

SURREY COUNTY COUNCIL**CABINET****DATE: 31 OCTOBER 2017****REPORT OF: COLIN KEMP, CABINET MEMBER FOR HIGHWAYS,
ENVIRONMENT AND FLOODING****LEAD OFFICER: JASON RUSSELL DEPUTY DIRECTOR ENVIRONMENT &
INFRASTRUCTURE****SUBJECT: FUNDING OPTIONS FOR FUTURE FLOOD ALLEVIATION
PROJECTS IN SURREY****SUMMARY OF ISSUE:**

In April 2017 when Cabinet approved Surrey's Local Flood Risk Management Strategy it recommended that officers identify additional sources of funding to increase the current level of flood alleviation work across the county. This was because limited council budgets are struggling to resource the amount of schemes required to protect the 30,000 properties that are at risk of flooding in Surrey. The Met Office is predicting more frequent severe rainfall in coming years and if this is the case, it is likely that more areas beyond those already identified will become at risk of flooding in the future, with potential financial impacts in excess of the £27.1m of damage caused by the floods in 2013/14. Therefore if a funding solution to this issue is not found then future flood events are likely to cause significant social and economic harm to residents in Surrey.

A further contributing factor to this situation is that the Government's funding formula for capital flood alleviation schemes is such that "local contributions" are required to pay a significant proportion of the costs. This is sometimes possible in the case of smaller scale schemes and the council has a programme with some capital support for such schemes across Surrey. It is not practical however to raise sufficient local contributions with very large scale projects such as the River Thames Scheme (RTS), a project of national significance, which, under the current formula, presents a funding gap of at least £257 million.

The RTS is a "main river" scheme which means that the Environment Agency (EA) is responsible for the project's management. However the Agency has asked whether the county council and the other local authorities affected can together make up the funding gap that remains after all other possible and likely local contributions have been accounted for. Although yet to be confirmed, it is estimated that the county council's share of this would be in the order £100m. This is not a reasonable request to make, particularly in the context of the council's financial position.

If there is no prospect of the funding gap for the RTS and the demand for flood alleviation schemes elsewhere in the county being met, unless Government provides additional funding, alternative options must be considered. These could include raising finance locally through a levy or a council tax precept. These options have inherent risks and impacts as set out in this report.

The council cannot ignore the increasing risk of flooding to its residents. Given the lack of funding available from Government at the current time for both the nationally

significant RTS and smaller local schemes, Cabinet is asked to consider how best to respond.

RECOMMENDATIONS:

It is recommended that the Leader of the council writes to the Chancellor of the Exchequer, Secretary of State for Department of Communities & Local Government and Secretary of State for Department of Environment, Food & Rural Affairs, stating that:

- a) Because of the scale of the River Thames Scheme and the potential economic impacts at risk if it does not proceed, this is a nationally significant scheme and it is not appropriate to apply Defra's FDGiA Partnership Funding model to it.
- b) Surrey County Council has no capital reserves to meet Surrey's local contribution for the River Thames Scheme as requested by the Environment Agency, and requests that Central Government provide the capital required for the scheme.
- c) Should Central Government not provide the capital required for the scheme up-front, then Surrey County Council would be willing to take out a loan to pay Surrey's local contribution for the River Thames Scheme (at a cost of approximately £4.5m per year for 40 years) subject to Central Government funding the annual costs of borrowing.

REASON FOR RECOMMENDATIONS:

Surrey County Council's current budget for flood alleviation work is very limited. There is not enough funding to develop schemes for all of the areas at significant risk of flooding in the county. The 2013/14 floods highlighted a number of risks across Surrey and if a flood event of a similar magnitude were to take place again in the coming years, the council's inability to carry out work in the relevant areas owing to resource and budget constraints means that many locations would continue to suffer the same or worse economic and social damage to their communities.

It is also essential that greater protection from River Thames flooding in particular is provided for the many Surrey residents and businesses currently affected. The funding arrangements of the proposed RTS scheme present a high risk that it is unaffordable and will not be delivered.

