ANNEX 3

TRANSPORT AND ENVIRONMENT CABINET MEMBER MEETING: FRIDAY 25th JANUARY 2013.

SUBJECT: ESTABLISHING A SUSTAINABLE URBAN DRAINAGE APPROVING BODY (SAB)

SUMMARY OF ISSUE:

Under the 2010 Flood and Water Management Act (FWMA) the County has a range of responsibilities in flood management. A substantial duty is to set up a SAB to approve, adopt and maintain new drainage systems. Although the commencement date has not yet been announced, the County Council needs to position itself so that it can put in place at six months notice a fully operational Sustainable Urban Drainage (SuDS) Approving Body (SAB). This paper proposes a way forward which involves partnership working with the Boroughs and Districts to create a flexible body which can grow as the work builds up in future years.

RECOMMENDATION:

It is recommended that:

- 1. The role of Flood and Water Services Manager is advertised, as agreed by DMT on 12 December 2012, to lead future development of the SAB in Surrey.
- 2. The above commences the establishment of the SAB, based on Phase1 and/or Phase 2 of Option C (or a hybrid of other options) detailed in the annexes to this report, which provides the flexibility to adapt to changed circumstances and demands, through negotiations with Guildford, Runnymede and Reigate and Banstead Borough Councils.

REASON FOR RECOMMENDATIONS:

- 1. The two year appointment will initially assist with the Council's responsibilities to implement a SAB and be funded from an existing DEFRA grant supporting FWM development in Surrey prior to the start of anticipated fee recovery.
- 2. The County is best placed to provide an overview of SuDS management, whilst working in partnership to maximise use of the existing resources within the Boroughs and Districts. Option C also has the potential to deliver a new income stream and allows for decision making at the appropriate level.

DETAILS:

Under the FWMA Surrey County Council became a Lead Local Flood Authority (LLFA) with new responsibilities, including setting up a SAB. The new SAB is required to approve SuDS drainage systems on new and redeveloped sites prior to construction commencing. Water and sewerage companies, the Environment Agency, British Waterways, Internal Drainage Boards and the Highways Authority are all statutory consultees to the SAB. If the proposed drainage systems meet National Standards the SAB will then be required to adopt and subsequently maintain them if they serve more than one property. The SAB will also include any key components on the Section 21 Asset Register of structures and features that reduce the risk of flooding.

The five options for setting up the SAB are described below with advantages and disadvantages summarised in Annex 3:

A) SE7 wide set up

The establishing of a South East centre of excellence based upon the SE7 authorities. This could provide approval on a range of scale and complexity of SUDs applications, but it has not been considered a practical option by the SE7 Drainage Group. This is because whilst it may have potential economies of scale the complexity of reaching agreement across several districts and counties coupled with the uncertainty of the scope and commencement date makes this unmanageable in the timeframe. In addition, a centrally controlled body, making decisions on potentially very minor matters, would be contrary to the policy of localism. The five counties have, therefore, agreed to arrange their own SAB operations initially, with four pursuing partnering arrangements with their districts.

B) Surrey CC in house set up

This option would require the setting up of a new division of up to 60 plus fte equivalent professional engineers, lawyers, and administrative officers. The County would run the approval process, including those relating to the many thousands of minor developments which currently remain with the districts and Boroughs in terms of planning and building control regulations. The one major advantage is that SCC would retain overall control of the SAB set up. However it suffers from two major drawbacks. Firstly, the lack of existing resource within SCC and the short timeframe means it is impractical to either retrain or recruit knowledgeable staff. Secondly, it is estimated that 60+ new staff will be required which is incongruous with the present political situation. It also shares the same disadvantage as Option A, in that it does not assist in the delivery of localism.

C) Partnership working with districts and boroughs

This would involve a phased method of implementation depending on the scale and timing of implementation of SAB duties. It could commence with a County centre of excellence delivering approvals on the major applications (on the understanding that it might be only those that come in first). This would then cascade down to three/four area wide bodies that would take over the major applications as numbers grew. The much more substantial numbers of minor approvals would be delegated, through negotiation with the 11 Boroughs/Districts Building Control services. This is the recommended option, in accordance with DMT's decision from their 12 December 2012 meeting. It minimises recruitment for SCC and maximises the use of existing

skills and local knowledge already within the districts. And subject to negotiations with the districts, this may also prove the best financial option in the long term. The most appropriate partners to help manage the large and medium sized sites are Guildford, Runnymede and Reigate & Banstead Borough Councils. The small sites would then be delivered through the Building Inspector teams in each of the 11 Boroughs and Districts. Detailed information on current resources and capacity is included in Annex 1

D) Full partnership delivery through districts and boroughs

This is similar to Option C but without benefit of the strategic outlook and overall control of the SAB within SCC. Depending on negotiations with the districts, this could deliver the most advantageous financial option to SCC. However, if the strategic direction and overall control is lost, the long term costs of future maintenance liabilities may prove far more expensive. This would negate any direct income potential that might arise through the SAB itself.

