

Report Title:	River Thames Scheme - Funding
Contains Confidential or Exempt Information?	NO - Part I
Member reporting:	Cllr Dudley, Leader of the Council
Meeting and Date:	Council: 26 September 2017
Responsible Officer(s):	Andy Jeffs, Executive Director
Wards affected:	All

REPORT SUMMARY

1. The River Thames Scheme is a major infrastructure project led by the Environment Agency providing flood protection for 15,000 homes and businesses, of which 2,300 properties are in the Royal Borough, road, rail and utility infrastructure between Datchet and Teddington.
2. This report recommends consideration of a future funding commitment to assist in delivering the project, thereby protecting residents, business and visitors from the impact of flooding.
3. The financial implications of delivering the recommendations are £10m capital funding over four years from 2020/21 and the introduction of a flood levy on Council Tax generating up to £500,000 annually.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION:

- i) That Council considers the recommendations of the Cabinet Regeneration Sub-Committee on 26 September 2017 following consideration of the River Thames Scheme - Funding report

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 Cabinet and Council considered a report in March and April 2015 respectively and affirmed partnership support for the River Thames Scheme and approved capital annual funding of £285,000 for a four year period commencing in 2015/16.
- 2.2 The River Thames Scheme project, see Appendix A, is lead by the Environment Agency in partnership with:
 - Elmbridge Borough Council
 - Royal Borough of Kingston upon Thames
 - London Borough of Richmond upon Thames
 - Royal Borough of Windsor and Maidenhead
 - Runnymede Borough Council
 - Spelthorne Borough Council
 - Surrey County Council

- Department for Environment Food and Rural Affairs (Defra)
- Thames Water
- Thames Regional Flood & Coastal Committee

2.3 The scheme is estimated to cost £476 million for the design and construction phase with funding of £248 million secured to date. Therefore, the scheme currently has a funding gap of £228 million. A cost / benefit exercise is currently underway with updated costs expected in October 2017 - overall scheme costs are likely to significantly increase further.

2.4 All partners are committed to working collectively to reduce costs and identify funding sources to enable delivery of the full scheme, which will reduce risk of flooding and the devastating impact of flooding.

2.5 A major flood is likely to impact up to 15,000 homes; up to 1,300 commercial properties; roads including the M25 – junction 13; rail network and utility infrastructure including electricity sub-stations and water abstraction points providing drinking water between Datchet and Teddington.

2.6 In 2014 around 1,000 homes and many businesses were affected by flooding – approximately 150 properties and many businesses were in the Royal Borough with 40 homes left empty after the flood event requiring building work. In addition the rail link between Windsor & Eton Riverside and Staines was closed as were parts of the road network including the link between Old Windsor and Staines at Runnymede with in excess of 100,000 sandbags distributed.

2.7 The Royal Borough is a committed partner to the scheme and is keen to see the project delivered and the benefits realised. In order to assist the scheme and demonstrate tangible support and unlock wider funding support the recommendations in this paper are before Cabinet.

2.8 It is envisaged that successful delivery of the regeneration programme will realise future capital receipts which can be reinvested, including this project, to directly benefit residents, business and visitors.

Table 1: Option summary

Option	Comments
Strengthen support for the project, investing £10m capital funding and the payment of a flood levy estimated to be up to £500,000 per annum as a contribution to the operating and maintenance costs (Subject to new legislation being enacted to make provision for this)	This option is recommended as it will improve deliverability, directly benefiting residents, business and visitors.
The recommended option	
Continue as an active partner of the project without committing further funding Not the recommended option	This option will reduce the probability of the scheme being delivered as there will be no contribution to reduce the funding gap directly or act as match matching to secure alternative funding sources
Develop an alternative strategy and flood protection programme for the Royal Borough.	The overall project offers significant flood protection between Datchet and Teddington and has attracted

Option	Comments
Not the recommended option	significant funding and resource from partners to create a viable scheme. An alternative strategy for the Royal Borough may be more challenging in terms of finance and deliverability
Tolerate the current situation and implement minor local flood prevention measures only. Not the recommended option	Recent flood events had a huge impact on communities within the Royal Borough. Tolerating this impact and implementing minor local measures is not considered acceptable

3. KEY IMPLICATIONS

3.1 Key Implications of the recommendations are set out in Table 2.

Table 2: Key implications

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
Operation of flood channels commenced by:	Beyond 31 March 2026	1 January to 31 March 2026	1 August to 31 December 2025	Before 1 August 2025	31 March 2026

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1 Financial implications are detailed in table 3.

