

Flood Risk Management Group

Item 02 - Minute of Meeting of Flood Risk Management Group

28 October 2021, via Microsoft Teams

Welcome

[REDACTED]	COSLA	
[REDACTED]	COSLA	Chair
[REDACTED]	COSLA	
[REDACTED]	North Ayrshire Council	Director of Finance
[REDACTED]	Moray Council	SCOTS
[REDACTED]	Angus Council	SCOTS
[REDACTED]	Scottish Government	
[REDACTED]	Highland Council	
[REDACTED]	Scottish Government	
[REDACTED]	Scottish Government	
[REDACTED]	SEPA	

Apologies

[REDACTED]	Inverclyde Council	Director of Finance
[REDACTED]	City of Edinburgh Council	Director of Finance
[REDACTED]	West Lothian Council	Director of Finance
[REDACTED]	Dumfries & Galloway Council	SCOTS
[REDACTED]	Scottish Government	
[REDACTED]	SEPA	

Item 2 - Draft Minute of Previous Meeting

1. The group agreed that the minute was an accurate record and discussed the action points from the meeting.

Item 3 - LA Information Gathering Exercise

2. COSLA provided an update on the LA information gathering exercise, with the remaining Councils added to the summary. It was acknowledged that Glasgow City Council is yet to provide a return.
3. It was agreed that a quality assurance process remains a crucial aspect and collating any outstanding information before proceeding.
4. Scottish Government colleagues asked COSLA to clarify the inclusion of Scottish Borders non-committed schemes within Cycle 2. COSLA agreed to clarify.
5. COSLA agreed to revise the document following feedback from the group and work with Directors of Finance to ensure quality assurance.

Action: SCOTS to follow up with Glasgow City Council.

Item 4 - Draft Cycle 1 Assessment Criteria

6. The group discussed the draft Assessment Criteria, and SCOTS updated the group on revisions to the document following further consideration.
7. The group discussed the viability criterion, including eligibility. There was recognition of different factors in profiles in timescales over 4 years, rather than 6 years.
8. Following discussion on the Assessment Criteria scope it was agreed that the Assessment Criteria should have an immediate focus on Cycle 1 schemes.
9. The group agreed for a further information gathering exercise to capture information from LAs on their Cycle 1 schemes. COSLA agreed to circulate the template, after discussions between SCOTS. The group agreed to distribute the questions W/C 1 November.

Action: SCOTS to update the Assessment Criteria following the group's discussion.

Item 5 - Undertaking the Assessment

10. The group agreed to focus on collecting returns from the second information gathering exercise and quality assure the initial set of data received by LAs.
11. It was agreed that a Technical Subgroup, comprised of SCOTS and [REDACTED] from SEPA, would meet to review the returns and begin the assessment exercise.

Item 6 - Verbal Updates

COSLA

12. COSLA confirmed that a Flood Risk Management Group report was provided to the Environment and Economy Board. The Board agreed to mandate the Spokesperson to write to Ms McAllan to request a delay to publication of the Local FRM plans and Cycle 1 Final Reports to December 2022. The Board also agreed COSLA's response to the SEPA consultation.

Scottish Government (inc. Grangemouth)

13. Discussions remain ongoing regarding Grangemouth. Scottish Government are awaiting a formal letter from Falkirk Council outlining the key issues to be considered around deliverability, viability etc.

SEPA

14. SEPA's consultation closes on 31 October 2021, and currently has over 400 responses. SEPA are currently analysing consultation responses and working on finalising the flood risk management plans for

Item 7 - Stages for Completion of Work and Timescales

15. The following next steps were agreed:
 - Finalise the first information gathering exercise by W/C 1 November
 - Issue further information gathering by W/C 1 November
 - Technical Subgroup to meet, with discussions feeding into the next meeting of the Group.

Item 8 - AOB and Date of Next Meeting

Additional Flooding Capital Grant 2021-22 - £10m

16. Scottish Government officials raised that £10m for Flood Risk Management requires to be allocated to Local Government to be spent this financial year. The Scottish Government intention is to provide a Settlement & Distribution Group paper for their November meeting and for COSLA Leaders at the end of November.
17. The group discussed the limitations on the use of the funding during the current financial year, requesting flexibility for the funding to be utilised in other financial years. The group also discussed the directive nature of the spend, within limited Local Government Capital allocations.
18. The group further discussed the inclusion of this funding within General Capital Grant, and options proposed in the SDG paper.

Date of Next Meeting

19. The group agreed to seek to hold the next meeting during the last week of November.

Post Meeting Note: It was agreed that the Technical Sub-Group would progress their review and feed its views to the Flood Risk Management Working Group for consideration and discussion at a full meeting.

