



Our ref: WG0701-14

To all Chief Planning Officers

9th January 2014

Dear Colleague,

Planning Policy on Flood Risk and Insurance Industry Changes

Given recent flooding and storm events I am writing to update you on a number of issues that have arisen in relation to the interpretation and use of national planning policy in respect of development and flood risk.

Insurance Industry Flood Cover

Flood insurance as a financial activity is classed as a reserved matter for which the UK Government is responsible. DEFRA consulted last summer (2013) on [proposals](#) for how the insurance industry will provide flood cover to domestic properties in the future. The consultation was accompanied by a draft Memorandum of Understanding between the UK Government and Association of British Insurers which has influenced flood insurance clauses in the Water Bill. These clauses may have an impact on planning applications, and the ability to demonstrate a 5 year housing land supply.

The new proposals are based upon introducing "Flood Re", which is a reinsurance pool of funding for high risk households, and in effect caps flood insurance premiums. Premiums would be set according to property council tax bands, and therefore home owners, and prospective purchasers, will know the maximum they could be asked to pay for flood insurance cover.

However these proposals will only apply to properties built before 2009, and therefore new developments built after this date will be subject to uncapped risk reflective premiums. Consequently, in order to ensure that insurance cover will be obtainable, new developments should only be permitted in a flood risk area where it can be made safe, resistant and resilient to flooding for a given flood event (e.g. 1 in 100 chance or 1 in 200 chance of occurring in any year), and does not increase flood risk elsewhere.

In Wales the standard of mitigation that should be achieved is set out in Technical Advice Note 15: Development and Flood Risk. A summary of these requirements is included as an Annex to this letter.

Why is flood insurance a planning consideration?

Mortgage lenders in the UK generally require mortgage holders to purchase buildings insurance which includes cover for flooding. Therefore if new homes, which are built after 2009, do not provide an appropriate standard of mitigation then the ability to get insurance cover may be limited or not even possible. This in turn will affect the ability of purchasers to secure mortgages which means properties cannot be sold. This lack of market certainty may mean that the development does not get built thereby resulting in those units not contributing towards providing a 5 year supply of housing.

As new properties will pay risk-reflective prices for insurance, it provides further incentive to consider the lifetime of the development and how residents will be able to cope with flood risk in the long term.

How will the Insurance Industry know whether new development meets the appropriate standard of flood mitigation?

The Water Bill will contain provisions for data sharing between the insurance industry, Natural Resources Wales, Lead Local Flood Authorities, and Welsh Government.

This includes the annual High Level Target (HLT) 13 report prepared by Natural Resources Wales in association with the Welsh Local Government Association. HLT13 identifies those planning applications that were approved in areas of flood risk, and those approved contrary to Natural Resources Wales' advice. This information will be used by the insurance industry to determine whether the residual risk of flooding is acceptable for insurance cover for individual developments.

Surface Water Flood Risk

The Flood Risk Regulations 2009 have introduced a requirement for surface water flood maps to be produced by the end of December 2013. Lead Local Flood Authorities have been working with Natural Resources Wales and the Environment Agency to produce an online surface water flood map. Details of the maps can be found at: <http://watermaps.environment-agency.gov.uk>

Section 8 of TAN15 identifies that consultation with regard to surface water may be required with Land Drainage Authorities. Therefore it may be necessary to consult internally with colleagues fulfilling the role of Lead Local Flood Authority to determine whether surface water flood risk is an issue when considering allocations in local development plans or determining individual planning applications.

In respect of river and tidal flood risk, reference should still be made to the Development Advice Maps published by the Welsh Government. The latest version of these was published in March 2013, and can be found at: <http://data.wales.gov.uk/apps/floodmapping/>

Climate Change and the Lifetime of Development

Paragraph A1.5 of TAN15 identifies that a proposed development must provide a safe and secure living and/or working environment throughout its life and that an assessment should include a flood event which has a 0.1% (or 1 in 1000 chance) probability of occurrence in any year.

Natural Resources Wales advise that the lifetime of development for residential development is 100 years, and for other development it is considered to be 75 years.

Therefore it is necessary to take account of the potential impact of climate change over the lifetime of development including a flood event which has a 0.1% probability of occurrence.

Consultation with Natural Resources Wales

Section 6 of TAN15 sets out the tests that should be considered in order to justify the location of development within a flood risk area. This is a matter for the Local Planning Authority to undertake, and these should be undertaken sequentially. Therefore the Local Planning Authority should be able to identify how a proposed development meets tests i, ii, and iii of Paragraph 6.2 prior to consulting NRW on any detailed Flood Consequence Assessment necessary

to demonstrate test iv. **In particular paragraph 6.2 identifies that highly vulnerable development (e.g. housing) should not be permitted in Zone C2, and paragraph 10.8 states that allocations should not be made for highly vulnerable development in Zone C2.**

The latest HLT13 report identifies that in 2012/13 the majority of sustained objections by NRW were in relation to applications that were not supported by the submission of a Flood Consequence Assessment.

Paragraph 3.4 of TAN15 identifies that the planning authority will need to be satisfied that a proposal is justified and that the consequences of flooding are acceptable, and that developers will need to provide information to demonstrate that their proposal satisfies the tests contained in the TAN. TAN 15 advises that the first step in undertaking an assessment must be for the developers to consult Natural Resources Wales about the objectives of the assessment.

In providing their expert technical advice, NRW will comment on the acceptability of flooding consequences in terms of the risks to people and property within the development. However they will not comment on whether safe access and egress can be achieved to and from the site as this is a matter for the emergency services to determine on a site by site basis depending upon operational capabilities and equipment. The Local Resilience Forum for your area may be able to provide further advice in liaison with Local Authority Emergency Planners. The responses back from NRW to the LPAs have identified this issue; however from the sample of planning committee reports we have seen it is not clear how local planning authorities have been addressing this.

We expect Local Planning Authorities to reflect on the issues raised in this letter, and consider how this may impact upon development viability and supply in flood risk areas.

Yours sincerely,



Rosemary Thomas
Chief Planner / Deputy Director
Department for Housing and Regeneration

CC: Local Authority Chief Executives
Welsh Local Government Association

Planning Division
Welsh Government
Cathays Park
Cardiff
CF10 3NQ

English Enquiry Line 0845 010 3300
Llinell Ymholiadau Cymraeg 0845 010 4400