Table 3: Financial impact

REVENUE (£000s)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Addition	0	0	500	500	500	500
Income*	0	0	0	0	0	0
Net impact	0	0	500	500	500	500
CAPITAL (£000s)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Addition	0	0	2,500	2,500	2,500	2,500
Reduction	0	0	0	0	0	0
Net impact	0	0	2,500	2,500	2,500	2,500

Notes*:

- Additional revenue to be generated for flood levy The indicative cost per household of a £500,000 levy would be £7.39 which represents a council tax increase of 0.8%.

4.2 Funding of £285,000 per annum forms part of the approved capital programme for this project for 2016/17; 2017/18; 2018/19 and 2019/20 as the Royal Boroughs contribution to scheme development costs.

5. LEGAL IMPLICATIONS

- 5.1 A 'Memorandum of Understanding' is in place between the Environment Agency and the Royal Borough pertaining to the development and delivery of this project. This is underpinned by a legal agreement which covers the approved funding contribution for scheme development.
- 5.2 A new legal agreement will be completed to cover the additional funding contribution. In parallel the overarching 'Memorandum of Understanding' will be reviewed and updated as appropriate.
- 5.3 In order to introduce the levy a full review of legislation and current provisions will be undertaken. New legislation may need to be enacted to deliver this commitment.

6. RISK MANAGEMENT

Table 4: Key risks

Risks	Uncontrolled Risk	Controls	Controlled Risk
The scheme is not delivered despite the additional funding contribution	High	Legal agreement to be completed imposing conditions and safeguards around the funding contribution	Low
Capital receipts from the regeneration are not secured	Medium	Realistic, well managed, robust financial forecasting and scrutiny in place	Medium
The introduction of a flood levy is not deliverable	Medium	Specialist resource allocated to develop and deliver a robust, compliant scheme	Low
The scheme becomes unaffordable and undeliverable as the project evolves	High	Regular checkpoint reviews and robust governance in place to minimise the Royal Boroughs exposure	Low

7. POTENTIAL IMPACTS

- 7.1 Reduced flood risk and reduced impact of flooding for up to 15,000 homes and 1,300 commercial premises and essential transport networks and utility infrastructure protected.

8. CONSULTATION

- 8.1 This report was considered by the Highways, Transport & Environment Overview and Scrutiny Panel on 21 September 2017 and the Cabinet Regeneration Sub-Committee on 26 September 2017. Comments and recommendations will be reported to Council for consideration.

9. TIMETABLE FOR IMPLEMENTATION

9.1 Table 5 shows the stages and deadlines for implementation.

Table 5: Timetable for implementation

Date	Details
26 September 2017	Cabinet Regeneration Sub-Committee
26 September 2017	Council
Commencing October 2017	Development of flood levy proposal
1 st April 2020	Introduction of flood levy
1 st April 2020	Additional capital funding contribution

9.2 Implementation date: Immediately, subject to Council Decision

10. APPENDICES

10.1 Appendix A – River Thames Scheme: A Case for Investment

11. BACKGROUND DOCUMENTS:

- * Cabinet Report (26 March 2015) - River Thames Scheme Update
- * Council Report (28 April 2015) - River Thames Scheme Update

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Commented & returned
Cllr Dudley	Leader of the Council	11/09/17 13/09/17	11/09/17 13/09/17
Cllr MJ Saunders	Lead Member for Finance	11/09/17	11/09/17
Cllr Bicknell	Deputy Leader and Lead Member for Highway & Transport (including Flooding)	11/09/17	11/09/17
Alison Alexander	Managing Director	08/09/17	10/09/17
Russell O'Keefe	Executive Director	08/09/17	
Rob Stubbs	Deputy Director Finance	08/09/17	12/09/17
Andy Jeffs	Executive Director	08/09/17	11/09/17
Richard Bunn	Chief Accountant	08/09/17	08/09/17
David Scott	Head of Highways & Communities	08/09/17	11/09/17