Item 02 - Minute of Meeting of Flood Risk Management Group

11 January 2022, via Microsoft Teams

Welcome

[REDACTED]	COSLA	
[REDACTED]	COSLA	Chair
[REDACTED]	COSLA	
[REDACTED]	North Ayrshire Council	Director of Finance
[REDACTED]	Inverclyde Council	Director of Finance
[REDACTED]	City of Edinburgh Council	Director of Finance
[REDACTED]	Moray Council	SCOTS
[REDACTED]	Angus Council	SCOTS
[REDACTED]	Dumfries & Galloway Council	SCOTS
[REDACTED]	Highland Council	
[REDACTED]	SEPA	
[REDACTED]	Scottish Government	
[REDACTED]	Scottish Government	
[REDACTED]	Scottish Government	

Apologies

[REDACTED]	West Lothian Council	Director of Finance
[REDACTED]	Scottish Government	
[REDACTED]	SEPA	

Item 2 - Draft Minute of Previous Meeting

1. The group agreed that the minute was an accurate record and discussed the action points from the meeting.

Item 3 – Review of Cycle 1 Technical Data supplied by Local Authorities

2. Since the last Flood Risk Management Working Group meeting, the Technical Sub-Group has continued to meet and progress their analysis.
3. Members of the technical subgroup presented their review of Cycle 1 data, which was supplied as part of an information gathering exercise by local authorities. The analysis works off the information provided by LAs, determining whether projects are committed or non-committed by the agreed definitions. The analysis also includes information on what technical status each scheme is at (e.g. outline design, detailed design etc.) and assigns a risk of financial cost increase to each scheme based on its technical status.
4. It was noted that some projects were defined committed / non-committed in the detailed design phase. This was recognised by the group as a cross-over point between committed and non-committed projects.
5. The group noted that during the non-committed scheme review, it became apparent that 5 projects were in the concept feasibility stage – with a significant amount of work remaining on each project, with high financial risks associated.
6. 5 projects were considered as at high-risk of cost change (Scone, South Kinross, Haddington, Stirling and Kinnis Burn). 2 projects were identified as low risk of cost change (Gruggies Burn and Bridge of Alan).
7. 14 Schemes were reported to technically be non-committed, with 5 having a high risk of significant cost increase.
8. The group reviewed the supporting Spreadsheets to this review. It was highlighted that there is a discrepancy in the formula for Stirling's data return, with the data presenting a significant outlier compared to other projects.

Action: COSLA agreed to amend the Spreadsheet to ensure data is accurate and re-circulate to the Technical Sub-Group and this Group.

Item 4 – Financial Analysis of Cycle 1 Schemes (Walter)

9. The Technical Sub-Group presented its Financial Analysis of Cycle 1 Schemes. The analysis is based on 25 committed schemes out of a total of 39 (25 schemes are completed/committed, 14 are not committed).
10. The analysis was based on Scottish Government funding of £211m of FRM grants to 2021/22. This figure was thought to be £215m, which was to be reviewed as part of the revised analysis. The group discussed the need for an additional £150m SG funding to accommodate the costs associated with completing the 25 schemes. This funding was committed by SG in its February 2021 Spending Review, with a view to allocating it to LAs over the 2021-2026

period.

11. It was highlighted that the £150m will go towards meeting additional costs of up to £78m to complete the 25 schemes, leaving £72m available. Once a 20% optimisation bias (£16m) and a £10m overspend in SG funding in years 1-6 is subtracted, this leaves a surplus of £46m in addition to annual SG funding to spend in years 6-12 on non-committed Cycle 1 schemes or on Cycle 2 schemes.
12. It was noted that 53% of the total costs of non-committed cycle 1 schemes (14 of 39) can be afforded by the end of the 6-year cycle based on SG funding (annual + additional funding surplus) from Cycle 1 (years 1 – 6) and Cycle 2 (years 7 – 12). The 47% represents a £223M shortfall in SG funding, which excludes LA 20% contributions that have increased proportionately, to complete Cycle 1 schemes only. Cycle 2 schemes are forecast to cost in excess of £350m. The total shortfall to complete all Cycle 1 and new Cycle 2 schemes is £573m.
13. The group recognised an overcommitment to spend. It was also noted that out of the funding for uncommitted schemes, roughly 80% of it belongs to 2 schemes that will not have flood protection orders until 2024 (Stirling and Grangemouth FPS).
14. Discussion continued to the optimisation bias in projects. The group discussed the 80/20 split factored into calculations until projects reach tender stage. It was recognised that going forward, this may be an area for review for future funding cycles.
15. The group considered what timescales are applied to funding cycles and planning up to 2025/26. There was recognition that there was Leaders and SG agreement to a £42m per annum 10-year funding cycle (from FY 2016/17 to 2025/2026). SCOTS discussed the need to return referring to the two 6-year cycles (2016 to 2022 and 2022 to 2028), to ensure projects can return to a sustainable and accountable timescale.
16. It was agreed that the current funding picture is to be modelled against both scenarios and presented to SDG for discussion.
17. The group agreed it was also appropriate to present figures to Elected Members using both 10-year and 6-year scenarios on the two options.
18. COSLA suggested the need for upcoming papers to SDG and Leaders to restate that those projects agreed as 'committed projects' are able to progress. It was felt this was required so that projects can advance as planned without incurring additional costs as a result of this review. The group agreed this should be taken forward.
19. It was agreed that consideration is required on how to best allocate the surplus of £46m, whether this should be allocated to un-committed Cycle 1 schemes, cycle 2 schemes and/or factored into general discussions on what is available for future schemes.
20. The group focused on the funding beyond 2026, and the need for recommendations on how to utilise 'excess' funding, depending on what the

landscape and external factors could look like. However, group members recognised the difficulty of planning the medium to long term funding without indications of future quantum available.

