined for the remainder of the SR10 period and more Local Authority strategies and plans coming forward, competition is likely to increase for FCRM GiA. The indicative allocation for 2013/14 has identified a peak of demand for projects in 2014/15 which by far exceeds available funding; this is shown in figure 1.

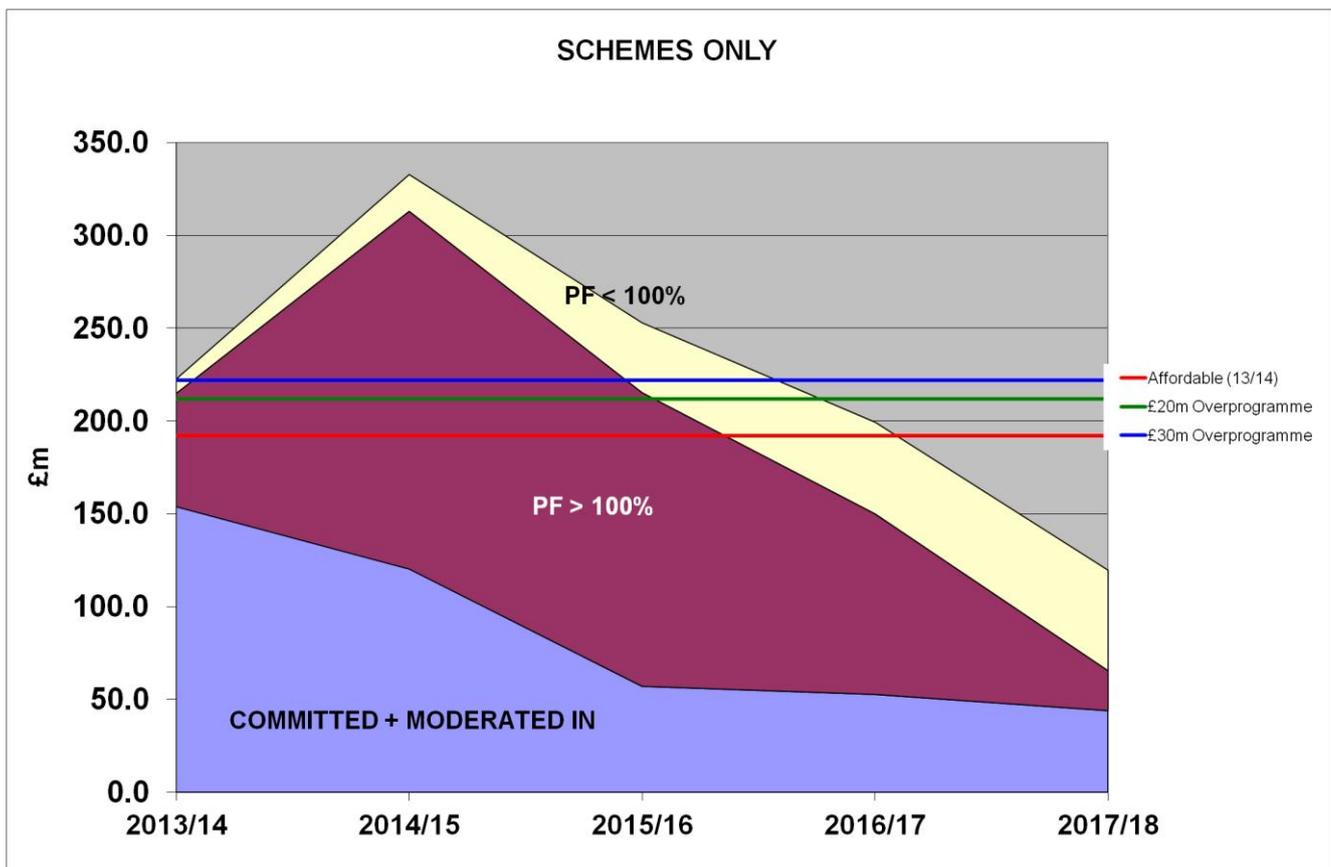


Figure 1 – graph showing committed spend and future room for growth.