Decision type: Non-key decision	Urgency item? No
Report Author: Ben Smith, Highways, Parks & Countryside Manager	



A case for investment





The River Thames from Datchet to Teddington charts a course through a regional economic powerhouse which is also the largest undefended floodplain in England. The River Thames Scheme is a major programme of flood defences and projects which promises stability and security for the area for generations to come and has already secured more than £250 million in funding. As a local MP and the Prime Minister's Flood Envoy for the Thames Valley, I'm delighted the Government has committed significant funding but further investment is needed.

This booklet highlights the devastating impact of flooding on communities and spells out the ways the scheme will help - making people and their homes safer, keeping businesses, motorways and airports running and protecting our water, electricity and telecommunications supply. I urge you to get behind this vital project to guarantee the future success of our region.

A handwritten signature in blue ink, reading 'Philip Hammond'.

Rt Hon Philip Hammond MP

Member of Parliament for Runnymede and Weybridge
Secretary of State for Foreign and Commonwealth Affairs

To reduce flood risk to people living and working near the Thames, enhance the resilience of nationally important infrastructure, contribute to a vibrant local economy and maximise the social and environmental value of the river.

Benefits of the River Thames Scheme

The River Thames Scheme will:

- reduce flood risk to up to 15,000 residential properties;
- protect 100,000m² of commercial floor space;
- reduce flood risk to 50km of local and arterial road network and local railway lines and reduce the risk of disruption to nationally significant transport routes including M3, M4 and M25;
- enhance the resilience of the public sewer network, electricity sub-stations and local schools, and;
- offer a unique opportunity to enhance the landscape along the Thames corridor, and unlock recreation, tourism, leisure and environmental value along this iconic river.

We have secured more than £250 million in funding, but further investment is required from beneficiaries and partners for the scheme to proceed. This document sets out the case for investment in the River Thames Scheme as a key enabling project for the continued growth of this vital economic region.

economic powerhouse

The River Thames corridor has a vibrant economy and is part of a wider regional economic powerhouse for the United Kingdom. The economy of the Thames Valley is one of the highest performing in the country, producing a significant share of the UK's wealth. The area is a vital transportation corridor, including the M3, M4, M25, and Heathrow Airport, which provides a gateway to the world.

The boroughs and districts impacted by flooding are characterised by high levels of employment and a highly skilled workforce, with a particular focus on knowledge and technology-based industries.

This area is also home to major global businesses including BP, Samsung, British Gas, Shepperton Studios and BUPA, generating thousands of jobs for local residents.



Heathrow Airport had 471,000 flights serving 73.5 million passengers in 2014. Heathrow employs 76,000, and 15% of its total workforce live in the local authorities which are part of the River Thames Scheme. The airport creates £3.3 billion of Gross Value Added per annum, demonstrating the value of the airport to the economy, and the importance of the local workforce in ensuring business continuity at the airport.

The economic outlook for this area is strong. There is significant inward investment and infrastructure planned for the area over the coming decade. The River Thames is an iconic river and a focal point for tourism and recreation activities with a strong visitor economy, which also brings inward investment.

Natural landscape and heritage

The River Thames corridor is a busy and environmentally valuable landscape which is rich in heritage. It has many nationally important heritage assets such as Windsor, the Magna Carta at Runnymede and Hampton Court. The river is an important ecological corridor and is flanked by green space for those living and working in the south west of London and beyond. A number of lakes in the area have been designated as Special Protection Areas and there are also a number of Sites of Special Scientific Interest, including Thorpe Hay Meadow.



flood risk in the Thames Valley

Flooding is the primary source of natural disasters in the United Kingdom and the alarming regularity of flooding in recent years is consistent with climate change predictions. Flooding is devastating for individuals, communities, businesses and the local and national economy. It damages homes and businesses, endangers life and affects physical and psychological health. It reduces economic output and causes disruption to commerce, road, rail and other critical infrastructure.