21. It was recognised that input from Scottish Government was required at this stage to understand the levels of funding available. Scottish Government officials commented on the assumption that the £42m quantum will continue, and to base recommendations on this basis.
22. The group moved discussion to the need for establishing some appropriate criteria for the remaining 15 projects. It was agreed that a financial expenditure profile and criteria can be developed at pace by the sub-group with legitimacy to provide options on how to take forward these schemes. Ideas were suggested of categorising projects as Red, Amber or Green. The group welcomed the development of a rapid assessment to identify viable projects.

Item 5 – Initial discussion on recommendations to SDG

23. Due to the Local Government Elections in May 2022, it was agreed that the Flood Risk Management Working Group should aim to report its findings in two stages: one either side of the Elections. However, an earlier conclusion of the work would also be welcome if feasible.
24. It was agreed that COSLA will begin the SDG Paper, with group members contributing via correspondence ahead of the Settlement & Distribution Group meeting in February.

Item 6 – SEPA and SG Updates

25. Scottish Government officials updated that group that a briefing note on the Flood Risk Management work and LG ask to postpone the publication of Cycle 1 final reports and Cycle 2 LFRMPs had not been sent to the Minister before the festive holidays and was due to go up to the Minister in coming days.
26. SG officials indicated that a letter was expected any day from Falkirk Council seeking assistance with delivery/management/funding of the Grangemouth FPS. One of the issues that will be considered is whether scope exists to have the scheme treated as a piece of critical national infrastructure, and whether there can be another way of funding it.
27. Scottish Government officials raised the need for a strategic approach in the next phase of the working group.

Item 7 - AOB and Date of Next Meeting

28. The technical sub-group agreed to meet W/C 17 January. The wider Flood Risk Management Group agreed to a discussion on the SDG Paper via correspondence.

Flood Risk Management Funding Sub-Group

Meeting #1 – 31 March 2021

Attendees (15):

██████████ (SG), ██████████ (SG), ██████████ (SG), ██████████ (SG), ██████████ (SG), ██████████ (SG), ██████████ (COSLA), ██████████ (COSLA), ██████████ (LA – Moray), ██████████ (LA – Angus), ██████████ (LA/SCOTS Rep – Dumfries), ██████████ (LA – Edinburgh), ██████████ (LA – North Ayrshire), ██████████ (LA – Inverclyde), ██████████ (SEPA), ██████████ (SEPA)

Apologies (3):

██████████ (SG), ██████████ (LA – North Ayrshire), ██████████ (LA – West Lothian)

Minutes

Chair:

██████████ – Initially over the phone due to internet drop-out

Welcome:

Initial Introductions from group members.

Overview:

5 minute introduction from SG on the background of the group, flood risk management process & cycles, and current finance arrangements.

Summary: FRM Strategies & Plans run in six year cycles – schemes are submitted to SEPA's prioritisation process, which is ongoing. From 2016, it was agreed that for 10 years (to 2026), at least £42 million per year will go to local authorities for flood risk management purposes. The way in which this is currently allocated is that 80% of the money is allocated to flood protection schemes, with 20% allocated to local authorities in their General Capital Grant.

In September 2020, it was also announced that an extra £150 million was being allocated to flood risk management actions, from this financial year. All of this £150 million is to be allocated to local authorities but there has been no decisions on the allocation of this as of yet.

Discussion / Background Paper:

██████████ Are there any funds for Cycle 2?

██████████ We need to look at how to add new schemes to the Cycle 2 programme? And look at whether schemes can drop out from Cycle 1?

██████████ We want to get a process in place. There will be uncertainty when prioritised.

██████████ – Cycle 1 was a very difficult process, and the opportunity for reflection on the cycle will be valuable.

■ – Raising concern that communities may have their expectations raised that they will receive a scheme as we have to tell communities 6 years in advance that they may get a scheme (and show them options). Whatever we do going forward, it needs to be very clear and transparent.

■ – The money set aside for Cycle 1 (& hence, Cycle 2) is not enough, as shown in background paper. In Cycle 1's initial discussions (pre 2016), it was expected that with optimism bias, the schemes would not rise significantly (they did rise). I can't see any money that fits to Cycle 2.

A financial model of what is in the pipeline, and what is agreed is required.

■ – What are we trying to fund for Cycle 2 – to think about. Is it schemes, natural flood management etc.

■ – In 2016, there was a joint agreement to ringfence £42million with an 80-20 split, this was agreed by leaders and ministers. Using the General Capital Grant was not in the scope.

