

Report Title:	Petition for Debate - River Thames Scheme
Contains Confidential or Exempt Information	No - Part I
Lead Member:	Councillor Hilton, Lead Member for Finance and Ascot
Meeting and Date:	Full Council - 27 April 2021
Responsible Officer(s):	Adele Taylor – Director of Resources
Wards affected:	All

www.rbwm.gov.uk



REPORT SUMMARY

An [e-petition](#) seeking additional funding of the River Thames Scheme has been received and contains 1,591 signatures. The petition asks that “The Council honours its commitment to partnership funding of the River Thames Scheme”. The petition provides further detail to ask:

“It is understood that RBWM has decided to consult with the EA to provide cheaper and ultimately less effective methods to protect the residents of Datchet, Old Windsor, Wraysbury and Horton from flooding as it has failed to secure the £43 million necessary to complete channel 1 of the RTS scheme. The residents of this area of the Borough deserve the same protection afforded to Windsor, Eton and Maidenhead since the completion of the Jubilee River nearly 2 decades ago. During those 2 decades this area and its residents have endured flooding on 3 separate occasions and have been repeatedly assured of future protection. We urge the Borough to seek alternative Partnership funding arrangements since the Government refused legislation changes to permit the Borough to raise the funds by means of a flood levy. The £10 million allocated in the RBWM budget for the RTS should not be squandered on second rate scheme defences. Working in partnership is important to the success of the RTS in its entirety. A high level Sponsoring Group and a programme Board are in place to oversee the delivery of the scheme; how can the scheme be successful if only 2 of the 3 proposed main channels are completed?”

DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Council notes the report and:

- i) Reaffirms the commitment to delivering additional flood defence schemes for affected communities, but sadly recognises that the Council cannot fund Channel 1 as planned without flexibility over Council Tax or significant additional external funding;**
- ii) Reaffirms its commitment to continue to work with the Environment Agency and other partners to maximise the benefits of its £10 million investment;**
- iii) Notes that further enhancements would be possible should further external funding be provided.**

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

Options

Table 1: Options arising from this report

Option	Comments
Cannot support the request to fund the additional £41.275 million without external support This is the recommended option	Recommended option as the Council cannot afford to fund the scheme at this level without external support or the ability to levy additional Council Tax
Support the request to fund the additional £41.275 million	Not recommended as this is not deliverable within current Budget constraints.

- 1.1 RBWM retains £10m in its Capital programme to fund flood alleviation works but if it had to fund the proposed works through borrowing, then funding of £41.275 million would cost £1.3 million every year over 50 years at the latest Public Works Loan Board rates. That is the equivalent of an almost 2% additional increase on the current rate of Council Tax for all residents of the Royal Borough. Without partnership funding or an alternative source of raising revenue to fund the capital, for example a flood levy or flexibility over Council Tax, this continues to be unaffordable.
- 1.2 Whilst RBWM has remained in discussion with the relevant Government agencies and departments, no firm commitment has been made to provide reassurance that a flood levy is forthcoming to be able to commit to borrowing the full £41.275m to complete the scheme.
- 1.3 The Council has always remained committed to being an active part of the discussions around Channel 1 of the flood relief work, but, is aware that both Channels 2 and 3 are now advanced to the extent that it would be impossible for Channel 1 to be included now. Any scheme would now have to be a stand-alone scheme that would be re-appraised financially and require an even greater contribution. The cost benefit analysis of the original scheme evidenced that Channel 1, within RBWM, would provide least benefit per pound spent compare to channels 2 and 3. It was also the most technically difficult and most expensive of the 3 channels and only viable if supported by the other 2 channels.
- 1.4 RBWM remains committed to working with other partners should there be alternative funding that could be identified, but, we have recognised that the likelihood of this happening is low.

2. KEY IMPLICATIONS

2.1 The River Thames Scheme is a multi-agency project led by the Environment Agency and Surrey County Council, 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.

2.2 The Environment Agency website for the scheme can be found at: <https://www.gov.uk/government/publications/river-thames-scheme>

2.3 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...’

2.4 In a local context, Channel 1 protects properties and infrastructure in the Royal Borough and is based on building a new channel which 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).

