ABI welcomes the emphasis of PPS1 on sustainable development and taking a long-term view. This is the only way that the legacy of development decisions can incorporate both current and future risks. However, ABI would like to see stronger statements in PPS1 to ensure that:

1. Sustainability of planning decisions is more transparent and accountable.

2. Developments are designed to be resilient and durable.

3. Planners incorporate an understanding of the full implications of their decisions for social exclusion, including the availability and affordability of financial protection for property owners.

A strong planning system is a key mechanism for ensuring that future developments are truly sustainable.

1. The Association of British Insurers (ABI) is the trade association for insurance companies operating in the UK. It represents over 400 members who, between them, transact around 95% of UK insurance business.

Sustainability and accountability

2. ABI is supportive of the notion of embedding sustainable development into the planning system. New infrastructure is typically designed to be in place for many decades, and so planners should always take a long-term view. Infrastructure decisions leave a substantial legacy. The built environment turns over at a rate of around 1% each year, and so is slow to respond to external factors.

3. Furthermore, large-scale regeneration projects often attract considerable investment in service infrastructure (transport, utilities, schools, hospitals), leading to a commitment to continued development of that area in the future. For example, transport investment in the Government’s flagship Thames Gateway project is expected to exceed £600m, compared to the £450m of directly targeted resource from ODPM to deliver 120,000 new homes in Thames Gateway by 2016.

4. As a result, planners need to consider the long-term consequences of their decisions on the location and nature of new development, including

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understanding the impacts of external factors, such as climate change. Scenarios recently published by the UK Climate Impacts Programme (UKCIP) show that climate change could significantly affect buildings and infrastructure. By the end of the century:

- Flood risk could increase by up to 20-fold, due to a combination of increased winter rainfall (15 – 30%), increased frequency of heavy downpours (up to 20%), and increases in sea levels (up to 90 cm) and storm surge heights (0.2 – 1.2 m).
- Wind speeds could increase by 6 – 10%, with parts of the South East worst affected. The number of depressions crossing the UK in winter could increase by up to 50%.
- Subsidence risk could also increase. Temperatures in central England could increase by between 2 and 3.5 °C by the end of the century, accompanied by a decrease in summer rainfall by up to half in parts of the South East. Two out of every three summers could be as hot as the very hot summer of 1995.

5. A strong planning system is required to ensure that a long-term view is taken. ABI would like to see this reflected in PPS1 by giving planners a stronger steer on how they need to take a long-term sustainable view of new developments. **While PPS1 does cover some of the broad principles to which planners should adhere, there is currently little accountability or monitoring of planning decisions. Incorporating a sustainability template or checklist for planning authorities to make publicly available (perhaps a national website) would make planning decisions more transparent.**

6. Without this accountability, local-level decisions could be taken that work against national goals of sustainability. For example, the Environment Agency’s High-Level Target 12 Report shows that there is still inappropriate development taking place on the floodplain, despite Government guidance discouraging this approach. In England and Wales, at least 21% of planning applications in 2002 – 2003 were permitted, despite formal objections by the Environment Agency on the grounds of flood risk. The actual number of developments going ahead in flood risk locations could be up to twice as high, because the Agency is only consulted in about half of all planning applications.

7. Developing on the floodplain is not sustainable as it puts new and existing properties at higher risk of flooding. In addition, it typically involves greater investment in flood defences, leading to greater net cost. For example, the Environment Agency estimates that developing in the Thames Gateway will cost an extra £4000 – £7000 per property to pay for the additional flood defences required.

8. These costs are likely to increase in the future as the impacts of climate change increase the risk of flooding more and more over the century. The

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recent Foresight report on future flood risks found that the costs of flood
defence to reduce risk could reach £52 billion (cumulative over the century),
compared with £22 billion, if a more holistic approach, including “soft”
defences and land-use planning, were also adopted\(^5\).

**Sustainable design**

9. ABI is supportive of the emphasis on sustainable design. **We would like to see a strong statement in PPS1 to encourage resilient and durable new developments.**

10. Developments should be resilient to natural and man-made hazards, such as flooding, windstorm and driving rain, if they are to be considered truly sustainable. The costs of weather damage and subsequent repair will be reduced if developments are designed and constructed to be resilient.

11. Climate change is likely to increase the frequency of damaging weather events, making it even more important that resilience is incorporated into the design and construction of new buildings. Buildings constructed today will typically still be in place in coming decades when the impacts of climate change are felt more intensely.