The River Thames Scheme covers one of the largest and most at risk developed but undefended flood plains in England. There have been serious floods in this area over the past 100 years, with a notable extreme flood in 1947. Further large floods occurred in 1968 and in 2003. In January and February 2014 there was prolonged and widespread flooding with approximately 1,000 homes and many businesses affected. Much larger and more frequent floods will be experienced in the future and this will have an

“Our estimates indicate that the 2013/14 flooding in Surrey cost the local economy in excess of £100 million”
Leader of Surrey County Council

even greater impact on communities, infrastructure and the economy. The estimated economic impact of a major flood in this location is currently around £1 billion but damage could be twice as great by 2055 because of the impact of climate change.

A major flood in the area would put almost 15,000 homes and 1,300 commercial properties at risk across six districts and boroughs, with 11,000 employed people potentially affected. There would be widespread disruption on arterial, secondary and local roads, with motorway traffic affected on the M3, M4 and at intersections on the M25. Flooding would disrupt key rail routes and block access to nationally important infrastructure such as Heathrow Airport for employees and passengers. There could be a UK-wide impact because of disruption to motorways and Heathrow. 15 to 20 electricity sub-stations would be affected and there are risks of flooding to the public sewer network including disruption to households who may have toilet use restricted during a flood. The River Thames is slow to rise and fall and it takes weeks for flood water in this area to dissipate, prolonging the devastation to local communities.



the scheme



the scheme

The River Thames Scheme (Datchet to Teddington) is a programme of projects and investment to reduce flood risk in communities near Heathrow, including: Datchet, Wraysbury, Egham, Staines-upon-Thames, Chertsey, Shepperton, Sunbury, Kingston and Teddington. It is being developed and promoted by eight risk management authorities working in partnership, with the Environment Agency acting as the lead authority. The partners are Environment Agency, Elmbridge Borough Council, Royal Borough of Kingston upon Thames, London Borough of Richmond upon Thames, Runnymede Borough Council, Spelthorne Borough Council, Surrey County Council, Royal Borough of Windsor and Maidenhead, Enterprise M3 Local Enterprise Partnership, Thames Valley Berkshire Local Enterprise Partnership, Thames Regional Flood and Coastal Committee and Thames Water.