DETAILS:

Background – history of flooding in Surrey

1. Surrey is a county at high risk of flooding with in excess of 30,000 properties at risk from fluvial and surface water sources. It has experienced several major flood incidents since 2000, with much of this occurring in the floodplain of the lower River Thames and its tributaries.
2. In 2000 Surrey witnessed the wettest autumn since records began, with the total rainfall between September 2000 and February 2001 recorded at 866mm compared to a long-term average of 432mm. This intense level of rainfall resulted in Surrey's drainage and sewerage systems becoming

overwhelmed, with between 500 and 600 homes being flooded. School closures and significant traffic disruption were also caused by this event.

3. A further flood event took place in July 2007. Again caused by heavy rainfall, significant damage to a number of communities in Surrey occurred with over 200 homes affected and the highway network disrupted.
4. A nation-wide flood event also took place between December 2013 and January 2014 and Surrey's population was the most affected of any part of the country. The impact of these floods was particularly severe, with approximately 1200 homes internally flooded, many families being forced to move out of their properties for months or more, and a total of £27.1m of damage being incurred. It was primarily caused by the River Thames and its tributaries bursting their banks following an extended period of heavy rainfall. Council officers worked with partners in boroughs and districts, the police and the armed forces in the recovery operation.
5. Other recent impacts of flooding in Surrey include:
 - Flanchford Bridge, Mole Valley - had to be demolished and rebuilt as a result of the flooding in 2013/14 costing £1.2m. Furthermore, 270 properties suffered internal flooding in Mole Valley during that flood event.
 - Maybury and West Byfleet, Woking - received around 32mm of rainfall over the course of a few hours in May 2016. The existing drainage systems were unable to cope and 45 properties were internally flooded. Three schools were also closed and major traffic delays caused by flooded roads resulted in gridlock in the Woking area.
 - Caterham on the Hill, Tandridge – a flash surface water event overwhelmed the local road and drainage infrastructure resulting in over 86 internal property floods and 63 external property floods in June 2016. Many of the internal property floods included sewage. 40 roads were affected by the flooding, with eight closures put in place and traffic gridlock occurring as a consequence.
6. With so many incidents of flooding having taken place in Surrey in the last ten years – and two within the last 18 months – it is clear that more needs to be done to manage this risk.

Future risk

7. Cabinet recognised the issue of limited funding for flood alleviation projects when it approved SCC's refreshed Local Flood Risk Management Strategy (LFRMS) and its approach to managing over 1,100 wet spots across the county in April 2017. Specifically, it recommended that officers investigate how flood work can be sustainably funded in future. This is particularly important as the Strategy has an objective to 'invest in flood alleviation schemes'. 'Investing in flood and maintenance schemes' also remains a strategic goal in SCC's Corporate Strategy 2017–22.
8. At present a large number of communities are at risk of flooding in Surrey and current funding levels mean there is a limit as to how many of these can be supported by flood alleviation projects. This is illustrated by the fact that there are 174 communities in Surrey at risk of flooding, with approximately 37 flood

alleviation schemes in development across the county (for further information please see **Annexe A**).

9. A recent study by the Met Office¹ shows that there is a high risk of record-breaking rainfall in England and Wales taking place in the next ten years. EA guidance indicates that flood flows could increase by 15% by the 2050s, though this increase could be as high as 40%. Current funding levels mean that the council is unable to mitigate sufficiently against this risk.

