

Board Paper

July 2014

Paper Title	Flood Risk Management capital programme
Paper Reference:	NRW B B 53.14
Paper Prepared By:	Sponsor: Trefor Owen Author: Jeremy Parr

Purpose of Paper:	Information
Recommendation:	To note progress of the Flood Risk Management capital programme
Decision Required:	N/a

Impact: To note – all headings might not be applicable to the topic	Impact on the Environment: We invest the flood risk management (FRM) capital budget to reduce flood risk to the people of Wales. We do this with full regard to the environment, looking for environmentally favourable options with multiple benefits as much as possible. Where we have an adverse impact on the environment e.g. through construction, we mitigate this impact by, for example, providing mitigatory habitat as near as possible to the site.
	Impact on the Economy: Flood risk management and flood defences have a positive impact on the economy, providing jobs during design and construction, and reducing the impact (and cost) of flooding on businesses, infrastructure and properties.
	Impact on Community: Flood risk management interventions have a largely positive impact on communities, by reducing the risk of flooding. There can be local negative impacts e.g. noise and disturbance during construction, or visual impacts of new defences, but these are hugely outweighed by the benefits.
	Impact on Knowledge: We seek to utilise new approaches and new technology where they are proven, appropriate and cost-beneficial.

Issue

1. The Flood Risk Management (FRM) capital programme is a significant activity for Natural Resources Wales. FRM interventions, including building and maintaining flood defences or other ways to reduce flood risk, have a high profile with the public and also politically. The FRM capital programme is a significant proportion of Natural Resources Wales annual budget, and staff activity, with the 2014/15 budget at £22m. It is important that Board are informed on the key projects that this programme delivers.

Summary

2. The FRM capital programme budget is funding projects to reduce flood risk across Wales. Examples are included in an Annex to this paper.

Background

3. The FRM capital programme principally funds investment in assets to reduce flood risk to communities. This includes refurbishing existing assets and building new flood alleviation schemes, utilising both 'hard' and 'soft' engineering techniques where appropriate. It also includes investments in other activities such as modelling work to analyse flood risk, and investment in flood forecasting and warning infrastructure.
4. The programme is managed on a 'rolling' basis, and needs to be planned over a medium term timescale. Large flood alleviation schemes typically take at least three or four years to take from initiation, through options appraisal and detailed design, through to construction. It is important that in any one year there is a mix of projects at different stages of delivery, and a mix of projects in terms of size and complexity.
5. In terms of major projects, in 2014/15 we have completed construction at the Swansea Vale scheme (£6.7m) and we plan to complete construction at Risca (£2.2m), Penclawdd (£1.9m) and Rhymney (£0.5m).
6. We will progress this year on schemes at Dolgellau (£5.6m), Pontarddulais (£4.5m), Roath (£8m), Portland Grounds (£2.6m), Tabbs Gout (£1.6m), Crindau (£8.6m) and Caerleon (£0.7m). All of these projects are scheduled for completion in later years.
7. All of the costs given here are expected or most likely costs. Construction projects inherently carry risks, and all projects contain an appropriate risk allocation and have financial approval that reflects that. The Crindau project for example has recently been approved with a financial limit, including risk allocation, of £10.7m.
8. The Annex to this paper is provided for information and includes examples of projects completed in 2013/14 and projects planned for 2014/15. It includes information on the benefits of each scheme.

Next Steps

9. The FRM capital programme is a continuous, rolling programme. We will give update briefings to the Board as appropriate to keep Board aware of the work that is progressing and what is planned.

Risks

10. There are programme risks and uncertainties including having sufficient sight of future budgets to be able to manage the programme most efficiently, as construction projects typically span several years. More certainty on budgets and more flexibility, for example between years, between projects, and between capital and revenue budgets, would greatly improve our ability to deliver a more efficient programme.
11. There are project level risks, most obviously around the uncertainties that come with significant construction projects. Natural Resources Wales staff have strong experience in managing the risks and a good track record in delivering to budget and schedule.

Financial Implications

12. The FRM programme is a significant proportion of the overall Natural Resources Wales budget and is of high reputational importance to Natural Resources Wales and Welsh Government.
13. There are financial challenges ahead including securing sufficient capital and revenue budgets to be able to manage flood risk to appropriate levels. For example, it is important that revenue budgets, that fund routine maintenance and other staff costs, keep pace with capital budgets.

Communications

14. We have good communication (and management) channels in place to keep the main stakeholders informed of the FRM capital programme. We seek to continuously improve the information we share and how we communicate it.

Equality impact assessment (EqIA)

15. This is not applicable to the paper.

Index of Annex

Annex 1: Flood Risk Management Capital Programme (2013/14 and 2014/15) – summary of major projects.