12. Globally, we have already seen that economic losses due to natural weather catastrophes have increased ten-fold in the last 40 years\(^6\). Losses caused by natural disasters worldwide in the last 15 years have totalled $1,000 billion, about three-quarters of which are directly linked to climate and weather events. Over the past five years in the UK, storm and flood losses have totalled £5 billion - more than 60 % up on previous years (Figure 1).

13. The most cost-effective and sustainable approach is to build resilience in at an early stage. For example, climate-proofing new buildings in southern England against subsidence may only total £32 million, compared to a possible annual cost of £200 – 400 million from damage claims if we take no action\(^7\).

14. The Government already has comprehensive guidance on making buildings resilient to flooding\(^8\). Furthermore, the ABI has recently published its own factsheet on ways that homeowners can limit the damage caused by

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\(^6\) Topics - annual review of natural catastrophes, Munich Re (2002), [http://www.munichre.com](http://www.munichre.com)

\(^7\) Potential implications of climate change in the built environment, Building Research Establishment (2000)

floodwater once it enters a property\textsuperscript{9}, e.g., concrete floors, lime-based plaster, electrical sockets and service meters located above the likely flood level. The report examines the additional cost of installing flood resilient measures during renovation against the costs saved the next time the property floods. All the measures highlighted pay for themselves after a single flood.

15. PPS1 should encourage developments at risk of flooding to incorporate flood resilience during design and construction. Developments in areas of river or coastal flood risk can be ascertained based on Environment Agency flood maps. However, planners should also consider implications of urban flash flooding. The Government’s recent Foresight study\textsuperscript{10} calculated that flooding from sewers costs the national economy £270m each year on average.

Social exclusion implications

16. ABI is supportive of the need for the planning system to address social exclusion. It is clear that if we do not take a sustainable long-term approach, this could have a disproportionate impact on the socially excluded and vulnerable groups.

17. PPS1 should send a strong message to planners to examine the consequences of their decisions for social exclusion, including the availability and cost of financial protection.

18. In the UK, insurers are increasingly using an assessment of risk to price their products, particularly as reinsurers are placing greater emphasis on this approach\textsuperscript{11}. Customers that currently face a lower risk, perhaps through their own actions to manage and avoid risk, will typically enjoy lower premiums.

19. The insurance implications of new developments or large-scale regeneration projects should be considered at the planning stage. Developments exposed to higher risks should not necessarily be targeted for lower income groups, e.g. large quantity of social housing in the indicative floodplain. Otherwise, this kind of development planning could reduce the availability and affordability of insurance for those on lower incomes. Because adequate buildings insurance is a prerequisite for obtaining a mortgage, insurance availability could affect someone’s “right to buy” a property after renting.

20. A recent report by the Environment Agency\textsuperscript{12} found that, of the population in England living within the tidal floodplain, those in the most deprived decile in England were eight times more likely to be living in the tidal floodplain than those from the least deprived. This trend is particularly marked in London and the South East. Of the 750,000 people living within the tidal floodplain in the most deprived 20 % of ward, almost 60 % were in the Thames region of the Environment Agency.

\textsuperscript{10} Future Flooding, Office of Science and Technology Foresight Programme, April 2004, http://www.foresight.gov.uk/fcd.html
\textsuperscript{11} Topics - annual review of natural catastrophes, Munich Re (2002), http://www.munichre.com
\textsuperscript{12} Deprived communities experience disproportionate levels of environmental threat, Environment Agency, September 2003, available from http://www.eareports.com
21. Similarly, the Government is currently encouraging innovative approaches to create affordable housing. However, many of these construction techniques are largely untested, and there is currently little information about their long-term resilience to flooding and other perils (e.g., driving rain, water ingress, fire, wind). For example, experience in the Autumn 2000 floods suggests that homes constructed with timber frames or a high proportion of timber may have to be treated as total losses when damaged by flooding. This could increase the potential cost of insurance for low-income groups, as well as social and economic disruption during reinstatement.

Conclusion

22. The insurance industry takes a strong interest in the planning system, as the nature and location of new developments will determine the resilience of our society and infrastructure to risks in the future.

23. ABI believes that the planning system is central to delivering the Government’s objectives for sustainable development. However, this can only be achieved with a strong planning system that gives clear guidance to planners about the need to take a long-term view and understand the full economic, social and environmental implications of their decisions.