■ – Agreement with AP. Financial modelling with commitments to date is required. Also, a lessons learned due to slippage is required. Quantum – cap funding will flatline, take money of core funds, we can't frontload everything.

■ – In 2015/16, we had 6 years x 42 = £252million. By coincidence, the cost of the schemes came to around £252 million. It was then agreed that the 80-20, 80-20 splits could be done. New schemes were then rushed in after this agreement, with Grangemouth skewing the figures. The 10 year funding (£42m) rule then had to be put in place.

There should be an analysis of the schemes that came in later (the additional) and cost rises etc.

■ Note – The fact that we've funded all of the schemes and costs in Cycle 1 may be detrimental as it gives LA's the thought that the majority of schemes will be funded and increases the schemes that have been put in as a "wish list" by LA's and that are not economically feasible.

■ - De minimus level of scheme was discussed in 2015/16. We need to address the funding gap. Possibly change the intervention rate?

■ – To target slippage and increasing costs, there could be multiple iterations of submissions e.g. option appraisal stage and other submissions at later stages to scope out schemes.

There cannot be a robust prioritisation with accurate figures without more detail than was provided in Cycle 1.

■ We shouldn't lose sign of the risk of flooding in Scotland being very significant (284,000 properties) and the scale of this will increase over time (e.g. 110,000 extra properties at risk with CC).

Is there anything in the cost estimates that is being missed that could improve them?

■ – LA's did everything to get a BCR above 1 in Cycle 1, with consultants using every technique available. We need to analyse how projects were being approved with BCR < 1 and what stages there could be to stop this from happening going forward (Cycle 2/3/4)

■ – Could we set aside money for development of schemes e.g. from outline design to option appraisal? From the £150m? With a 2-step approval process (or more).

■ Cycle 1 was a bit of a surprise. SEPA had to come up with a list of prioritised schemes with sustainable FRM options and balance many factors.

■ – SEPA were unaware at the time how big a factor the low number of checks and balances in Cycle would have – BCR is useful but doesn't cover a wide range of benefits. Contractors can be savvy with BCR (transport costs etc.)

■ – Cycle 1 came and was fresh. All LA's thought it was great but maybe there were too many schemes and studies submitted. Now the thought may be, why put in a scheme and raise public expectation if it isn't going to happen?

■ – Cycle 2 funding – most LA's will try and submit and there will be huge pressure on the list

■ – Yes, there are almost 80 schemes proposed and the costs are significant.

■ – Why are we asking for bids (prioritisation) if there is no money?? We need to get facts in front of us and get a financial model.

■ Why are LA's being instructed to submit schemes by SG if no money? SG instructed LA's to do this at LLAF 18 months ago. Some LA's will want to submit schemes and have "someone else reject it" to push blame elsewhere.

■ Can we re-profile the £150million

■ point on re-profiling – It depends on Cycle 1 and what has been forward funded.

For those schemes that have not progressed yet in Cycle 1, what does it say for the quality of those schemes, there should be more points/checks in the process.

■ – Pre-2016, there was a group (LA's) who independently reviewed the viability of (certain) schemes. E.g. ■. Essentially an audit. With a review, you knew if the scheme underplayed any area.

■ – Agree that there is a missing part in the process – an additional check somewhere

ACTION – SG to review process and potential processes in paper.

■ – This should mention any potential processes for schemes to drop-out (if not progressing, unviable etc)

■ – Is there any scope for money for additional stages, modelling and economics areas of scheme process.

■ SEPA explored a review process but would struggle to do it as a practitioners review (who would do it). Any spend to save funding available? Funding for first part of scheme development process

■ – Do we need delivery date of schemes?

■ – Should it be the case that if it goes into LFRMP that it should be delivered, don't think that is quite correct. There is a caveat on LFRMP saying "dependent on funding availability". There is currently a very low expectation that schemes will be delivered in 2022-28.

Aims & Challenges from Background Paper – Thoughts?

■ – We need to nail Cycle 1 down – it is the priority (Bullet Point 1 in paper)

■ – Agree, first bullet point in paper is key

█- We get cost updates and profiles each year – do we need to do one soon? (ACTION – SG to assess when last profile was and if one is required).

█ – LA's provide updates on schemes. 30th October we received returns.

█ The next SDG meeting is 20 April – unlikely we will want to update anything to them before 20 April. BE - It would likely only be a verbal update on 20 April and report back when detail. SDG meet monthly.

█- The £150m profile - £10m this year and £21m, £19m, £46m, £53m over the next years (5 years funding)

Issue – FRM Consultation

█- The FRM local plan consultations are due by July (31st)

█ – During the consultation, COSLA could reply saying that the funding is not available at this time (and that the schemes won't be funded at this time)

█ COSLA may well need to reply to the consultation as █ suggests

█ – Some LA's have taken reports to committee, some are holding back and LA reports are going up. They will have to run the consultation process with the current funding recommendations.

