

Response to the Report of the Auditor General for Wales on Coastal Flood and Erosion Risk Management in Wales

We welcome the findings of the report and offer the following response to the 5 recommendations contained within it.

Recommendation 1 - Accepted

The Welsh Government has made slower progress than it had planned to address some of the recommendations of previous reviews and actions outlined in the National Strategy. Many of these outstanding actions have since been reflected in the Wales Coastal Flooding Review (2014) and Wales Coastal Review Delivery Plan (2015). In refreshing its National Strategy in 2017/18, the Welsh Government should:

- a) *Evaluate its progress against the recommendations of previous reviews and update the Wales Coastal Review Delivery Plan to address any residual issues. The plan should set realistic targets and timescales to implement solutions.*

The National Strategy for Flood and Coastal Erosion Risk Management in Wales review in 2017/18 will update progress on the objectives currently listed and where appropriate refresh and update them. This will provide a timely opportunity to review outstanding and ongoing objectives, sign off completed ones and consider new ones.

It is worth noting that Welsh Government has undertaken work additional to the National Strategy objectives since its publication. This includes setting up the new £150m Coastal Risk Management Programme and managing the response to four major flood events. Whilst we do plan for such events, there is inevitably additional reactive work associated with it, including emergency funding. The Wales Coastal Review and its Delivery Plan are examples of work and actions borne out of the widespread flooding of 2013/14.

The Coastal Review Delivery Plan will be published later this year outlining how Welsh Government and Welsh Risk Management Authorities have responded to its recommendations. Natural Resources Wales, Local Authorities and other risk management authorities have worked hard over the past two years in addressing the recommendations and reports have been completed addressing the key themes. The outcomes of the reports will be considered for new objectives within the National Strategy review. The Coastal Review contained some recommendations which, by their nature, are ongoing requirements or matters where continuous improvements are always sought, for example on long-range forecasts, improving the accuracy of coastal forecasting and continuing to improve risk mapping. Such ongoing recommendations can also be considered in reviewing the National Strategy.

As with the current strategy, the objectives within the revised National Strategy will provide a timescale for completion and the organisation responsible for delivery of each recommendation.

All recommendations within the previous Wales Audit Office Report “Coastal Erosion and Tidal Flooding Risks in Wales 2009” are now complete and were signed off by August 2015.

Timescale: April 2018 once National Strategy review is complete

b) Develop a strategy to identify long-term funding for coastal protection including funding from across government departments and external bodies, and particularly to deliver multiple benefits. The Welsh Government should work with partners to learn from the partnership funding model in England to understand how councils have been able to attract external funding (paragraphs 2.25-2.31).

The Coastal Risk Management Programme (CRMP) demonstrates a strategic approach by Welsh Government, working with local authorities, to identifying alternate ways of funding coastal schemes and to work over longer time frames both in terms of programming and funding. This is one of a number of programmes where Welsh Government strategy is to making use of low interest rates and available borrowing powers to fund capital investment with repayment over the long term from revenue streams. The scheme aims to deliver an investment of £150 million, capital value, of coastal schemes across Wales with construction over a three-year time-frame starting from April 2021.

Welsh Government is already supporting local authorities in identifying and developing potential schemes. The Programme has identified the need for local authorities to consider the potential delivery of multiple benefits within project business cases. This is also reflected in the composition of the programme board with links made across government departments including regeneration, tourism and transport.

Financial contributions/partnership funding is already encouraged and welcomed in the flood and coastal risk management programmes and should be explored by each Risk Management Authority. There are also opportunities for jointly-funded schemes where multiple benefits exist, such as that seen at Colwyn Bay and Cwm Ivy, Gower.

This can be set out clearly in the revised Project Appraisal Guidance, work on which commenced in May 2017 and is due for completion by the end of 2017. We will continue to explore the possibilities for partnership funding, adding to work done by the Flood Risk Management Wales committee in 2013 and review how this has worked in England. This is something that NRW and the new Flood and Coastal Erosion Committee (FCEC) can help with.

Timescale: Preparatory work on CRMP has already commenced. Review of potential partnership funding to be carried out by FCEC by end 2017.

c) Work with partners to ensure that adequate funding is available for revenue activities such as maintenance, coastal monitoring and community engagement (paragraphs 2.36-2.37). This work should include a review of council spending through the Single Environmental Revenue Grant and other sources of revenue funding to consider the impact of the new arrangements on the funding of flood risk management activities.

