



Supporting and representing flood risk communities

# Guidance on Insurance and Planning in Flood Risk Areas for Local Planning Authorities in England

This guidance is aimed at Local Planning Authorities in England, for use when producing Local Plans or dealing with planning applications in flood risk areas. It is designed to be considered in the context of the National Planning Policy Framework, issued by the Department for Communities and Local Government on 27<sup>th</sup> March 2012. The framework sets out the Government's vision for planning in England, focusing particularly on sustainable development and local decision making.

It is vital that new development is insurable. Property insurance provides customers with the confidence that they are protected should the property be damaged or rendered unusable. Insurance is also a prerequisite for the vast majority of mortgages, and therefore underpins local housing markets. In 2009 the ABI published 'Climate Adaptation: Guidance on Insurance Issues for New Developments', which offered general advice about building new developments in the context of climate change. The vast majority of this guidance remains valid today and can be accessed here:

[http://www.abi.org.uk/Publications/Climate\\_Adaptation\\_-\\_Guidance\\_on\\_insurance\\_issues\\_for\\_new\\_developments1.aspx](http://www.abi.org.uk/Publications/Climate_Adaptation_-_Guidance_on_insurance_issues_for_new_developments1.aspx)

The five more specific recommendations in this document complement the ABI's 2009 guidance. Following them should help Local Planning Authorities ensure that properties built locally are able to access competitively priced insurance cover.

## Key recommendations

1. Ensure strong relationships with technical experts on flood risk, within the Local Authority and further afield;
2. Consider flooding from all sources, taking account of climate change;
3. Take potential impacts on drainage infrastructure seriously;
4. Ensure that flood risk is mitigated to acceptable levels (not more than a 1% annual probability of flooding) for proposed developments, and share information on this;
5. Make sure Local Plans take account of all relevant costs and are regularly reviewed.

## **INSURANCE AND NEW DEVELOPMENTS**

### **Why should you bear insurance in mind when considering development in flood risk areas?**

The insurance industry accepts that development is necessary to meet the demand for housing, commercial operations and infrastructure that a sustainable economic future depends on. It is clear that the presumption in favour of sustainable development will make it easier for new development to go ahead.

There will always be pressure to build in areas at risk of flooding, be that from surface water, rivers, the sea or groundwater. With flat land close to urban areas increasingly sparse, many flood risk areas may seem to be attractive places to build. However to allow this to happen without due consideration of the potential insurance-related consequences would be dangerous.

It is vital that those ultimately owning any new developments are able to access insurance. Buildings insurance underpins mortgage lending - to the extent that a failure to access insurance usually means no mortgage. In other words, if insurance is not available, a property could become impossible to buy or sell.

The ABI has made it clear that any future arrangements for facilitating the availability of flood insurance may not apply to developments built after January 1<sup>st</sup> 2009, meaning that it would come down to market forces alone as to whether there were insurance problems. Insurers will naturally be wary of new developments in flood risk areas, and are likely to need assurance, from a trusted source, that the development is safe in order to offer insurance.

The current level of flood risk is important, but the National Planning Policy Framework also dictates that new developments should be planned to “take account of climate change over the longer term, including factors such as flood risk”. If climate change is not taken into account there is a danger that properties that are built, and which are insurable, today will struggle to access cover as flood risk rises in the coming years. It is in no one’s interest to allow this to happen.

## **RECOMMENDATIONS**

### **1. Ensure strong relationships with technical experts on flood risk, within the Local Authority and further afield.**

Good planning decisions relating to flood risk areas rely on understanding the best available information on that risk, and carrying out the required ‘sequential’ and ‘exception’ tests in a rigorous manner. In order to achieve this, planning officers should cultivate strong relationships with technical flood mapping staff within the Local Authority, and also further afield (for example with technical staff in the Environment Agency).

Consideration of flood risk should be undertaken as early as possible in the planning process, including the timely receipt of an adequate Flood Risk Appraisal from the developer.