Next Meeting Date(s):

- ACTION – █ to circulate meeting dates for w/c 19th & 26th April 2021 (Complete)

Action List:

Action	Who?	Due Date (or Complete?)
SG to start/create lessons learned from Cycle 1 document	█	20/04/2021
Creation of Financial Model document	█	20/04/2021
SG to review process and potential processes in paper.	█	No Date
Assess Cycle 1 design stage Vs initial costs	█	No Date
Circulate meeting dates for w/c 19th & 26th April 2021	█	Complete

Flood Risk Management Group 12th October 2021

Item 2 - Draft Minute of Meeting of Flood Risk Management Group

01 September 2021, via Microsoft Teams

Welcome and Apologies

[REDACTED]	COSLA	Chair
[REDACTED]	COSLA	
[REDACTED]	COSLA	
[REDACTED]	COSLA	
[REDACTED]	Moray Council	SCOTS
[REDACTED]	Angus Council	SCOTS
[REDACTED]	Dumfries & Galloway Council	SCOTS
[REDACTED]	Inverclyde Council	Director of Finance
[REDACTED]	North Ayrshire Council	Director of Finance
[REDACTED]	City of Edinburgh Council	Director of Finance
[REDACTED]	Scottish Government	
[REDACTED]	Scottish Government	
[REDACTED]	Scottish Government	
[REDACTED]	Scottish Government	
[REDACTED]	SEPA	
[REDACTED]	SEPA	

Apologies

[REDACTED]	West Lothian Council	Director of Finance
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Minute of the 21 April 2021 FRM Group Meeting

1. The group agreed that the minute was an accurate record and discussed the action points from the meeting.

Context

2. The group discussed correspondence between the Minister for the Environment, Biodiversity and Land Reform, Ms McAllan, and COSLA's Environment Spokesperson Councillor Heddle and Resources Spokesperson Councillor Macgregor.
3. The group also discussed a recent meeting between Ms McAllan and Councillor Heddle, where Flood Risk and the work of the group were briefly raised. Both Ms McAllan and Councillor Heddle agreed that a dedicated meeting on the matter was required.

Terms of Reference

4. The draft Terms of Reference has been circulated prior to the group meeting.
5. An admin error was highlighted showing that Paragraph 6 should reference Item 7.
6. The group recognised the ambitious objectives of the group. Commenting on Section 7, Point c, Members highlighted that the group's immediate focus should be the review of schemes in cycle 1, however it was acknowledged that this will naturally lead into consideration of cycle 2 capital schemes and works.
7. SEPA suggested that Section 7, Point d (consideration of timelines for LFRMPs) should be expanded to include FRMPs.
8. The group discussed the terminology adopted in the draft terms of reference, such as "we will" and the group agreed the terms of reference needs to be placed in the current context.
9. COSLA officers agreed to revise the terms of reference to reflect the conversation at this meeting and to circulate an updated Terms of Reference for agreement by correspondence.
10. The group noted the Membership of the Working Group, agreeing that all stakeholders are listed, with the addition of [REDACTED], Highland Council, as

one of the SCOTS representatives. COSLA informed the group that SOLACE will be regularly sighted on the progress of the group, but will not be formal members.

11. The group discussed chairing arrangements for the meetings. The paper proposed that Scottish Government and COSLA co-chair meetings. However, Scottish Government officers expressed their preference to remain part of the group without actively participating in acting governance of the group. It was agreed that COSLA will chair and provide secretariat for the meetings.

Developing a Workplan

12. A draft workplan was circulated to the group prior to the meeting with input from COSLA and Scottish Government.
13. Suggestion that item 1.3 (consideration of delivery timescales) also includes FRMPs.
14. Suggestion that items 2.6-2.10 (developing recommendations on timescales) also include the Flood Risk Management Plans.
15. Clarification sought from SEPA that item 2.5 refers to the draft consultation content as published, and not the consultation responses received to date at that point. It is confirmed that 2.5 refers to the draft consultation content as published.
16. Item 2.1 was discussed, noting the tight deadlines for issuing of a survey template. It was agreed that SCOTS will develop the template for agreement by correspondence and will liaise with the correct stakeholders for the data gathering exercise.
17. Discussion moved to the assessment criteria and the importance of agreeing the criteria so the review can proceed. The group agreed to circulate draft assessment criteria for agreement by correspondence.
18. The group discussed the priorities and time pressures faced by this group, and the suitability of conducting a cost/benefit analysis.
19. Following a technical discussion surrounding the group's work and the challenges it faces, the group agreed that the review will focus on the 14 legally committed projects, however funding and expenditure profiles will be sought for each Cycle 1 protection scheme and proposed Cycle 2 projects from Local Authorities.

Grangemouth Flood Prevention Scheme Briefing Note

20. A briefing paper on the Grangemouth Flood Prevention Scheme was circulated to the group.
21. Discussion commenced around the significant resource that is required for this project, and the national importance of the scheme, which is disproportionately affecting other Cycle 1 projects.