- 6.2 Initial findings show that FCRM GiA funding for LA and IDB schemes increases from £26m in 2012/13 to £68m in 2014/15. FCRM GiA for LA surface water schemes increases from £11m in 2013/14 to £20m in 2014/15.
- 6.3 Given the level of competition in future years the PF score threshold for receiving FCRM GiA funding is likely to rise from the 100% level of 2013/14. It

is imperative that officers and RFCC members have a good idea of the priority projects in the programme and look to maximise the PF score for these projects.

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Appendix 1 - FCRM SR10 Principles – 2012 to 2015

Environment Agency Board Spending Review 2010 Principles – 2012 to 2015

- Maintain our ability to warn people and respond to incidents so as to save lives and property
- Reduce risk to at least 145,000 households, including through renewal of existing assets
- Incentivise and maximise third party investments in line with Partnership Funding and our contributions policy
- Support community-based solutions that are innovative, cost-effective and affordable
- Achieve balanced programmes in co-operation with Regional Flood and Coastal Committees
- Secure the condition of existing assets in line with System Asset Management Plans
- Maintain skills and pipeline of studies for medium and long term investment needs
- Maximise efficiency savings and value for money
- Continue to promote schemes that meet statutory environmental requirements
- Support the provision of household scale resistance and resilience measures
- Improve our understanding with partners of all flood and coastal erosion risk data and make our data and information easily accessible and available to all who want it

Appendix 2 – Indicative Allocations by RFCC, National and Risk Management Authority

	2012/13 Allocation £m			2013/14 Indicative Allocation £m			2014/15 Indicative Allocation £m		
	Capital	Rev	Total	Capital	Rev	Total	Capital	Rev	Total
Anglian Central RFCC	7.3	6.5	13.8	5.5	6.4	11.9	4.6	6.2	10.8
Anglian Eastern RFCC	36.7	11.6	48.3	25.3	8.8	34.1	23.5	8.4	32.0
Anglian Northern RFCC	22.2	13.6	35.8	30.3	9.8	40.2	23.4	9.4	32.8
Severn & Wye RFCC	16.2	21.2	37.4	2.0	6.5	8.5	2.7	6.2	8.9
Trent RFCC				15.7	12.4	28.1	13.6	11.6	25.2
North West RFCC	9.7	21.1	30.8	15.0	18.5	33.5	12.3	17.4	29.7
Southern RFCC	28.2	18.7	46.9	20.8	17.9	38.6	31.9	17.0	48.8
Thames RFCC	37.0	37.2	74.2	34.7	31.6	66.3	25.8	30.1	55.9
South West RFCC	5.5	7.5	13.0	3.9	5.9	9.9	3.0	5.7	8.7
Wessex RFCC	7.1	12.4	19.5	7.9	10.0	17.9	7.5	9.5	17.0
Northumbria RFCC	13.8	3.2	17.0	9.3	4.2	13.4	4.0	4.0	8.1
Yorkshire RFCC	26.3	15.0	41.3	15.4	13.3	28.8	15.5	12.9	28.3
National Office	4.8	24.3	29.1	5.1	27.9	33.0	5.1	27.2	32.4
National Once Delivery	18.5	36.8	55.3	6.2	40.8	47.0	9.2	38.0	47.2
National Support	1.4	26.3	27.7	2.1	28.3	30.3	2.1	26.1	28.1
EA England Sub Total	234.7	255.4	490.1	199.2	242.2	441.4	184.2	229.7	413.9
Local Authorities	21.1	0.0	21.1	52.8	0.0	52.8	69.3	0.0	69.3
IDBs	3.0	0.0	3.0	6.8	0.0	6.8	5.3	0.0	5.3
LA & IDB Sub Total	24.1	0.0	24.1	59.6	0.0	59.6	74.6	0.0	74.6
England Total	258.8	255.4	514.2	258.8	242.2	501.0	258.8	229.7	488.5