2.5 The base cash cost for the full River Thames Scheme is £635 million (including the first ten years of operation and maintenance). Unlike the construction of the Jubilee River, the Government has insisted on significant locally funded contributions to new flood defence schemes. The contribution requested from the Royal Borough was £52.7m. Contributions towards planning and design works have been paid from existing budgets since 2015/16 and a further contribution of £10m approved was included in the Capital Programme from 2020/21 onwards - the outstanding balance to be funded is £41.275m. No budgetary provision was made for this sum as it was always the Council’s intention to fund the amount through a ‘flood levy.’

- 2.6 The [petition](#) on the Council's website received 1,591 signatures: "We the undersigned petition the Royal Borough of Windsor and Maidenhead to honour its commitment to partnership funding of the River Thames Scheme."
- 2.7 The Council whilst remaining fully committed to the scheme has never been able to make such a commitment to fund the additional £41.275 million contribution. Throughout all discussions, it was clear the Council would allocate £10m of its own resources, and would borrow the additional funding subject to legislation having been brought about to allow the Council to raise an additional flood levy to cover the cost of the additional funding.
- 2.8 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
- 2.9 The current position is that borrowing a further £41.275m is unaffordable, as it would cost £1.3 million per year for 50 years to finance a £41.275 million loan, based on the current Public Works Loan Board certainty rate of 1.99%. This includes interest and minimum revenue provision. That is the equivalent of an almost 2% increase on our Council Tax for every resident of the borough over and above rises included within the Medium Term Financial Strategy. Given the current capping mechanism in place for all Local Authorities, the only route to raise Council Tax above the cap would be through a referendum.
- 2.10 This position may be reconsidered if a secure mechanism was in place to increase income by the required amount, such as a flood levy
- 2.11 Council agreed in 2017 to the principle of applying a flood levy. However, this requires a change in legislation. Verbal commitments had been secured although this does not provide enough certainty to base financial decisions on, especially given the timing of when or if legislation would be changed remains unknown. Lobbying of government has continued to try to secure this change, but as yet this has not been enacted and there is no timeline as to when this may happen. Therefore, the option of applying a flood levy is currently not feasible.
- 2.12 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.

It should be noted that at the time of the report in 2017, the Head of Finance role held the position of S151 officer, the statutory finance role that has responsibility for ensuring the Council maintains its financial duties. This role is now designated to the Director of Resources.

- 2.13 Council considered the 2020/21 capital programme on 25th February 2020 and approved a capital programme which includes £10m over the four financial years commencing in 2020/21 and this has continued to be rolled forward into 2021/22 so the funding remains in place.
- 2.14 In July 2020, the Council's S151 officer was asked to sign a letter to confirm the Council was committed to borrowing the remaining funding for the River Thames Scheme. The original expectation would have been that the legislation was in place to be able to fund the additional revenue costs through the raising of a flood levy. At the time of being asked to sign the letter of reassurance, no such legislation was in place and there was no written commitment in place or even a timetable as to when this may be considered by Parliament. Without that reassurance, the Council would not be in a position to fund the cost of borrowing which would be at least £1.3m per year for 50 years. Given the Council's financial position at July 2020, with low levels of reserves and concerns about funding levels, the S151 could not commit the Council to such significant, ongoing financial risk.
- 2.15 The Council did remain committed to ongoing dialogue to ensure that enough reassurance could be given, but to date no written commitment has been given to the Council to provide sufficient reassurance to allow the Council to be able to sign such a letter of comfort.
- 2.16 The Environment Agency now reports that:

"The governance for investment viability decisions for the River Thames Scheme rests with the Sponsor Group for the scheme. Faced with the choice of stopping the scheme for three channels or proceeding with the two Surrey channels, the Sponsor Group decided in July 2020 to proceed with the two.

To implement this decision, the EA was tasked with re-writing the Outline Business Case and seeking approval for a two channel scheme. The Outline Business Case has been completed and is now with the Treasury for final approval. One of the features of the revised business case is that a much higher risk contingency was included in the cost of the scheme. Even if it were possible to re-introduce channel 1, the required contribution to meet the higher risk contingency and to repeat all of the work since July would be far higher than £50m.

In addition to the business case, the Secretary of State has also given direction that the two-channel scheme is taken forward as a Development Consent Order, which is really the point of no return.