E) Contractor/Consultant

Whilst this option has the benefit of no recruitment issues it suffers from a huge cost disadvantage and the potential loss of control.

Implementation and timing

The decision making process on the set up is being made difficult by the lack of any clear information from DEFRA on both the final requirements and the actual commencement date. Following recent presentations by DEFRA and the Environment Agency it is, however, now unofficially suggested that the proposed start date for SAB may be April 2014. This paper therefore recommends that a phased introduction should be considered which utilises existing drainage expertise within some of the boroughs and retains central County control for wide FWMA reasons. It also enables the potential for income generation, subject to negotiated fees with the Districts whilst providing flexibility to deal with whatever DEFRA finally announces. **Annex 4** sets out the advantages and disadvantages of a phased introduction.

Costs

In the short term, DEFRA is providing annual funding of £592,000 to the County (which is not ring-fenced) for the implementation of the Flood and Water Management Act responsibilities until at least 2015. Approximately £60,000 p.a. (subject to Hay Panel review of Job Profile) of these monies is provisionally set aside to fund the Flood and Water Services Manager role, including development of the SAB, during that period. By 2015, it is anticipated that the fee income from the approving of SUDs schemes will start to deliver a steadily growing revenue stream that can take over the funding of this position, and indeed other posts that will be required by that time.

At their meeting on 12 December 2012 DMT, therefore, authorised recruitment to the new post, initially for a two year period, with the expectation that it will be confirmed as a permanent post once the anticipated revenue funding is better understood and developed.

Cost projections for the three main options are shown **in Annex 2**. It is emphasised that these financial projections should be viewed with caution as they are based on

DEFRA's consultation documents and recent planning application numbers received by the Boroughs and may, therefore, be subject to change. In addition, the economic climate may substantially affect development activity and the possibility of a phased introduction by DEFRA could affect the costings. The options are shown in the attached paper ranked in the event of phased introductions and also on an overall basis. In general terms the full SAB operation could produce an annual income of approximately £5.3 million with expenditure of around £3.3 million. This does not take into account the future maintenance costs of approved SUDS which DEFRA has indicated it will fund for the first three years (this is likely to be minimal). There is no indication on maintenance cost recovery in future years, other than the potential to charge Commuted payments through the approval process.

Recommendations

In view of the uncertainty surrounding the SAB commencement date and the relatively small difference in the cost projections, it is recommended that Option C be implemented as set out in the attached paper. It may be that a hybrid of Option C might eventually be introduced if this is deemed to be more appropriate. Option C is recommended on the understanding that future maintenance costs could easily offset any of the marginal differences between the income generation potential of the options modelled. The other SCC FWMA roles that need to be accounted for could deliver further economies of scale through Option C, and this is set out in Annex 5. It is, therefore, recommended that:

- 1. The role of Flood and Water Services Manager is advertised, as agreed by DMT on 12 December 2012, to lead future development of the SAB in Surrey.
- 2. The above commences the establishment of the SAB, based on Phase1 and/or Phase 2 of Option C (or a hybrid of other options) detailed in the annexes to this report, which provides the flexibility to adapt to changed circumstances and demands, through negotiations with Guildford, Runnymede and Reigate and Banstead Borough Councils.

CONSULTATION:

- The Director of Environment and Infrastructure, and Directorate Management Team
- Asset Planning Group Manager
- Transport Development Planning Group Manager
- Transport Development Planning Manager (West)
- Temporary SAB Manager(s)
- Directorate Finance Team
- Legal Services
- Borough and District Planning Managers and Building Control Officers.