22. It is understood that discussions are ongoing between Falkirk Council and the Scottish Government on the scale of the project, timing and the achievable outcomes of the work. Scottish Government directors are aware of the concerns and discussions continue, with an update to be provided.
23. It was raised that the Grangemouth Flood Prevention Scheme is included as one of the 14 legally committed projects, therefore it was felt that this project should undergo a similar assessment to the other projects within this Review.

SEPA Consultation and LAs publishing local plans

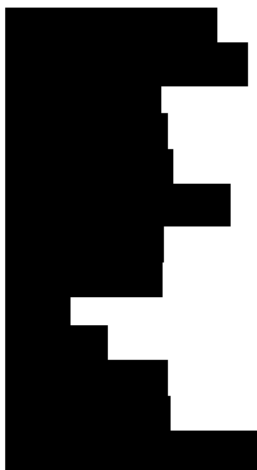
24. A paper was circulated which brings the group's attention to the consultation on cycle 2 local flood risk management plans and SEPA flood risk management plans. The timescale for publication of SEPA flood risk management plans is currently December 2021, with June 2022 the timescale for publication of Local Flood Risk Management Plans and final reports on cycle 1 local flood risk management plans.
25. The group discussed the feasibility of the timescales, and it was highlighted that in the current context the professional view from SCOTS is that the statutory 6-month gap between publication of plans and local plans is a tight timescale. It is proposed that the deadline for local plans and final reports on cycle 1 LFRMPs is extended to 12 months from December 2021.
26. SEPA expressed their constraints with legal stipulations of timescales for FRMPs, which Local FRMPs do not have to adhere to. SEPA recognised the importance of this review and the group's objectives and are very keen to ensure its recommendations are factored into their Flood Risk Management Plans.
27. Scottish Government agreed to work with SEPA to find a solution, in the context of the possible delay to publication of Local Flood Risk Management Plans, which is a decision for the Minister.
28. Scottish Government also highlighted that ministerial direction would be welcome and highlighted that a collective request from all stakeholders would be welcome. It was agreed that a joint COSLA / SCOTS and DOF request would be acceptable for any extensions.

AOB and Next Meeting

29. The group agreed for work to commence by correspondence and COSLA to circulate a date for the next meeting.

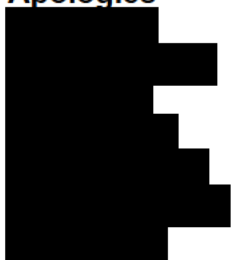
Item 02 – Draft Minute of Flood Risk Management Review Group 5th May 2022 Meeting

In attendance



COSLA	Chair
COSLA	Director of Finance
City of Edinburgh Council	SCOTS
Moray Council	SCOTS
Angus Council	SCOTS
Dumfries & Galloway Council	SCOTS
Highland Council	SCOTS
SEPA	
SEPA	
Scottish Government	
Scottish Government	
Scottish Government	
Scottish Government	

Apologies



Scottish Government
Scottish Government
Director of Finance
Director of Finance
Director of Finance
SCOTS
Scottish Government

Welcome and apologies

The Group noted that [REDACTED] is retiring and that SCOTS are proposed his colleague [REDACTED] would replace him on the group.

Update on Review Progress

The Group was informed that SDG had put forward a recommendation to COSLA Leaders for FRM schemes at or near design stage to now proceed without further delay, as recommended by the FRM Group. This was agreed by Leaders at the end of April. In coming to the recommendation, SDG requested COSLA to have up to date figures from LAs on all the schemes and that the optimum bias be revisited in light of the updated information received from LAs. SDG were of the mind that the extra £150m in capital plan is very much gone as a result of agreement made on the committed and design stage scheme.

SDG also wished to put a strong message to Leaders that the current (£42m per annum) financial agreement is unsustainable – COSLA would therefore take a paper to Leaders in May post the Local Government Election. This will be just an introductory paper to re-state the issue and update Leaders on the state of play, with a more substantive report to Leaders in August with a proposed way forward (such as a Programme Management Board along the lines of the Learning Estate Investment Programme – or similar highly robust jointly accountable national level mechanism. There also needs to be discussions at a political level given the significance of this.

In refreshing the financial information from LAs, the Group agreed that one of the questions should be to seek from LAs where they are at with optimum bias assumptions within their scheme development, with a need to have a more structured, 'Green Book' approach to this. The Group noted that it needs to be clear on what is meant by an optimism bias – level of optimism bias can be differently applied. The Green Book sets 44% for larger schemes where the scope is less defined. The refresh would therefore ask LAs for info on cycle 1 schemes and where they are in terms of optimum bias – are they able to identify what their optimum bias is – do they have an optimum bias in the first place? For it to be credible this needs focussed questions and has to be based on accurate data and the sooner we do this the better.

The Group noted the Scottish Government's clarification that there are a number of financial commissions on the go (spending review refresh, capital spending review refresh) and each policy area has an opportunity to ask for additional resources. It is acknowledged that there is a large funding pressure coming down the pipeline and SG need to inform considerations by Ministers.