The Single Environmental Revenue Grant is administered by a central team and the grant has recently undergone an internal audit looking at the process and systems in place rather than the impact the programme has had. It is also expected that WAO will undertake an audit of the programme in 2017-18, although the scope is yet to be decided.

The revenue content that the Flood and Coastal Erosion Risk Management Team put in to the revenue grant is very small compared to the overall budget. In 2016/17, FCERM budget is £54.945 million, with only £1.1million of this (2%) going into this grant. The flood element of the overall ESD grant is also very small.

The Flood and Coastal Erosion Risk Management Branch review the flood section of each of the applications for the revenue grant that are put forward by the Local Authorities to ensure that this grant is being used for flood risk management revenue purposes. In the 2016/17 applications, as well as funding for duties such as reporting flooding, small maintenance work and awareness raising/community engagement, Local Authorities also applied for this grant for more innovative flood risk management work and the provision of wider benefits beyond just flood and erosion risk management.

Local Authorities can claim this grant on a biannual basis and alongside their grant claim must submit a monitoring report to show progress against their expected outputs as listed within the applications

In the last two financial years we have piloted a grant scheme for local authorities to apply for to carry out small scale maintenance and drainage works up to a value of £100,000 per scheme through a simplified application process. This has been welcomed by Local Authorities and WLGA. It would now be appropriate to carry out a short review to assess the effectiveness of such funding and whether this should continue. This is already being discussed with WLGA.

Timescale: By April 2017 (to review small scale maintenance grant)

d) Better integrate coastal flood and erosion risk management at a strategic level with new legislation including the Planning (Wales) Act 2015, Well-being of Future Generations (Wales) Act 2015 and Environment (Wales) Act 2016 (paragraphs 2.9-2.11).

The review of the National Strategy will provide an opportunity to integrate new legislation in flood and coastal erosion risk management in Wales. The following measures start this integration in advance of the review.

The Coastal Risk Management Programme integrates and encourages wider benefits in the development and construction of coastal schemes within the programme, particularly around regeneration and tourism. These departments are already well engaged with the programme through a programme board consisting of internal and external representatives and including key government departments.

We are already integrating new legislation in our flood and coastal erosion risk management work. Both the ESD revenue grant and the small scale maintenance grant application forms ask local authorities to identify how the proposed works will provide wider benefits and meet well-being goals.

We are also updating our Project Appraisal Guidance (PAG) which will include the need to identify wider benefits, well-being goals and our ways of working as set out within the Well-being of Future Generations (Wales) Act 2015. This work is ongoing with a living draft expected to be complete by November 2016, which Local Authorities and NRW will then use when applying for FCERM grant. Welsh Government will be running workshops following this to discuss with risk management authorities these changes and provide training where necessary.

We will be using the new powers provided under the Environment Act (Wales) 2016 to establish the new Flood and Coastal Erosion Committee. It is expected that this committee will be established in early 2017 and have a wider remit than the committee it replaces, providing advice to the Welsh Ministers and risk management authorities on flooding and coastal risk from all sources. In establishing this committee we will also abolish the Flood Risk Management Wales Committee which is currently duplicating many of the duties of the NRW Board, therefore making governance processes more efficient.

We are actively working with Welsh Government planning officials to improve the way that flood risk advice and mapping is taken into consideration in planning decisions.

Timescale: March 2017 – PAG will be complete and being used, FCE Committee will have established

Recommendation 2 - Accepted

The Welsh Government described roles and responsibilities in its National Strategy but stakeholders told us they were still not clear in certain respects. The Wales Coastal Flooding Review Delivery Plan includes a project led by the Welsh Local Government Association and Natural Resources Wales to clarify the roles and responsibilities of organisations responsible for managing flood risk. The Welsh Government should clarify Natural Resources Wales' oversight role and how it differs from the Welsh Government's role to manage performance (paragraph 2.17).

The Welsh Local Government Association (WLGA) has undertaken a review and provided a report, as part of one of the recommendations within the Wales Coastal Review Delivery Plan, looking at the roles and responsibilities of risk management authorities.

The review of the National Strategy will provide an opportunity for further clarification of the roles and responsibilities of risk management authorities, including Natural Resources Wales and Local Authorities taking in to account the findings of this review

Timescale: March 2018

Recommendation 3 - Accepted

There is evidence that some communities are still unaware of the long-term implications of the Welsh Government's risk-based approach. Community engagement has been hampered by a lack of options in the national strategy to help councils to prepare communities for managed retreat. The Welsh Government should develop options within the national strategy to help councils to prepare communities where it is likely that managed retreat will be required. These options should consider the legal and financial arrangements necessary to relocate people and assets away from flood risk (paragraphs 2.7-2.8). The Welsh Government should also set out how it will communicate the implications of its risk-based approach to the public (paragraphs 1.21 to 1.22).