RISK MANAGEMENT AND IMPLICATIONS:

- The SAB implementation date is not April 2014, as currently suggested, but is either brought forward or again delayed. The proposed Option C seeks to provide the flexibility necessary to respond to the still unknown SAB implementation timetable which DEFRA will determine.
- 2. The SAB is either phased in or confirmed as full implementation from a particular date. The proposed Option C seeks to provide the flexibility necessary to respond to the still unknown SAB implementation proposals which DEFRA will determine.
- 3. The Flood and Water Services Manager will initially be employed to focus on negotiating future partnership working and financial arrangements for the SAB but the role will also involve broader input to FWM issues managed within the Asset Planning Group. Clearly there are strong and ongoing links to the planning process and partnership management that will require close liaison and working with Transport Development Planning Group as well as District and Borough Councils.

Financial and Value for Money Implications

- 1. The Departmental Finance Team has been involved in developing and testing the financial models shown in the appendices to this report. The income levels shown are based on 2012 information and include assumptions on planning application levels that may generate the need for SAB approvals in each of the Boroughs and Districts.
- 2. The "base line" intention is that the SAB function is at least cost neutral although the initial financial models suggest there might be income potential for the County, dependent upon fees payable to potential Borough and District partners who will potentially deliver elements of the response.
- 3. The future revenue and capital maintenance liability of SAB for the Council is subject to the number and type of SUDS likely to be approved and adopted as 'Highway Maintainable'. Likely costs will be calculated based on Lifecycle Plans and any associated Commuted Sums negotiated as the proposals develop and adoptions begin. In the medium to long term it is likely these costs, for maintenance, access, traffic management etc. will be significant.

WHAT HAPPENS NEXT:

- 1. The Flood and Water Services Manager Job Profile will be reviewed by the Hay Panel on 30 January 2013, prior to advertisement.
- 2. The appointed Flood and Water Services Manager will lead on developing the partnership working and financial arrangements with Districts and Boroughs, working with colleagues in both the Asset Planning and Transport Development Planning Groups. This work will enable the Council to respond positively when DEFRA confirm the SAB start date and any phased or immediate implementation arrangements.

3. Working with colleagues, including Transport Development Planning Group, The Asset Planning Group Manager will report to the Assistant Director, Highways with options to respond to the Council's varied and ever increasing FWM Act and Lead Local Flood Authority responsibilities.

Contact Officer:

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Annexes:

Comparison Financial Models for setting up a SuDS Approving Body (SAB) in Surrey

Local Authority matrix of information (Recommended Area offices shown in grey)

Postholder's number of years experience (local knowledge)	Mole Valley	Regigate and Banstead	Tand- ridge	Epsom & Ewell	Runny- mede	Surrey Heath	Elm- bridge	Spel- thorne	Guildford	Woking	Waverley
Portfolio Member		12			3			10			
Relevant Director	4	-		25	16			6			
Head of Service	4	0		7	12	7		6			
Planning Manager	34	2		3	0	1		25		5	
Building Control Manager	40	3	40	25	23	4		9		15	
Drainage Officer(s)		11			25+	14		N/A	40+	10	
Public Space Maintenance Officer(s)	3?	8						10		10	
Question	MVDC	RBBC	TDC	EEBC	RBC	SHBC	EBC	Spel	GBC	WBC	Wav
Annual total number of planning applications	1,800	2,000	1,500	950	1,250	1,000+	2,100	820	2,200	1,500	2,200
Annual total number of building control applications/notices	950	500 Full 250 App In 600 Notice	940	717	750	726	1,600	641	1,150	800	1,100 (LA) 250 (AI)
უWhat Planning software do you use	APAS	Civica	MIS Headway	Uniform	Northgate	Acolaid	Northgate M3	CAPS	ldox Acolaid	CAPS	Northgate iLap
Does your authority suffer from serious flooding events? If yes, approximately how many properties are affected internally?	No	Yes 5 since July 2000	No	No 1	Yes 7,000	Yes 250+	No	Yes	Yes 11 in Ash 2006 & garage in Pirbright	Yes but not recently	Not recently but 1,838 at risk
Is it a political priority for Members?	Yes	Yes	No	No	Yes	Yes	No	Yes	Yes	Yes	No
Do you have an annual revenue drainage budget? If yes, how much?	No	Yes £15,400		No	Yes £43,000	Yes £67,470	No	Yes £5,500	Yes £122,000	Yes £5,000	Yes £30,000
Does the authority commit capital expenditure on an ad hoc basis? If yes, when and how much in last 5 years?	No	Yes £6,000/yr		No	Yes Inc above	Some	No	Yes £80,000 over 5yr	Yes £350,000 Ash Green £225,000 Pirbright	Yes Hoe Valley	Yes £70,000 over 5yr
Do you have Land Drainage Byelaws? If yes, when were they introduced?	No	Yes 2001	No	No	Yes 1984	No	No	No	No	No	No
Is there any Sustainable Drainage knowledge / experience within the authority?	Yes Building Control	Yes 1	No	No Limited	Yes 4	Yes	No	No Minimal	Yes	Yes 1 GMcM	Yes
Do you have any engineers or any officers who use MicroDrainage Windes or AutoCAD	No	Yes 1 Source Control 2 CAD	No	No	Yes 4	Yes Basic CAD	No	No	Yes	No	No