SEPA made a point that the optimism bias will have changed as schemes in a number of cases are no longer the same as when they started. We should include Cycle 2 as well – i.e. include Cycle 2 scheme development costs. There are some cycle 2 schemes with very vulnerable communities which need to be moved forward – we shouldn't just focus on getting the cycle 1 done. The Group also considered the timing and that clarity on Cycle 2 to be by August to allow LAs to inform their LFRMPs. A further extension to the LFRMPs could be a consideration, delaying LFRMPs until funding is known is a way of making the plans meaningful.

In taking forward further work, the Group noted that it is up to SDG to indicate whether the £42m is no longer appropriate. Current funding arrangements can change if Ministers agree it can change. For instance, we still haven't established if the 80/20 is still appropriate.

Whilst schemes are started in line with green book as this is often a requirement to secure funding, schemes then subsequently do not have a requirement to continue to be managed against this. However, Cycle 1 FRM final reports will also cover progress on the schemes and should offer opportunity for review, though this is after the event. It was noted that 2016/17 was a very early stage to commit to these schemes with a 'blank cheque' as it allowed schemes to grow and grow, that was wrong. Options for future programme management could include stating that there is fixed funding for the scheme, and it would be for the LA to meet any changes in costs and committing funding to commission further design and then decide if the scheme should go ahead on a staged approach.

Scottish Government indicated that a letter providing a formal update from COSLA Spokespeople to Ministers to reflect where things are at would be helpful for the Ministers.

Actions Agreed

The Group agreed the following actions following on from the discussion above:

1. Cost update + optimum review information gathering to be progressed by FRM technical subgroup. COSLA to set up meeting.
2. Consideration of delaying LFRMP deadline – possibly bring a proposal to the Group for further discussion (technical subgroup).
3. Scottish Government and COSLA to develop an options paper for scheme programme management approach (i.e., gateway reviews, design stage review, what would make sense in terms of review, optimum bias) and potential future funding options.

4. FRM Group to consider both papers and develop a scheme management approach which could be proposed to SDG, Leaders and Ministers.
5. COSLA to write to the Minister on progress to date.

Next meeting early June – dates to be canvassed by SG/ COSLA

Flood Risk Management Funding Review Group

8 November 2022

Present

- SG (Chair)
- SG Flood Risk Management Team
- SG, SG Flood Risk Management Team
- SG, Flood Risk Management Team
- SG Flood Risk Management Team
- SG Flood Risk Management Team
- SG LG Finance,
SG LG Finance
- COSLA
COSLA
- Chair of the Lead Local Authority Forum
- SCOTS
SEPA
- SEPA
- City of Edinburgh Council, Director of Finance
- North Ayrshire Council, Director of Finance
- Inverclyde Council Director of Finance

Welcome and apologies (SG Chair)

1. [REDACTED] introduced herself as Head of the Environmental Quality and Resilience Division which included the Flood Risk Management Team. The post was job shared with [REDACTED].

Context setting – future funding challenges and opportunities.

2. [REDACTED] set out that the meeting was an opportunity to build on the various strands of work which have been undertaken. Agenda points 3-4 were about progressing the short term issues and it was important to make progress on these at the meeting. Agenda points 5-7 were looking to the future and were issues to progress in future meetings.
3. [REDACTED] noted that it was important to develop an approach which maximizes the value of the allocated funding and delivers for local needs. The Programme for Government 2022 committed the SG to developing a National Flooding Strategy which will seek to engage a broader range of delivery partners to deliver more diverse flood management actions faster.
4. [REDACTED] also noted that the National funding position which was very challenging and cuts are being made across Government and the public sector. There was pressure on the funding for flooding given the level of demand for schemes and it was important to have certainty over scheme costs to avoid overcommitting funding.

Distribution of the 22/23 share of the £150m - paper 1

5. ■ introduced the draft paper which has gone to the Minister for her agreement to be tabled at the SDG meeting on the 16th November. The 2020 Programme for Government committed an additional £150 million over the course of this Parliament for flood risk management actions and £21m is available for 22/23.
6. The proposal is to distribute the £21 million to local authorities using the recognised arrangement whereby 80% of the Flooding Capital Grant is allocated to large-scale projects and distributed according to the SEPA prioritisation of flooding schemes and works set out in the Flood Risk Management Strategies. This is the same approach adopted in 21/22. However, the 6 legally uncommitted schemes which are currently paused on the recommendation of Council Leaders would not receive an allocation of the £21 million.
7. ■ asked if consideration could be given to agreeing the distribution arrangement for 23/24 at the same meeting. SG said they would consider if this was possible given the timing but if that wasn't possible the aim was to get the agreement for distributing the 23/24 allocation (£19 million) early next year.

Updated cost estimates (COSLA)

8. It was noted that SG Finance colleagues are currently undertaking their annual exercise to get updated costs and profile of spend. ■ said that COSLA were also seeking updated costs and these would be shared with SG.
9. ■ asked if any information had been collected on what optimism bias was used by LAs and what the main drivers for the costs increases were. ■ noted that some information had been collected from LAs during the review of the cycle 1 schemes.