## **2. Consider flooding from all sources, taking account of climate change.**

Assessments of flood risk in the planning process have historically focused on flood risk from rivers and the sea. These are important but other types of flooding must not be neglected. Insurers increasingly also consider flood risk from surface water, groundwater, etc., and newly built properties seen to be at high risk from these sources may struggle to access insurance.

Information on flood risk from (main) rivers and the sea is available from the Environment Agency. Lead Local Flood Authorities (LLFAs) are responsible for all other sources of flood risk. Under the 2006 EU Floods Directive, LLFAs have all produced Preliminary Flood Risk Assessments, which provide a high-level summary of significant flood risk, from all sources, locally. By December 2013 LLFAs must produce Flood Hazard and Flood Risk maps for identified 'flood risk areas'.

Flood Hazard Maps produced under the Floods Directive identify a small number of Significant Flood Risk Areas, areas likely to flood using three probability bands, and include likely flood depth, and likely speed and direction of flow. Flood Risk Maps identify the potential impacts on human health, economic activity, industry and the environment for each of these flood risk areas.

The Environment Agency's pluvial and fluvial flood risk maps, which cover the whole country, should also be consulted.

These maps should prove very useful in making planning decisions and should be fully utilised.

It is widely predicted that flood risk in the UK will increase in the future due to climate change. Developments should only be approved if the flood risk is acceptable (not more than a 1% annual probability) not just in the present, but for their full anticipated lifetime, taking account of climate change projections.

## **3. Take potential impacts on drainage infrastructure seriously.**

Surface water flooding occurs when the drainage capacity of the land is exceeded. Particularly in urban areas, this capacity is governed by the drainage infrastructure – drains, culverts, sewers etc. Decision makers should be assured that adequate drainage capacity exists, or will exist, to drain a new development effectively.

To achieve this, the relevant water company should be consulted as standard, and planning permission only granted if the water company can confirm that adequate drainage capacity exists.

We recommend that for new developments Sustainable Drainage Systems (SuDS) should be required whenever they are practical.

**4. Ensure that flood risk is mitigated to acceptable levels (not more than 1% annual probability of flooding) for proposed developments, and share information on this.**

We appreciate that on rare occasions where it is the only option, development in flood risk areas may be necessary. In these cases it is vital that the flood risk to the properties built is managed to an appropriate level. Insurers have differing appetites for insuring flood risk properties, so it is not possible to state a standard of protection that is universally 'insurable'. However we would suggest that a not more than 1% annual probability of flooding is necessary to give developments a good chance of accessing flood cover at a competitive price.

Actions taken to reduce flood risk to new developments should not increase flood risk to any other properties. The potential impacts of building in flood risk areas and then protecting the properties may be local, but equally may be well downstream. It is crucial that Local Planning Authorities are careful about this – otherwise existing properties may find that they suddenly struggle to access insurance.

Assuming a development has been protected, its insurability is dependent upon insurers having easy access to quantitative information about that protection. Sharing detailed quantitative information with potential buyers will enable them to offer this information to potential insurers, and may improve access to competitively priced cover.

These principles apply equally to protection at the property level, or to larger scale flood protection work. However insurers would always prefer that a property does not flood at all. Therefore they would be much more likely to favour measures that raise the development above a maximum expected flood threshold, over resistance measures that provide a barrier to flood water entering the property, or resilience measures that reduce the extent of damage once water does get in.

**5. Make sure local plans take account of all relevant costs and are regularly reviewed.**

Local Plans must be rigorous and kept up to date if the correct planning decisions are to be made. For flooding, it is particularly important that local plans take account of all relevant costs. Two examples of costs that it might be easy to neglect are:

- Costs not only of building appropriate flood protection for new developments, but maintaining this protection over the long term.
- Potential reductions in property values caused by new developments facing high insurance premiums or even struggling to access insurance at all.

Local Plans must also be kept up to date. The understanding of flood risk is constantly improving, and new flood maps and models regularly become available. These improvements should be incorporated into Local Plans in a timely and regular fashion to ensure that decisions are made based on the best available knowledge.