Current sources of funding

10. Current funding for flood alleviation work in Surrey comes from five main sources:
- *Grant funding for schemes from Central Government* – in May 2011 the Secretary of State for DEFRA introduced the ‘Flood and Coastal Erosion Resilience Partnership Funding’ policy. This policy established an approach to fluvial flood alleviation projects whereby responsibility for funding would be shared between national and local sources. The EA are the lead authority for such schemes, though this funding formula still requires funding contributions from the relevant Lead Local Flood Authority (LLFA). The amount an individual project receives from Central Government varies depending on a number of factors, including cost/benefit ratio, environmental benefits and number of properties protected. It is referred to as Flood Defence Grant in Aid (FDGiA) funding. It is this system that has been applied to the RTS, leaving a funding gap in excess of £257m, with Surrey’s contribution potentially being in the region of £100m.
 - *Existing levy* – the Thames Regional Flood and Coastal Committee (TRFCC) is a partnership with representation from all flood risk management authorities in the Thames basin area. SCC contributes approximately £1.2m per annum into a central pot which is then used to contribute to flood alleviation projects across the Thames basin. Through mutual agreement the TRFCC also sets the principles by which FDGiA funding is administered. At present Surrey benefits more than the amount it contributes. (Further information regarding the TRFCC can be found in **Annexe B**).
 - *Department for Transport* – Surrey receives a grant from DfT to carry out capital activities on all highway assets including roads, pavements and bridges. £1,400,000 of capital funding from this grant is allocated for capital highway drainage improvements.
 - *Defra “additional burdens” funding* – following SCC assuming the role of LLFA, Defra allocates funding for the delivery of the additional duties this entails. This is currently £575,000 per annum.
 - *SCC funding* – £3,446,000 of the council’s revenue funding is spent on highway drainage maintenance activities. In addition, the council is borrowing £500,000 per annum to contribute to the development of the

¹ BBC News: ‘High risk of “unprecedented” winter downpours’
<http://www.bbc.co.uk/news/science-environment-40683302>

River Thames Scheme (£2,500,000 in total). An additional £500,000 is allocated to contribute to other local flood alleviation schemes.

- *Local Enterprise Partnerships (LEPs)* – LEPs are partnerships between Local Authorities and businesses that help determine local economic priorities and lead economic growth and job creation. They receive delegated funds from Central Government to generate growth and some of the highways schemes that are developed from these funds incorporate flood resilience work. Funding for these schemes and flood work specifically vary year on year and depend on current local priorities.

The River Thames Scheme

11. In recognition of the flood risk posed by the Thames specifically, the EA is leading on the development of the RTS; a series of flood defences on the Thames between Datchet and Teddington which aim to alleviate the risk of flooding to approximately 15,000 properties. Communities in Spelthorne, Elmbridge and Runnymede stand to benefit from the scheme.
12. The RTS consists of two main elements. The first is the construction of major flood alleviation measures on the river itself. These are three major flood channels located in Windsor & Maidenhead and Surrey, increased capacity of the Desborough Cut and larger weirs at Sunbury, Molesey and Teddington to store the increased flow capacity from the new channels. The second element of the scheme is property level protection for households in the flood plain of the Thames that will not benefit from main the defences of the RTS.
13. SCC agrees that implementation of the RTS or a similar level of protection by other means is essential because of the benefits it brings. These include:

Table 1.1 – estimated economic benefits of the River Thames Scheme²

Item	Benefit (£m)
Reduction of flood risk to residential property	1,700
Reduction of flood risk to commercial property	400
Reduction in transport disruption associated with flooding	190
Reduction in health impacts associated with flooding	61
Environmental benefits (green space, biodiversity etc.)	38
Reduction in flood risk to utilities	14
Reduction in risk to life associated with flooding	5
Est. total economic benefits	2,408

² Environment Agency: River Thames Scheme Strategic Outline Case (2016)

