

Subject:	River Thames Scheme – Partnership Funding
Reason for briefing note:	To update the Infrastructure Overview and Scrutiny Panel on partnership funding for the River Thames Scheme
Responsible officer(s):	Ben Smith - Head of Commissioning Infrastructure
Senior leader sponsor:	Hilary Hall - Director of Adults, Health and Commissioning
Date:	30 th October 2020

1 SCHEME OVERVIEW

1.1 The Environment Agency maintain a dedicated website for this project which is available at <https://www.gov.uk/government/publications/river-thames-scheme-reducing-flood-risk-from-datchet-to-teddington/river-thames-scheme-reducing-flood-risk-from-datchet-to-teddington>

1.2 The following extract provides a high-level outline of the scheme:
'... The River Thames Scheme will reduce flood risk to people living and working near the Thames. It will enhance the resilience of nationally important infrastructure, contribute to a vibrant local economy and create many recreational opportunities.

The Environment Agency will build a new flood channel alongside the River Thames to reduce flood risk to properties in communities in Datchet, Wraysbury, Egham, Staines, Chertsey, Shepperton, Weybridge, Sunbury, Moseley, Thames Ditton, Kingston and Teddington.

The channel will be built in 3 sections and includes widening of the Desborough Cut and increasing the capacity of weirs at Sunbury, Moseley and Teddington by installing additional weir gates.

15,000 homes and 2,400 business will be better protected from flooding. Road, rail, power and water networks will be more resilient. 106 hectares of new public open space and 23km of new pathways will be created, as well as improving biodiversity for wildlife through the creation of 250 hectares of new habitat.

Construction of the new channel gives the opportunity to create habitats for wildlife and recreation activities including walking, cycling, boating and angling...'

1.3 In a local context, Channel 1 protects properties and infrastructure in the Royal Borough and is based on building a new channel with starts with an offtake from the River Thames at Datchet and continues southwards through Datchet; Wraysbury and Hythe End reconnecting with the River Thames at Runnymede (opposite the Runnymede Hotel). Scheme details are available at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/780519/INTERNAL_Channel_section_1_drawing_reduced.pdf?_ga=2.184087461.2071541728.1566555648-1965234452.1542033634

- 1.4 The channel effectively creates a new river with associated footways; cycleways; landscaping and habitat with the construction of new bridges and culverts to cross existing roads and the Windsor & Eton to London Waterloo rail line. The channel also flows through existing lakes in Wraysbury and Hythe End and creates a new country park.

2. CABINET / COUNCIL DECISIONS

- 2.1 Council considered the 2020/21 capital programme on 25th February 2020 and approved a capital programme which includes £10m over four financial years commencing 2020/21.
- 2.2 Council considered a report on 26th September 2017 and resolved:
- (i) £10m, split over four years, is added to the capital programme commencing 2020/21 (subject to delivery of the full scheme).
 - (ii) There is an agreement in principle of paying a flood levy of up to £500,000 per annum to the Environment Agency as a contribution to the operating and maintenance costs (subject to new legislation being enacted to make provision for this)
 - (iii) A delegation to the Head of Finance in conjunction with the Lead Member for Finance to develop and introduce a flood levy be approved

3. FINANCE

- 3.1 In the period from September 2017 to date, scheme development has continued, and costs / funding sources have altered. The project is a multi-agency project led by the Environment Agency who are responsible for commissioning the design, development, construction, maintenance and management of the project. There are a range of funding sources, including financial contributions from Central Government; Thames Regional Flood and Coastal Committee; Thames Water and partner Local Authorities.
- 3.2 The base cash cost for the full River Thames Scheme is £635 million (including the first ten years of operation and maintenance). The contribution required from the Royal Borough is £52.7m. Contributions have been paid since 2015/16 and a further contribution of £10m approved from 2020/21 onwards - the balance to be funded is £41.275m.
- 3.3 The financial position of many Local Authorities (including the Royal Borough) has altered significantly since 2017. However, the Council decision was made openly and transparently in September 2017 with due consideration of the prevailing financial situation at that point in time.
- 3.4 The current position is that borrowing a further £41.275m is unaffordable and the borrowing costs are considered unacceptable. This position may be reconsidered if a secure mechanism was in place to increase income.
- 3.5 Council agreed in 2017 to the principle of applying a flood levy. However, this requires a change in legislation. Verbal commitments have been secured and lobbying of government continues to secure this change, which has not been enacted. Therefore, the option of applying a flood levy is not feasible.

3.6 Whilst other mechanisms may be considered, reliance on the change in legislation to apply a flood levy over and above core Council Tax is considered the only viable route to provide confidence that income can be secured. Therefore, whilst the Royal Borough remains fully committed to the project the scheme is currently unaffordable.

4. PROJECT DELIVERY

4.1 The project is being developed and delivered on a partnership basis, led by the Environment Agency, with the following partners:

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

4.2 In order for the scheme to be delivered in its entirety, the River Thames Scheme Sponsoring Board required a binding commitment from each partner by the end of July 2020. As the scheme is unaffordable and the mechanism to raise funding is not available, the Royal Brough was unable to provide this binding commitment.

4.3 Commitment was secured from other partners and a decision made by the Sponsoring Board (having considered representation from the Royal Borough) to remove channel 1 from the scheme and deliver channel 2, channel 3 and associated works only.

5. FLOOD RISK MITIGATION

5.1 The River Thames Scheme is the optimum solution to reduce flood risk and deliver broader benefits in this area of the Royal Borough. However, the scheme is unaffordable and alternative options to mitigate the risk are being considered.

5.2 The capacity improvements to the downstream weirs (delivered through channels 2 and 3 of the residual River Thames Scheme) future proofs the length of the River Thames from Datchet to Runnymede should channel 1 be taken forward at a future date.

5.3 The Surrey channels (constructed as part of the residual scheme) will provide a benefit to the Hythe End area as the drawing down of the water from channel 2 provides a reduction in flood levels in this area.

5.4 In addition, alternative local flood defences to protect Datchet, Wraysbury and Old Windsor are being considered in conjunction with the Environment Agency. No timescale is available at present as options and being developed.