One of the four objectives under the National Strategy is to raise awareness of, and engage people in, the response to flood and coastal erosion risk. The four objectives of the National Strategy are reflected within the individual Local Flood Risk Management Strategies prepared by each of the Local Authorities and therefore Local Authorities are already engaged in awareness raising activities. This has also been seen in the Local Authority applications for ESD revenue grant, many of which use this grant to carry out such activities. NRW carry out engagement activities with communities at risk of flooding through their Flood Awareness Wales programme and local authorities.

The review of the National Strategy next year will ensure that the risk-based approach to flood risk management is made clearer.

Coastal Local Authorities are best placed to communicate with their coastal communities local flood issues as they have an understanding of local matters. They should manage flood risk within their authority as set out within their Local Flood Risk Management Strategy. Welsh Government should not dictate how this is done in policy or a strategy; rather we will provide a coastal adaptation toolkit including best practice and examples of how other areas have communicated difficult messages, particularly around managed retreat.

There is ongoing research being undertaken in the community of Fairbourne, Gwynedd to look into;

- engaging the community to make them aware of the risks they face now and in the future,
- examining the feasibility study of a buy to let scheme,
- building community resilience and self sufficiency,
- identifying the effects of Shoreline Management Plans on the economy and people of Fairbourne.

This research will provide examples of how one community are preparing for changes. Only once this research has been complete will it be appropriate to put together a coastal adaptation toolkit.

We will need to complete and consider the associated research due December 2017 before completing this this recommendation. A toolkit will sit alongside and accompany the revised National Strategy, rather than be included within it.

Timescale: August 2018

Recommendation 4 - Accepted

Natural Resources Wales reports on its own activities and progress against the National Strategy under section 18 of the Flood and Water Management Act 2010 without the benefits of an independent review. The Welsh Government should review section 18 reporting arrangements and consider an independent review of performance, or a peer review of Natural Resources Wales section 18 reports (paragraph 2.17).

The current requirement for NRW to report on the National Strategy is set out in legislation under the Flood and Water Management Act 2010. Any amendments to this would need to be done through legislation and an appropriate legislative vehicle would be required.

Welsh Government considers a review into the appropriateness of NRW to report on the National Strategy to be of value and will consider this as a task for the new Flood and Coastal Erosion Committee to take on once established. This would provide an independent review from an organisation without responsibility for delivering against objectives within the strategy.

We will ask Flood and Coastal Erosion Committee to consider options for the review of the National Strategy and explore how the committee can provide an independent review or oversight role of the section 18 report, prior to publication.

Timescale: End of 2017

Recommendation 5 - Accepted

The Welsh Government and Natural Resources Wales are members of the Joint Flood and Coastal Erosion Risk Management Research and Development Programme with the UK Government's Department for the Environment, Food and Rural Affairs (Defra) and the Environment Agency. Although stakeholders could do more to engage in this Programme, the Welsh Government and Natural Resources Wales could more effectively share good practice identified by the Programme, particularly with councils. The Welsh Government should work with Natural Resources Wales to share and promote the good practice identified in the Joint Flood and Coastal Erosion Risk Management Research and Development Programme with councils (paragraph 2.6)

There is a lot of useful research carried out as part of the Joint Flood and Coastal Erosion Risk Management Research and Development Programme. We agree that this needs to be better disseminated to stakeholders. Research pages are currently held within the Environment Agency's website and until recently had little reference to either Welsh Government or NRW involvement; however the website now references both organisations.

NRW website currently has a link to the Environment Agency Research and Development webpage; however they have agreed to develop a 'landing page' describing Wales' involvement in this programme including some of the project highlights.

With their overarching role in flood risk management, NRW are best placed to share this research with relevant stakeholders, particularly Local Authorities and we have written to NRW asking them to share newsletters more effectively.

NRW has recently been discussing with the Environment Agency how best to disseminate the research that has come from this group.

Welsh Government will continue to explore options with both NRW and WLGA as to how best to share this research and best practice. We are also exploring the potential opportunity to produce a regular newsletter to stakeholders from the FCERM team which could also include this information.

Timescale: End 2016