14. As demonstrated in Table 1.1, the RTS would deliver potential benefits in the region of £2.4 billion. Furthermore, this figure does not include the fact that there are a number of major employers and infrastructure hubs that would be protected by the RTS. Increased certainty and protection would also help to foster greater investment and growth in Surrey and the wider scheme area.
15. The RTS is officially estimated to cost a total of £588m with a funding gap of £257m. Confirmation of Surrey's, and other benefitting Local Authorities, requested contribution to the scheme will be based on the number of properties set to benefit from the RTS in those areas. For SCC this is in the region of £103m as set out in **Annexe C**. This figure will reduce should contributions from other sources be forthcoming.
16. To this end the county council is supporting work to secure further contributions, also summarised in **Annexe C**. However, if this funding gap is not met then there is a high chance that the scheme will be significantly reduced in scope or withdrawn altogether. The Government and other national bodies do not fully fund such flood alleviation schemes and therefore under the current funding formula, large contributions from other sources are required if the scheme is to be successfully developed and built.
17. A key consideration with regards to funding of the RTS is that technically, SCC and other local authorities have no legal obligation to contribute. This is because the EA has statutory responsibility for managing flood risk from main rivers while SCC as LLFA has permissive powers for managing flood risk from ordinary watercourses. Therefore any contribution from a local authority or other organisation to the scheme would be discretionary and based on the availability of additional funds.
18. Although the RTS has an impressive benefit/cost ratio of 5:1 and is set to deliver billions of pounds worth of economic benefits, the current funding situation is such that there is insufficient funding to realise Surrey's contribution to the RTS, or to provide the number of flood alleviation schemes required elsewhere in the county. Therefore, an overview of why additional funding is required for both the RTS and other flood risk management work across the county is provided below.

Why additional funding is needed

19. Significant reductions in central government funding and increases in demand for statutory services mean that the council needs to deliver savings in excess of £237m by 2019/20, in addition to over £450m already delivered since 2010/11. Against this background, funding for flood alleviation work is under severe pressure.
20. Using estimates based on current sources of capital funding for flooding, when splitting these sources between the 174 communities in Surrey that could benefit from some form of flood alleviation scheme (excluding maintenance and staff budgets) there would be just £21,000 available for each project. With an average mid-sized scheme roughly costing more than twelve times this, it can be seen that current resources are not sufficient to address the risk of flooding in Surrey.

21. The current number of flood alleviation projects being developed in Surrey is unable to cope with the level of demand (see **Annexe A**). If the present amount of funding is not increased a large number of communities in Surrey will remain at significant risk of flooding indefinitely.
22. Were a flood event on the scale of 2013/14 or greater to take place again, the consequences would be severe and the current funding situation does not provide adequate resource to mitigate or prevent this. This is reflected in the fact that since 2013/14, SCC and its partners have developed 20 flood alleviation schemes that have protected 436 properties. However, this is a small proportion of the 30,000+ properties at risk of flooding in Surrey. Therefore many communities will remain at risk of economic and social harm from flooding if additional sources of flood alleviation funding are not found.
23. There is also more that could be done to improve routine highway maintenance, though this likewise requires additional funding. Specifically, additional targeting of drainage infrastructure in areas considered a priority due to historic or modelled flood risk would result in high flood risk areas receiving increased cleansing visits, which would in turn maximise the capacity of the system to deal with heavy rainfall events.
24. The population of Surrey is forecast to increase in the coming years and this could in turn increase the total number of people in the county at risk of flooding. The Surrey Infrastructure Study, published in January 2016, indicates that a further 47,053 dwellings are expected to be built in the county between 2015 and 2030 with an associated population increase of 60,991 people (an increase of 5%). The need for investment in flood alleviation schemes is therefore increasing, not only to reduce flood risk to existing communities, but to also provide for an increasing population and the associated dwellings that will be required.
25. The county council does not currently have any capital schemes in development for the areas that stand to benefit from the RTS. Should the scheme not be taken forward, current SCC funding for future flood alleviation work will be placed under further pressure as a result of needing to cover a wider area.
26. The council does not currently have a sustainable budget. The RTS is the highest priority flood scheme in the county and supporting its delivery is important to SCC. The council is committed to doing everything it reasonably can to make a significant contribution to the cost of the scheme. However, its ability to do this is prevented by the financial impact of other demands on its services and restrictions on its sources of funding.
27. Many options for bridging the funding gap of the RTS have been considered. A specially convened funding group, Chaired by Leader of SCC David Hodge, has assessed numerous options for generating additional funding for the scheme. This has included:
 - Maximising the contributions from organisations that stand to benefit from the RTS
 - De-scoping or deferring parts of the scheme to reduce cost and potentially alter the partnership funding score
 - Working with the Government to generate additional local contributions which are matched or leveraged by additional Government funding

28. However, these have either not raised sufficient funding commitments or gathered enough support to be viable options at this stage.