As a stand-alone scheme, Channel 1 on its own would likely have a positive benefit to cost ratio. The benefits would be greater than the costs. However, it is very likely that the Incremental Benefit to cost ratio would be less than one. In other words, the additional benefits that channel 1 would provide above and beyond the current benefits provided by maintaining the existing assets would be less than the additional cost of a one channel scheme.

At present, under government investment rules, flood schemes require the 'Incremental Benefit Cost' to be positive as well as the 'Benefit to cost' ratio. In

this respect a one channel scheme would not be viable as it would not meet the current criteria for investment under the Governments Partnership Funding policy.

As it does not meet the current criteria, RBWM have been working in partnership with the Environment Agency to consider other options that might be possible to help mitigate flood risk in the area. A letter was sent to the parish councils, and other members of the community, to gather feedback and ideas to help shape the next steps. Through regular meetings we will continue to work together to draw together alternative suggestions which can be progressed. If anyone has any further ideas that they would like to contribute, they would be welcomed.”

- 2.17 Councillor Cannon and officers now meet monthly with EA officials to seek alternative solutions to Channel 1. In the meantime the Council will look at smaller scale alleviation such as ensuring the Wraysbury drain is unblocked and flowing and all other water courses are not obstructed through enforcement on riparian owners, if necessary.

3. FINANCIAL DETAILS / VALUE FOR MONEY

- 3.1 The base cash cost for the full River Thames Scheme is £635 million (including the first ten years of operation and maintenance). The contribution requested from the Royal Borough was £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 was £41.275m.
- 3.2 The Council has never made such a commitment to fund the additional £41.275 million contribution, but has throughout all discussions, allocated £10m of its own resources and would have borrowed the additional funding subject to legislation having been brought about to allow the Council to raise an additional flood levy to cover the cost of the additional funding.
- 3.3 RBWM retains £10m in its Capital programme to fund flood alleviation works but if it were to have had to fund those works through borrowing, then funding of £41.275 million would cost £1.3 million every year over 50 years at the latest Public Works Loan Board rates. That is the equivalent of almost 2% additional increase on the current rate of Council Tax for all residents of the borough.
- 3.4 Given the fact that work on the other channels have commenced, the funding required to build out the original decision for the Channel covering RBWM will now be more expensive and the gap between the funding that RBWM has set aside and partnership funding required has widened significantly if the scheme was to be delivered as a stand-alone function.

4. LEGAL IMPLICATIONS

- 4.1 None

5. RISK MANAGEMENT

- 5.1 The Council continues to work with the Environment Agency to find an affordable solution to the flood risks.

6. POTENTIAL IMPACTS

- 6.1 Equalities. Equality Impact Assessments are published on the [council's website](#).

Climate change/sustainability – the Council continues to work with the EA to mitigate flooding risk

Data Protection/GDPR - None

7. CONSULTATION

- 7.1 The River Thames Scheme was reviewed by the Infrastructure Overview and Scrutiny Panel in October 2020.

8. TIMETABLE FOR IMPLEMENTATION

Not applicable

9. APPENDICES

None

10. BACKGROUND DOCUMENTS

- 10.1 This report is supported by the following background documents:

- [e-petition](#)
- <https://www.gov.uk/government/publications/river-thames-scheme>
- Council minutes, 26th September 2017

11. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Cllr Hilton	Lead Member for Finance	14/4/2021	15/5/2021
Cllr Cannon	Lead Member for Public Protection	14/4/2021	14/4/2021
Duncan Sharkey	Managing Director	8/4/2021	9/4/2021
Adele Taylor	Director of Resources/S151 Officer	2/4/2021	8/4/2021

Andrew Durrant	Director of Place	8/4/2021	9/4/2021
Kevin McDaniel	Director of Children's Services	14/4/2021	
Hilary Hall	Director of Adults, Health and Commissioning	14/4/2021	
Simon Dale	Interim Head of Highways	8/4/2021	15/4/2021
Elaine Browne	Head of Law	14/4/2021	
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	14/4/2021	
Nikki Craig	Head of HR, Corporate Projects and IT	14/4/2021	
Louisa Dean	Communications	14/4/2021	
Karen Shepherd	Head of Governance	8/4/2021	8/4/2021

REPORT HISTORY

Decision type:	Urgency item?	To follow item?
Petition for debate	No	No

Report Author: Andrew Vallance, Head of Finance
