

CAPITAL FUNDING FOR FLOOD AND COASTAL EROSION RISK MANAGEMENT – MEDIUM TERM PLAN SUBMISSION

1. PURPOSE OF REPORT

- 1.1. To inform Cabinet of the Medium Term Plan (MTP) submission made by NFDC and highlight the potential effect of changes to the grant aid funding regime. (Flood Defence Grant in Aid – FDGiA)

2. BACKGROUND

- 2.1. Annually Local Authorities are invited by the Environment Agency (EA) to submit a plan detailing proposed grant-eligible capital projects to manage flood and coastal erosion, the MTP. This is to include ongoing (already funded) and proposed future projects.
- 2.2. The MTP informs the EA on the amount of flood and coastal erosion risk management capital work that is required across England up until 2023/24, but with the focus being on the next five years and in particular the next year's financial requirements.
- 2.3. The EA assesses all MTP submissions from all risk management authorities nationally on an equal basis to determine value for money and the relative priorities of work.
- 2.4. Submission of projects to be considered within the MTP process does not constitute a commitment to conduct a scheme. There is, however, no prospect of achieving grant aid funding for any project unless an MTP submission is made.
- 2.5. Historically NFDC have made submissions on a speculative, aspirational, basis for many years. On occasions speculative submissions have resulted in unexpected approvals and eventual award of grant aid to NFDC projects. The approach adopted has been to maximise the opportunity for such approvals by preparation of information required for scheme applications. Applications have resulted in more than £30 million income over the past 20 years.
- 2.6. The MTP submissions require coarse estimates of scheme costs and benefits to be included. Calculations are undertaken to determine the likely rate of grant that might be achieved.
- 2.7. Changes to the funding system now mean that many schemes will not receive 100% grant aid. Contributions towards the project will be required if the schemes are to proceed. It is the responsibility of the promoting authority to identify and organise any contributions in support of a scheme.

3. KEY DATES

- 3.1. 18 May 2012 - for the submission of the completed MTP to the EA. (completed)
- 3.2. October 2012 - the indicative allocation list is communicated to all risk management authorities. This indicative list is compiled by the EA from all MTP submissions made by the risk management authorities; it provides an indication of the projects that may be eligible for funding. It also details the likely level of grant aid (FDGiA) funding that the project may attract should it proceed through the formal approval process.
- 3.3. October/November 2012 - the risk management authorities have the opportunity to discuss with the EA Flood & Coastal Risk Manager the indicative allocation. The Regional Flood and Coastal Committees (RFCC) also review the indicative allocation to take account of the local authority requirements. NFDC are able to benefit from this as both Andrew Bradbury and Councillor Alan Rice are representatives on the Southern RFCC.
- 3.4. December 2012 - the final allocations list is determined by the EA for the next five years, and in particular, the next year's financial requirements.
- 3.5. January 2013 - the RFCC meet to agree the final allocation.
- 3.6. February 2013 - the EA will approve the final allocation and the list will be communicated to the risk management authority.

4. NFDC MTP SUBMISSION

- 4.1. The projects within the MTP can be separated into three groups:-
 - Those that already have approved funding at a grant rate of 100%
 - Not yet approved/applied for but likely to receive a grant rate of 100%. This generally relates to projects that are classed as studies
 - Not yet approved/applied for but will be affected by the changes to the funding system, resulting in a likely shortfall
- 4.2. Within the current MTP submission NFDC has a total of four projects that do not meet the Government criteria for 100% FDGiA funding. To enable delivery of these projects we will continue to explore with the Government the options available for securing funding.
- 4.3. **Christchurch Bay Beach Management Plan**
 - Allows for beach recharge at strategic points within the bay, followed by beach management operations (recycling with interim "top ups" of beach volume)
 - Current proposed implementation date of 2015.
 - Whole life costs over 100 years - £15.89m
 - Capital requirement for first phase of construction works - £4.18m
 - Partnership funding score – 81.1% (the amount of FDGiA that the project may attract through the new funding system)

4.4. **Barton-on-Sea Coastal Defence Scheme**

- Allows for management of groundwater levels to reduce rates of cliff top recession.
- Current proposed implementation date of 2015/16 upon conclusion of current ground investigation study. Final proposals for the project will depend upon the outcome of this study and may result in a revision to the current estimated costs.
- Whole life costs over 100 years - £12.67m
- Capital requirement for first phase of construction works - £14.955m
- Partnership funding score – 52.7% (the amount of FDGiA that the project may attract through the new funding system)
- The current ongoing ground investigation study is 100% funded and is not affected by the new funding system.

4.5. **Hurst Spit Beach Management Plan**

- Allows for the continuation of the existing beach management plan that has been in place since 1997.
- The next phase of beach management operations are proposed for early 2013.
- Whole life costs over 100 years - £7.052m
- Capital requirement for next phase of construction works - £35,000
- Partnership funding score – 88% (the proportion of FDGiA that the project may attract through the new funding system)
- From 2013 it is proposed that approval for FDGiA will be sought for a five year period, as well as annual recycling operations this phase will also allow for an interim “top up” of beach material.
- Capital requirement for five year phase of construction works - £2.68m

4.6. **Milford-on-Sea Scheme**

- Allows for rock structures, beach recharge and beach management operations.
- Current proposed implementation date of 2016
- Whole life costs over 100 years - £4.563m
- Capital requirement for first phase of construction works - £3.63m
- Partnership funding score – 49.8% (the amount of FDGiA that the project may attract through the new funding system)

5. **FINANCIAL IMPLICATIONS**

- 5.1. The estimates above are based on information derived from the Poole & Christchurch Bays SMP and the Christchurch Bay Strategy Study. The costs and benefits of the proposed projects have been calculated on the best available information at this time. Work will continue to refine the scheme options and associated costs through to the scheme application stage.
- 5.2. When a formal application for FDGiA is made there is a requirement to undertake a detailed cost benefit analysis and this will provide a greater understanding of the amount of FDGiA that a project may attract.
- 5.3. The information given above in section 4 highlights the need for further work to be undertaken to refine the schemes and for continued discussions with Government over future funding availability.

- 5.4. There will be a need to undertake further work and consultation with Government, stakeholders and Members to develop a future funding strategy for implementation of coastal defence works as set out in the recently adopted SMP. It is suggested that this could be achieved through the creation of a Task and Finish Group through the Environment Overview and Scrutiny Panel.

6. CRIME AND DISORDER IMPLICATIONS

- 6.1. None arising directly from this report.

7. EQUALITY AND DIVERSITY IMPLICATIONS

- 7.1. None arising directly from this report.

8. PORTFOLIO HOLDERS COMMENTS

- 8.1 The Portfolio Holder welcomes this report and supports the recommendations.

9. RECOMMENDATIONS

- 9.1 That members note the issues created from the Government changes in the funding system.
- 9.2 That the options for delivering schemes be considered in greater detail by the Portfolio Holder in conjunction with a Task and Finish Group when further information is available.

Further Information

Steve Cook
Coastal Group, Appletree Court
Beaulieu Road, Lyndhurst SO43 7PA
Steve.cook@nfdc.gov.uk
Tel 023 8028 5588

Background Papers

EMT Report 13th September 2011 – Capital Funding for Flood and Coastal Erosion Risk Management
EMT Report 11th September 2012 – Capital Funding for Flood and Coastal Erosion Risk Management – Medium term Plan