Large appli	cations - sites	with greater th	nan 10 propertie	es		
Medium ap	plications - sit	es with 2-10 p	roperties			
	cations - sites	·				
	C) Recomme	nded partne	rship working	with districts 8	k borou	ghs
	Income	Exp In house		Net		Differen
Estimated	£340,240	£190,820	£21,823	£127,597	1	
Estimated	£452,052	£492,891	£49,102	-£89,941	2	-£180,2
Estimated	£4,498,063	£0	£2,625,366	£1,872,698	2	-£11,8
Totals	£5,290,355	£683,710	£2,696,291	£1,910,354	3	-£122,6
	D) Full partr	ershin delive	ery through di	stricts & borou	ghs	
	Income	Exp In house		Net	Rank	
Estimated	£340,240	£29,993		£99,982	3	-£27,6
Estimated	£452,052			£90,294	1	127,0
Estimated	£4,498,063			£1,842,705	3	-£41,8
Totals	£5,290,355	£89,980		£2,032,981	1	
Totals	13,230,333	103,300	13,107,333	12,032,301		
	B) Surrey CC	full in house	delivery			
	Income	Exp In house	Exp partner	Net	Rank	
Estimated	£340,240	£212,841	£0	£127,399	2	-£1
Estimated	£452,052	£542,355	£0	-£90,303	3	-£180,5
Estimated	£4,498,063	£2,613,509	£0	£1,884,554	1	
Totals	£5,290,355	£3,368,705	£0	£1,921,650	2	-£111,3
Secondmen	ts from Districts	3				
Hourly rates	are likely to be c	omparable with	SCC			
Use of Cons						
Hourly rates	are likely to be d	ouble SCC/distr	ricts			
Summary						
C) is likely	to be the best	financial option	on for red sites			
			on for orange si	tes		
		·	on for green site			
	to be the best		-			
The signific	cant financial d	ifference is in	the delivery of	orange sites whe	ro tho di	ictricts

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Advantages and Disadvantages of High Level Options

Advantages	Disadvantages					
	-					
Potential economies of scale Surrey County Council in house set up	 Complexity of agreements with so many counties and districts Complexity of IT compatibility Dissimilarities of areas Less likely to have local knowledge Geographical issues of increased travelling time 					
Maximises control of SAB operation	 No expertise/capacity within existing staff Recruitment of 66 new staff Training of new staff Long implementation timeframe Minimal local knowledge Geographical issues of increased travelling time 					
Partnership working with districts and boroughs						
 Establishes strong and uniform area based links with each planning authority Retains a good degree of local knowledge and expertise Minimises travelling time Shorter implementation timeframe 	 Subject to mutual agreement of fees Possible software compatibility issues 					
Full Partnership Delivery through districts and boroughs						
 Minimises staffing levels for SCC Establishes strong and uniform area based links with each planning authority Retains a good degree of local knowledge and expertise Minimises travelling time 	 Relinquishes substantial control of SAB operation Subject to mutual agreement of fees Requires more agreements with partners Likely to have more software compatibility issues Longer implementation timeframe 					
Co	Contractor					
 Minimises staffing levels for SCC Short implementation timeframe 	 Highest cost option for Surrey CC Relinquishes substantial control of SAB operation 					

One central body

Advantages

- Developers deal with one body
- Uniform process and consistency
- More suited to large scale, small volume applications for expert knowledge and economy
- Only requires minimum negotiation and agreement with partner
- One software system
- Shortest implementation timeframe

Disadvantages

- Less likely to have local knowledge
- Geographical issues of increased travelling time
- Less suitable for medium and small scale applications
- Requires high drainage expertise and local knowledge as well as flexibility to deal with large volumes