Potential new sources of funding

29. When it approved Surrey's flood strategy in April 2017, Cabinet made a recommendation that officers consider options for additional sources of funding for flood alleviation work across the county. This work has identified two possible options:

- Introducing a flooding element to the current Council Tax precept
- Creating a new approval authority to raise funds through a levy, such as a Surrey-wide Internal Drainage Board

30. Approximately £3.1m - £9.3m p/a could be raised for flood alleviation work by applying an increase of 0.5% - 1.5% to Council tax (based on Council tax income for 2016/17) via one of the methods above. In cost terms a 1.5% increase would represent an additional annual cost of £19.02 (equivalent to approximately £0.36 per week) for a band D property across Surrey..

Precept

31. Additional funding could be raised by applying a percentage increase to council tax. However the Local Government Finance Act 1992 (as amended by the Localism Act 2011) requires a council proposing an increase in council tax in excess of a limit set annually by the government to hold a referendum. Historically this trigger has been set by the Secretary of State for Communities and Local Government at 2%.
32. In response to extensive lobbying from local authorities who argued the current precept was not sufficient to address the rising costs associated with adult social care, in 2016 the Secretary of State granted councils with adult social care responsibilities the ability to apply an additional 6% increase to the council tax precept across 2016-19, with a maximum increase of 3% in any one year, without affecting the referendum threshold.
33. Therefore, councils were effectively empowered to raise a total precept of up to 5% without triggering a referendum, as long as it could be proven that the additional 3% was to be spent on adult social care responsibilities.
34. The Secretary of State could apply a similar approach to empower councils to place an additional percentage on the council tax precept to cover the rising costs of flood alleviation work without triggering a referendum. SCC could ask the Secretary of State to consider this.

Levy

35. A further option to be considered is the introduction of a levy. This would take the form of an additional charge to residents and would be considered as part of their overall council tax bill. It would not be specifically itemised, unlike a flood alleviation element to the council tax precept.

36. A new approval authority would need to be established if SCC wished to introduce a levy because it does not currently have levy-setting powers. This would require the enactment of primary legislation in Parliament.
37. One form the approval authority could take is that of an Internal Drainage Board (IDB). IDBs are public bodies that manage water levels in areas where there is a special need for drainage. IDBs undertake works to reduce flood risk to people and property in their area (known as an 'Internal Drainage District' or 'IDD'). A small section of Tandridge District is part of the Upper Medway IDD.
38. IDBs are funded by the local beneficiaries of the flood risk management work carried out. In the case of individual residents, the IDB applies a special levy to the relevant district or borough council, which is paid for through council tax. Land occupiers, such as farmers or estate managers, are directly charged a drainage rate by the IDB.
39. The functions of an IDB would largely mirror those already performed by SCC in its capacity as LLFA – i.e. activities to manage flood risk including building flood alleviation schemes and the permissive power to maintain ordinary watercourses. In which case SCC could be challenged as to why an IDB would be necessary if it is duplicating current work. SCC could also potentially be asked to handover its current flood alleviation programmes to the IDB.
40. Theoretically, SCC could establish a Surrey-wide IDB. The IDB would be likely to charge a levy to the beneficiaries of the flood risk management work it undertook. This however would not likely generate a significant amount of income because it would only be the areas that benefitted from flood risk management work that would pay a levy, as the levy could not be applied to the 174 communities at risk of flooding in Surrey.
41. A further issue with IDBs is that they cannot carry out works associated with main rivers. Given that a key motivation for raising additional funding for flood alleviation work in Surrey is to help meet the funding gap for the RTS – a main river scheme – an additional, separate solution would have to be found to resolve this problem.
42. Most significantly, there is at present no legal basis to create a new IDB. Most existing IDBs were established following the passing of the Land Drainage Act (1930) and have been in place ever since. Therefore, establishing a new one would be a largely untested and potentially challenging process.
43. As IDB levies applied to non-large land occupiers are paid for from council tax, an equivalent increase in council tax would be required to pay a levy. This would contribute towards the council tax precept and if it resulted in a total increase of 2% or more would trigger a referendum.
44. The requirement to enact primary legislation to set up such an approval authority could prove a lengthy process, requiring several years to enact through primary legislation. And although the Secretary of State could in theory give SCC permission to set up an approval authority, there is still a strong possibility that Central Government would ask for a referendum to be held in order to seek the approval of residents.