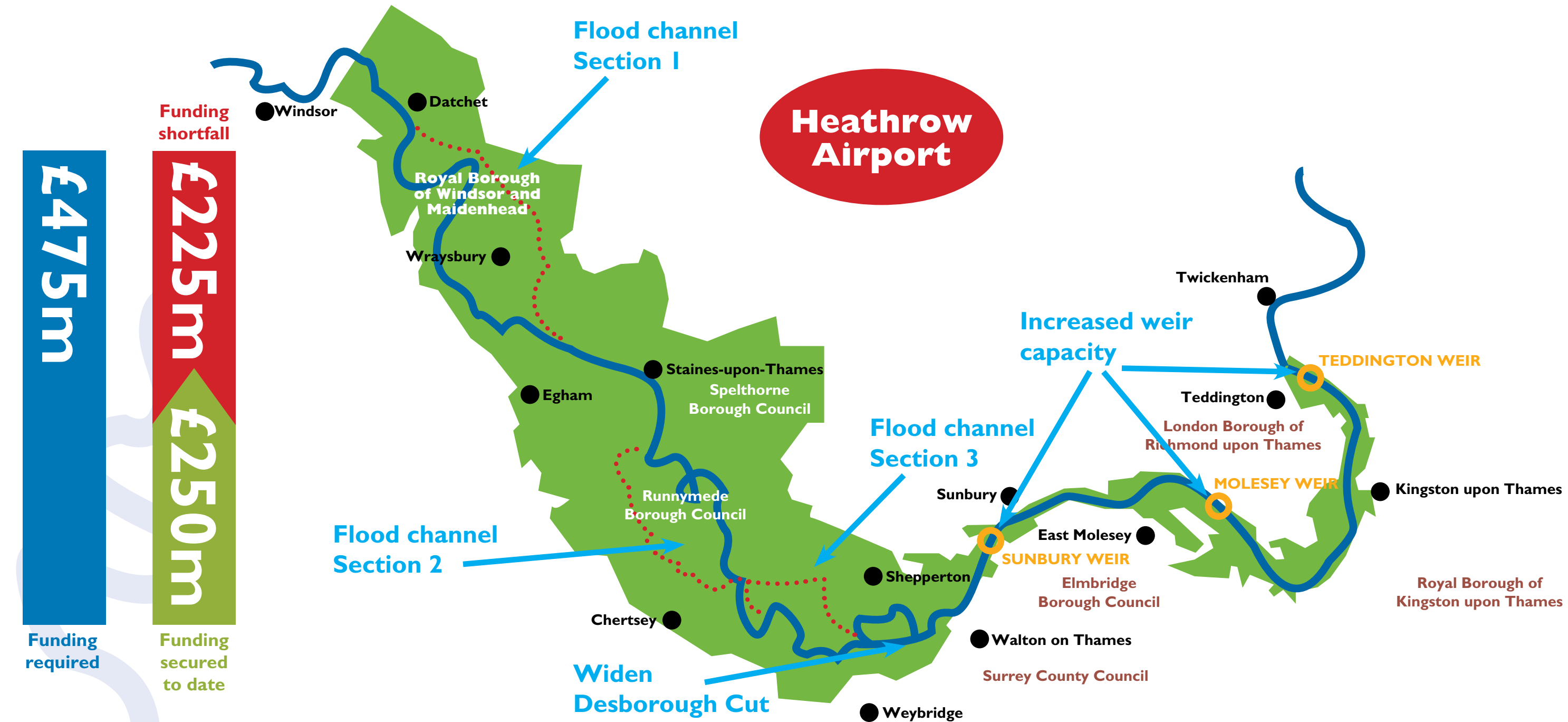
The vision for the River Thames Scheme has been developed to deliver flood alleviation in order to create safe and sustainable communities that can live with the river, whilst growing the local economy, and continuing to make a significant contribution to the national economy.

The scheme consists of a combination of measures to reduce both the probability and consequences of flooding. Elements of the scheme are listed below:

- large scale engineering work to construct a new flood channel between 30 to 60 metres wide and 17 kilometres long, built in three sections;
- improvements to three of the existing weirs on the River Thames;
- installation of property level products to hundreds of homes to make them more resistant to flooding;
- improved flood incident response plans, and;
- working with communities to raise flood awareness and support them in flood preparedness, response and recovery.

Scheme costs

The River Thames Scheme is expected to cost in the region of £475 million to construct. Currently, more than £250 million has been secured towards the construction, and we are seeking investment partners to provide funding contributions to realise the scheme and unlock the social, economic and environmental benefits.



Protecting our communities

- Reducing flood risk and insurance costs
- Making people and their homes safe
- Protecting our water, electricity and telecommunications supply