Eleven district/borough bodies

- Establishes strong and uniform area based links with each planning authority
- Maximises local knowledge and expertise
- Minimises travelling time
- Excellent for small scale, large volume applications
- Suited to Building Inspectors existing knowledge and duties
- Uneconomical for large scale, small volume applications
- Requires maximum number of agreements with partners
- Likely to have more software compatibility issues
- Longest implementation timeframe

Three area wide bodies

- More suited to medium scale, medium volume applications
- Retains a good degree of local knowledge and expertise
- Reasonable travelling distances

East Area - **Reigate & Banstead,** Tandridge, Mole Valley, Epsom & Ewell

North Area – **Runnymede,** Elmbridge, Spelthorne, Surrey Heath

South Area - **Guildford,** Waverley, Woking

- Not best suited for either large scale or small scale applications
- More complex negotiations and agreements required with partners
- May have a software compatibility issue
- More suited to those districts who already have drainage engineers looking at planning applications

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Integration of Lead Local Flood Authority Roles

SUMMARY OF CURRENT ROLES

The Flood & Water Management Act, which is being enacted in stages, identified Surrey County Council (SCC) as a Lead Local Flood Authority (LLFA) with the following duties;

- to establish and monitor a Flood Risk Management Strategy
- to cooperate with the other Risk Management Authorities e.g. Environment Agency (EA), sewerage undertakers, district and borough councils
- to maintain a register of local structures and features (s21) that affect flood risk
- to investigate and report on significant flooding issues
- to set up a Sustainable Drainage Approving Body (SAB) to approve, adopt and maintain new drainage systems
- also on 6th April 2012, the responsibility for issuing and enforcing consents on ordinary watercourses transferred from the EA to SCC

CONSENTING

The chargeable fee for these applications is only £50. Likely number of applications is around 50 per year and may be as low as 10 in some years. Requires drainage expertise to review any proposal and previous local knowledge will reduce assessment time. SCC also required to record and register consents and unlikely to cover expenditure costs from the fee income available. Bava Sathan is currently undertaking this role on secondment until January 2013. Recently set up and running from Merrow within Asset Planning Group.

SUDS APPROVING BODY

Possible phased introduction starting with larger sites from April 2013 (DEFRA recently confirmed October date is not happening). The fee income from these applications is dependent on size and complexity. Broadly speaking the expenditure costs are likely to match the fee income for the larger sites. However, the balance point will be met once the smaller sites are phased in and may indeed generate a large income.

David Sowe currently undertaking this project until the end of December 2012. Partnership working with districts/boroughs probably the best option. Will require a SAB manager to oversee this role and ensure fit with other SCC departments/sections.

MAINTENANCE OF SUDS

Once approved and adopted, the SAB is responsible for maintaining the SuDS. Those features in or alongside the public highway would sit within Highways. but the upkeep of swales and ponds etc. may sit more comfortably elsewhere, subject to funding and contract arrangements. Maintenance costs will only be covered by government grant for the first 3 years but it is anticipated that costs will be negligible in these early years.

ENFORCEMENT

Major decision required on this element. SCC could undertake this activity by purely looking at "legal solutions" and pursuing transgressors through the courts. This has major disadvantages in a) the time taken is lengthy and flooding will continue regardless b) no guarantee that any money spent on remedial works will be recovered c) negative publicity will damage SCC image, especially in the light of being the LLFA. Recommend legal action should only be taken if all else fails. Capacity issue within existing legal team.

REGISTER OF LOCAL STRUCTURES AND FEATURES

Statutory duty to maintain this register. Basic element in reducing risk of flooding by identifying key structures and ensuring properly maintained. Will incur initial costs in setting up register but minimal costs thereafter as riparian owners' responsibility.

Currently being undertaken by Asset Planning Group.

DESIGNATING POWERS

This can be viewed as a "nice to have feature" but not essential. Suggest this is not a priority at present, as it will consume resources. Private landowners are likely to resist designations and take to appeal. Better to educate and work in partnership with riparian owners. Requires sound drainage expertise and local knowledge. Creating and using new Surrey wide Land Drainage Byelaws is probably a more effective restraint.

INVESTIGATE AND REPORT ON SIGNIFICANT FLOODING ISSUES

Somewhat difficult to predict but could prove very difficult to manage following major flooding in many areas. The residents/businesses affected will demand action. Need to establish a clear "priority" on which problems will be investigated first and indeed what will not. Requires sound drainage expertise and local knowledge.

Currently being covered by secondments within Operations Group at Merrow.