45. Support for a new approval body would also have to be given by Surrey's districts and boroughs in their capacity as council tax collection authorities. Some may be hesitant to do so if they do not regard managing flood risk as a strategic priority.
46. Finally, there is the issue surrounding the fact that SCC already pays a levy to the TRFCC for flood alleviation work. Therefore if this option were to be implemented, Surrey residents would effectively be paying two levies for a similar purpose.
47. Somerset County Council are currently trying to obtain levy-setting powers for the Somerset Rivers Authority (SRA) following the floods of 2015. Should Surrey wish to pursue the approval authority option it would likely take a similar form to the SRA. (Further information can be viewed in **Annexe D**).

Amount of funding required

48. Surrey's requested contribution to meeting the RTS funding gap is provisional although likely to be in the order of £100m. This makes it difficult to assess how much funding would be required in total to meet the overall gap for all necessary flood risk management projects across the county. Therefore a decision on how much income would need to be generated would have to be taken by Cabinet at a later stage.
49. However as an initial indication, a council tax increase of at least 1% would be required in order to make the proposals viable. This would generate income of approximately £6.4m per annum to be allocated in some proportion between the RTS and wider flood alleviation projects across Surrey.

Viability and Risks

50. The introduction of any kind of levy/precept (be it through a new precepting authority, an IDB or otherwise) or council tax increase to raise additional funding for flood alleviation work could result in a referendum. This is because any form of additional charge on residents would be legally considered part of the annual council tax increase threshold of 2%. Because of this, at the present time there is no mechanism through which councils can raise additional funding that would not be considered part of this threshold. There is a single exception to this and it is the adult social care precept which has its own, separate limit of 3%.
51. The Secretary of State has the power to set and amend the limit by which councils can increase council tax. Therefore the only way any form of increase to council tax to fund flood alleviation work would not trigger a referendum would be for the Secretary of State to remove the current threshold of 2%, increase it, or give councils permission to introduce a separate precept element for the purpose of flooding similar to that for adult social care.
52. It can be stated with confidence that implementing a Surrey-wide IDB is not a viable option. Not only is there no legal basis for doing so, but the fact that it would only have the power to apply a levy to beneficiaries of its work as opposed to all Surrey residents would mean the potential income it could generate would be limited. This income would also not be controlled by SCC but by the IDB itself as it would have an independent status. Furthermore, its

inability to fund work to main rivers would not address the funding gap for the RTS.

53. The process through which a levy/precept or council tax increase could be implemented would likely be lengthy, costly and without guarantee of success. As stated, Secretary of State approval would be required for most approaches, and at the current time and with the county council's existing forecast council tax increases a referendum could be required for all approaches. Somerset County Council first took the decision to introduce a flooding precept in 2015 but as of September 2017 are yet to implement it owing to how long it takes to get the associated primary legislation approved. This would have to take place via a Private Member Bill in Parliament and again, is not guaranteed to succeed as a minority of these Bills become law as a result of the minimal parliamentary time given to them. Furthermore, there may simply not be appetite for Government to consider this in light of other national priorities.