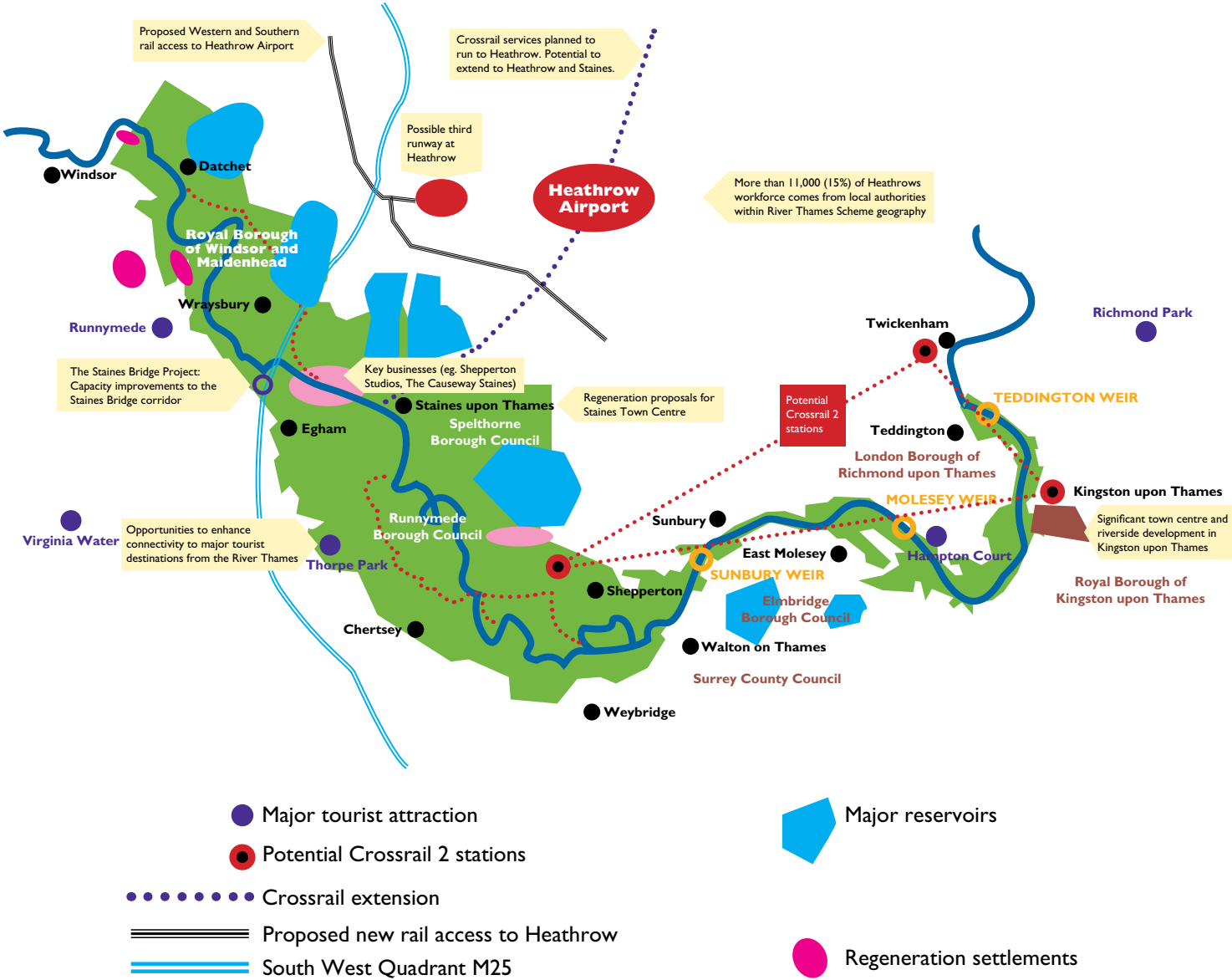
Securing our economy

- Keeping businesses running
- Keeping motorways and airports running
- Communities thriving
- Encouraging new investment
- Reducing potential severance of access to Heathrow
- Encouraging new businesses

Enhancing our Thames

- New opportunities for tourism, recreation, leisure and sport
- Improving access to the river
- Improving landscape and habitats

economic opportunities



This map considers the River Thames Scheme in light of the wider economic opportunities. The scheme forms part of the required inward investment in infrastructure to maximise economic growth. There are economic opportunities directly linked to the scheme and others which tap into wider infrastructure projects planned for the area. These include significant investment in road infrastructure by Surrey County Council and Highways England as well as the proposed southern and western rail access to Heathrow Airport and Crossrail 2.

There is regeneration planned for towns including Staines-upon-Thames, Kingston upon Thames, Windsor, Wraysbury and Old Windsor. They will all benefit from the reduction in flood risk as a result of the River Thames Scheme, which will further add to the attractiveness of the River Thames corridor for inward investment and economic growth.

The scheme will offer enhanced recreation opportunities along the River Thames and could improve visitor access to tourist attractions such as Windsor Castle, Hampton Court, Thorpe Park, Legoland, and Virginia Water.

the case for investment

The River Thames Scheme will reduce flood risk to thousands of people living and working in the River Thames corridor from Datchet to Teddington. Nearly 15,000 properties will experience a reduction in their current level of flood risk. In addition, the River Thames Scheme will reduce the risks to life posed by major flooding, reduce anxiety, stress and health impacts caused by flooding, and, reduce the costs for organisations in responding to, and recovering from, a flood incident.