LAND DRAINAGE BYELAWS

Recommend that SCC try and introduce common byelaws across the County in order to a) simplify enforcement and b) increase public awareness. Should be relatively easy if SCC follow DEFRA model and the existing byelaws in Reigate & Banstead BC and Runnymede BC do not conflict. Costs of advertising required.

WATER FRAMEWORK DIRECTIVE

Water quality, ecology and amenity issues will need to be considered for consenting, enforcement and SAB roles. The suggested time frame for initial environment assessment of all ordinary watercourses (by December) with EA assistance/guidance is very challenging. Is there capacity for this to be delivered through the Environment team?

National Planning Policy Framework

Under the FWMA 2010, SCC as the LLFA also has a flood risk management function and includes using statutory or other powers to permit, require, restrict or prevent activities. Government has recently replaced a whole suite of planning documents including PPS25 (Development and Flood Risk) and they have been replaced by the National Planning Policy Framework (NPPF) and its Technical Guidance. Under the NPPF, local planning authorities should seek advice from LLFA to support their Strategic Flood Risk Assessment and develop policies to manage flood risk. That duty is under the risk management duty as provided by FWMA and reinforced by NPPF. There is currently no technical expertise within SCC to deliver that duty; if consulted by local planning authorities, SCC as LLFA may have to provide advice and exercise its flood risk management function.

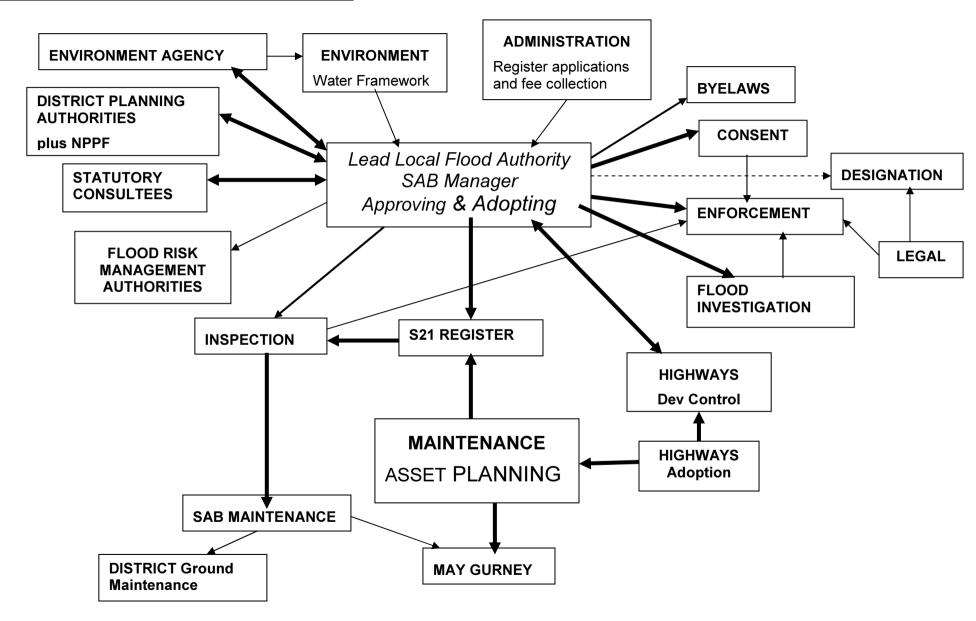
OVERALL FLOOD RISK MANAGEMENT AND LLFA STRATEGY

Recommend that SCC establish a short term plan of investing in order to save in the longer term. The initial up front prevention costs will in the end be significantly less than on-going costly reactive work every time flooding occurs. First of all identify flood risk areas and main causes of flooding. Establish register of local structures and any crucial ordinary watercourses. Commence public awareness campaign in these higher risk areas. Set up inspection schedules and maintenance regimes where necessary. Set aside maintenance budget for quick wins, i.e. reduce risk to large number of houses at small cost. All this would involve recruiting/training/partnership working of drainage engineers. This results in a proactive way of reducing the risk of flooding. It advises and

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works with private landowners. It reduces the need for costly legal action and at the same time demonstrates that SCC is acting as a LLFA.

SCC is currently in danger of adopting a piecemeal strategy by treating each of the above roles independently. This is no doubt a result of the uncertainty surrounding implementation dates of the various enactments of the FWMA. A strategic look at the final end game is required at this stage. The SAB will be a key link to all roles and it is vital that a manager understands and can drive progress in all roles and recognises the fit with relevant SCC sections and borough/districts (see attached diagram).



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