Conclusion

54. There is a clear need for additional sources of funding for flood alleviation work in Surrey. If the current level of funding were to remain the same, or even reduce, SCC's ability to perform its LLFA duties would be severely restricted and the mitigation that could be put in place to manage the impact of a flood event of similar scale to that of 2013/14 would be very limited.
55. In particular, if additional funding is not found then it is likely that the RTS scheme will be not be taken forward in its current form owing to the substantial funding gap. This would have negative consequences for Surrey, given the significant reduction in flood risk the scheme is designed to provide.
56. The funding options analysed in this report all contain an element of risk. It is therefore suggested that at this stage, SCC writes to the Chancellor of the Exchequer, Secretary of State for Department of Communities & Local Government and Secretary of State for Department of Environment, Food & Rural Affairs stating that the current funding formula for flood alleviation schemes, whereby unachievable funding gaps must be met by local contributions, is not sustainable and must change if both the River Thames Scheme and other flood alleviation schemes are to be realised. Depending on the response to this statement, other options including those discussed in this report may be considered.

RISK MANAGEMENT AND IMPLICATIONS:

57. Financial risks:
- Public may oppose cost of holding a referendum
58. Non-financial risks:
- Reputational – public may strongly oppose any increase to council tax
 - Reputational – should flooding occur without the County moving to address the funding situation the County would attract criticism from the public.
 - Length of time to implement – implementation of a levy or precept could be challenging and take a number of years to complete

Financial and Value for Money Implications

59. Current funding sources are insufficient to address the need for flood alleviation projects in Surrey. A combined revenue and capital budget of approximately £5,400,000 per annum to maintain existing assets and carry out flood resilience work for 174 communities at risk of flooding does not enable the council to adequately mitigate against future flood events. Additional funding would enable the council to better support the many communities at increasing risk of flooding across the county.

Section 151 Officer Commentary

60. The council is facing a very serious financial situation whereby there are still substantial actions required to achieve a balanced budget in the current year and a sustainable budget plan for future years. The council's Medium Term Financial plan already allows for a contribution of £2.5m to the River Thames Scheme across 2016-2020. Any additional contribution would worsen the council's financial position, requiring additional funding, compensating savings or service reductions to be identified.

Legal Implications – Monitoring Officer

61. The Flood and Water Management Act 2010 designates SCC as lead local flood authority for the county. This requires the council to prepare a county-wide strategy and establish objectives for managing local flood risk. It does not give the council particular responsibilities for funding main river schemes. In the absence of a different approach to funding or a change in the council tax referendum threshold, if the council is not able to fund a capital scheme within the constrained budget available any solution is likely to be dependent on successfully holding a referendum.

Equalities and Diversity

62. An Equality Impact Assessment (EIA) has not been completed because this proposal relates to a policy (council tax) that is proportionately applied to all residents of Surrey.
63. An EIA for Surrey's Local Flood Risk Management Strategy was approved with the Strategy itself in April 2017 and is available to view publicly [online](#).

Public Health Implications:

64. Significant risk if flooding continues as was evident in 2013/14 and subsequent events.

WHAT HAPPENS NEXT:

65. If agreed, the Leader of the council will write to the Chancellor of the Exchequer, Secretary of State for Department of Communities & Local Government and Secretary of State for Department of Environment, Food & Rural Affairs stating that the current funding model applied to the RTS is not appropriate and that Government should meet the funding gap for the scheme. If this is not agreed by the Government the council will take out a loan to cover its contribution to the RTS and ask that Government funds the costs of this borrowing. Should this not be agreed by Government either, the council will consider implementing the alternative options analysed in this report.

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Consulted:

River Thames Scheme funding group

Annexes:

Annexe A – Mapping of communities at risk of flooding in Surrey
Annexe B – Thames Regional Flood and Coastal Committee overview
Annexe C – RTS Funding Contribution Breakdown
Annexe D – Somerset Rivers Authority overview

Sources/background papers:

None.

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