Action – ■ to share survey data on optimism bias collected during review of cycle 1 schemes

10. There was concern expressed about the volatility of big capital projects at the present time.

Publication of Local Flood Risk Management Plans (Lead Local Authority Forum)

11. LFRMPs were due to be published by May this year but the deadline had been extended until the end of December 2022. ■ noted that the LLA Forum had written to SG and Cosla seeking clarity on the funding of cycle 2 schemes going forward. There was concern that there was no commitment to funding after 2026.
12. There was discussion about whether there was an assumption that the £42m would continue to be made available through the general capital grant after 2026 when the 10 year funding agreement finished. It was noted that the SG had made £42m available for flooding through the general capital grant since 2008.
13. ■ and ■ believed that there was an assumption that the general capital grant, post 2026, would continue to include a sum allocated towards flooding but any

decision on the quantum/distribution would need to be taken by Scottish Ministers and COSLA Leaders nearer the time.

Action – [REDACTED] to discuss and agree a paragraph that could be shared with the LLAF

Prioritisation of cycle 2 schemes

14. SEPA have produced a paper setting out an assessment that has been undertaken to support the FRM funding group in determining how funding could be allocated in cycle 2.

15. The data used was in the data capture forms provided by LAs in 2019 and it was recognized that there was gaps and uncertainties in the data. As a result a modified process had been used and initial groupings were based on benefit cost analysis of studies with an allowance made for any multiple benefits that will be delivered by the project. Next steps will be to consider how to link the prioritisation to the staged funding approach.

16. The issue of multiple benefits and how they should be considered was discussed, with a particular question regarding their interplay with the conditions of funding.

Action – [REDACTED] to share slides

Staged Programme Management Approach

17. [REDACTED] noted the lessons that had been learnt from cycle 1 and the pause and review process. Going forward the key questions that needed to be considered were how we can ensure that change is managed effectively and public money is allocated fairly and consistently to benefit as many communities as possible.

18. One proposal was for appropriate assurance mechanisms to be introduced as part of a programme management approach to developing and funding flood schemes going forward. The Group was supportive of such an approach being developed further.

Action – [REDACTED] to share slides

19. It was agreed that the next steps were for SG, working with appropriate partners, to further develop the thinking on such an approach. This would include consideration of roles and responsibilities, the decision making process and the assurance required to support funding decisions.

20. [REDACTED]

21. The Group acknowledged that final decisions on prioritisation for cycle 2, the future of the cycle 1 schemes and the staged management approach would need to be signed off by Ministers and Leaders.

Date of next meeting

The next meeting to be arranged for January 2023.

- A sense check point somewhere
- Remember the original reason for the funding/ring-fencing was to ensure large schemes could progress in small local authorities that would not be able to afford it. How many of these schemes could LA's fund themselves?

COSLA / LA / SEPA Lessons Learned Document:

Agreement that joint thinking required for COSLA-LA-SEPA lessons learned documents.

SG will circulate a document containing the status of the 40 schemes (e.g. what is completed/confirmed).

Action - To pull together information for a paper for the next meeting – both financial and technical (SEPA/LA/COSLA).

Financial Position Document & Discussion: [redacted] introduced the financial position paper.

Question on why some years the figure is higher than £33.6m on the spend profile. This was due to some older schemes which gave money back.

Question as to whether £125m spend in 2030-31 correct? The £125m for 2030-31 is what the LA submitted but expected that this figure includes future years as it is all from one major scheme that extends into that year goes onto 2034.

It was noted that the grant is ahead of the spend, queried whether we're spending too much at the moment, worth revisiting? It is noted that schemes are currently forward funded.

Question as to whether optimism bias was included in the original figures before the rises in cost. Optimism bias was included in the figures in the financial position document. May need to be looked at going forward.

Lessons Learned Document & Discussion: [redacted] introduced the lessons learned paper.

Question as to why the costs rise so much? Primarily because some projects were in their early stages of design.

It was noted that a disadvantage was that there was no governance board with funding responsibility. Raises question as to whether there should be a budget holder to allow monitoring of cost creep – needs clarification going forward.

City Deal has a guarantee on firming up costs (e.g. £500k) where they receive these funds but the final funding arrangements are not finalised under after another business case is submitted – could we look at this as an example?

Next Meeting Date(s): w/c 17th or 24th May. [redacted] to circulate meeting availability email.

Action List:

Action List - Meeting 2:	Who?	Complete?
SG to produce draft update for SDG for June SDG meeting	[redacted]	02/06/2021
Technical Paper by LA's & SEPA (from SAIFF Group)	[redacted]	May 2021
Financial Paper by COSLA, LA's & SEPA	[redacted]	May 2021
Circulate Cycle 1 schemes and their progress	[redacted]	May 2021 – before Meeting 2
Circulate meeting dates for w/c 17 th / 24 th / 31 st May 2021	[redacted]	May 2021