The scheme will also protect nearly 100,000m² of commercial floor space which is at risk during a major flood incident. Flooding can lead to cessation of business operations, resulting in loss of income to inundated businesses and associated impacts on their supply chains. Business downtime due to flooding has a significant impact on local economies. The scheme will result in more than £100 million benefit to the local economy in Gross Valued Added terms, as documented in the River Thames Scheme funding strategy.

The resilience of critical infrastructure will be enhanced.

The road network in the River Thames corridor is heavily congested, which has been identified as a threat to economic growth. The River Thames Scheme will reduce flood risk to more than 50km of the local and arterial road network which will significantly reduce the repair costs associated with flooding and the major disruption it causes. The scheme will also reduce the risk of delays on the M3, M4 and M25 due to flooding, and reduce the risk of access to Heathrow Airport being affected.

Furthermore, the scheme will protect more than 1.75km of the railway line from Windsor to Staines-upon-Thames, which was flooded in 2013/14 causing significant disruption. The scheme will also enhance the resilience of the public sewer network, electricity sub-stations and local schools.

The scheme will be an enabler for sustainable development and economic growth. Since flooding from the River Thames impacts the local economy the scheme has been identified as strategic cross-Local Enterprise Partnership infrastructure. Delivering this scheme is therefore important for the continued growth of the local and regional economy.

The scheme offers an opportunity to enhance the landscape around the River Thames and unlock recreation and amenity benefits. The scheme can deliver hundreds of hectares of new and restored habitats, deliver new and restored recreational opportunities, re-shape the River Thames landscape and deliver heritage improvements in this nationally important location.

The flood channel will provide opportunities for new footpaths, cycle/bridleways and other leisure facilities. There will be other opportunities for commercial operators to create new recreational activities. There could be new habitats such as reed beds and wet woodlands, improving the connectivity of habitats, improving fisheries, and enhancing some of the lakes along the River Thames corridor.



case studies

Impact of 2013/14 flooding on businesses

The winter flooding of 2013/14 from the Rivers Thames, Wey and Blackwater had a significant impact on businesses in Surrey, in particular. Surrey County Council have estimated that in Elmbridge, Runnymede and Spelthorne more than 120 businesses were directly flooded and suffered direct damage and loss to premises, equipment and/or stock and were unable to trade normally as a result of flooding. At least a further 150 were indirectly affected due to limited access to their premises or restricted access to customers or suppliers, incurring a significant loss of trade. Across the whole of Surrey it was estimated that the winter flooding of 2013/14 had a financial impact on businesses of £15 to £24 million.



Staines-upon-Thames

Staines-upon-Thames is a good illustration of the synergies between the River Thames Scheme and economic development opportunities. The Enterprise M3 LEP economic plan recognises the town as having “latent economic potential, which currently experiences barriers to growth that impacts on the overall performance of the Enterprise M3 area”. The Strategic Economic Plan recognises the need to invest in transport infrastructure in Staines-upon-Thames, and the key role of regenerating the town centre. Spelthorne Borough Council has identified opportunities to improve the commercial and retail floorspace in Staines-upon-Thames, focusing on the town centre and the Elmsleigh retail centre. The River Thames Scheme will reduce flood risk to Staines-upon-Thames, including access to the town, which will further add to the attractiveness of Staines-upon-Thames for development and economic growth.

New habitats
such as reed
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Thames
corridor.

This booklet has been produced by the following partners:

- The Environment Agency
- Surrey County Council
- Enterprise M3 Local Enterprise Partnership
- Thames Valley Berkshire Local Enterprise Partnership
- Royal Borough of Windsor and Maidenhead
- Elmbridge Borough Council
- Spelthorne Borough Council
- Runnymede Borough Council
- Thames Water Utilities Limited
- Royal Borough of Kingston upon Thames
- London Borough of Richmond upon Thames
- Thames Regional Flood and Coastal Committee

For further information on the River Thames Scheme contact the Environment Agency:

Email: rts@environment-agency.gov.uk



@ThamesScheme



River Thames Scheme

www.gov.uk/riverthamesscheme