

STRATEGY FOR COASTAL FUNDING

1. RECOMMENDATIONS

It is recommended that the Cabinet:

- 1.1 Approve the report for “Funding for Flood & Coastal Erosion Risk Managements Projects” (Appendix 1) and this be adopted as the NFDC strategy for developing coast protection Investment Plans.
- 1.2 Approve that the Coastal Team commence work on developing the Investment Plans for the identified projects.

2. INTRODUCTION

- 2.1 The way that Flood and Coastal Erosion Risk Management (FCERM) projects are funded has changed, with there being a greater reliance on partnership funding to support the delivery of any such project.
- 2.2 This report identifies options available to New Forest District Council to secure partnership funding to support and finance future coastal protection schemes along the New Forest District Council coastline.
- 2.3 This report introduces the proposed development of an ‘Investment Strategy’ for each project.
- 2.4 The Investment Strategy will facilitate the Council with an agreed process to achieve the necessary ‘Partnership Funding’ investment for future NFDC Flood and Coastal Erosion Risk Management projects, under the current funding arrangements.
- 2.5 Both Environment Overview Panel and Executive Management Team are in support of this approach.

3. BACKGROUND

- 3.1 The Government Department for Environment, Food and Rural Affairs (Defra) has the overall national responsibility for policy on FCERM Projects in England, providing central government funding to the Environment Agency (EA) to allocate Flood Defence Grant-in-Aid (FDGiA) to applicable projects.
- 3.2 Following changes to the way in which government funding for FCERM Projects is allocated, there is now more emphasis on securing additional investment contributions from those who will benefit from a Project through ‘Partnership Funding’. This is to ensure that government funding (FDGiA) for FCERM can stretch further, and enable a greater number of projects to be undertaken.
- 3.3 Within the New Forest district, FCERM projects have been identified at Hurst Spit, Milford-on-Sea & Barton-on-Sea. These projects all have a relatively low benefit to cost ratio, and are not eligible for full government funding. In order to prepare an

approved business case for these projects, and bridge the 'funding gap' it will be vital to secure additional investment contributions towards the cost of the project.

- 3.4 In order to identify a suitable way forward to enable the identified projects to progress a Task & Finish Group was established to consider and recommend a suitable approach to deliver partnership funding.

4. TASK & FINISH GROUP (FINDINGS REPORT)

- 4.1 The Task & Finish Group explored a variety of sources of information in order to establish the options available to the Council. This is summarised in the report.
- 4.2 Due to the relatively low benefit-cost ratio of the three NFDC projects the report identifies that 'Partnership Funding' will need to be secured in order to 'unlock' central government funding (FDGiA).
- 4.3 The report identifies that there are a number of potential sources of investment contributions (partnership funding) for FCERM, these are presented as a long list of options.
- 4.4 The report determined that by identifying and securing investment through external contributions and 'partnership funding investment', a project is more likely to get to the final milestone of delivery. As such, contributions from external sources are essential for FCERM projects, especially for those projects which do not achieve a high partnership funding Score (as is the case for the NFDC FCERM projects).
- 4.5 In addition to external sources, the report also identified that demonstrating local government commitment and backing for local projects was a key element to any bid and formed a key part of business case development.

5. FLOOD AND COASTAL EROSION RISK MANAGEMENT FCERM INVESTMENT STRATEGY (NFDC FCERM INVESTMENT STRATEGY)

- 5.1 The proposed NFDC FCERM Investment Strategy is designed as a plan to achieve the overall aim, which is to secure the necessary investment to facilitate NFDC FCERM Projects.
- 5.2 The Investment Strategy will empower NFDC to be able to borrow funds through one or more of the identified investment contribution options. This will enable access to funding at an early stage and thus demonstrate the Council's investment commitment, providing a key assurance into the business case development of each FCERM project.
- 5.3 Prior to any financial commitment, as part of the Investment Strategy each project will need to develop a **FCERM Investment Plan** which will set out key information on all aspects of the project to include, project details, benefits and beneficiaries, level of partnership investment requirement, investment sources / secured investment and community engagement.
- 5.4 As the Investment Plan is developed and partnership funding is identified the Plan will feed back into the business case, demonstrating the financial commitment. With the Investment Plan in place it will significantly improve the prospects for both scheme approval and for unlocking central government funding FDGiA.

- 5.5 In order for the Investment Plan to be approved it will need to detail any repayment plans for any selected partnership funding options that involve a financial element. This would demonstrate considerable backing and commitment from the Council providing maximum potential to enable central government funds to be unlocked and the scheme to gain final approval.
- 5.6 The Investment Strategy uses a 5-stage guide (model) to set out the structure of the Strategy in terms of the necessary approval stages and what information is necessary for the process to advance, together with the two way interaction with the development of the business case towards the final outcome (scheme approval).

6. CONCLUSIONS

- 6.1 Available options to the Council have been identified that may be used to secure the required investment contributions to bridge the anticipated funding gaps. The report recognises the need to commit to a suitable 'Strategy' to facilitate the Council with an agreed process to achieve the necessary 'Partnership Funding' investment for future NFDC Flood and Coastal Erosion Risk Management projects, under the current funding arrangements.
- 6.2 The report for "Funding for Flood & Coastal Erosion Risk Managements Projects" has been considered by both Environment Overview & Scrutiny Panel and Executive Management Team. Both confirmed the acceptance of the Report and recognised the need for work to progress on developing Partnership Investment Plans for the identified projects.
- 6.3 Environment Panel and EMT recognise that a significant challenge will lie in identifying how contributions may be allocated across the district and that this will be determined through the development of each Investment Plan. The risks and benefits of each project will be identified and used to identify potential contributors and partners and the level of required contribution.
- 6.4 In developing the Investment Plans stakeholder engagement will be required with Town & Parish Councils to gain their support to the projects and identified funding approach. Community engagement has been identified as a key requirement in gaining the support, "buy-in" and momentum for developing the projects.
- 6.5 The EA is currently consulting on a new document that has a vision of having "a nation ready for, and resilient to, flooding and coastal change – today, tomorrow and to the year 2100." This is the "Draft National Flood and Coastal Erosion Risk Management Strategy for England."
- 6.6 The consultation document will consider funding and financing from new sources to invest in resilience to flooding and coastal change, with the emphasis of this being driven by Risk Management Authorities. The development of this strategy will further inform the NFDC FCERM Investment Strategy.

7. FINANCIAL IMPLICATIONS

- 7.1 It will be necessary for the Council to consider FCERM project bids as part of its annual budget setting. The value of this investment will be guided by the Investment Plan (i.e. the level of investment from all other available sources).

- 7.2 It is clear that in order to be able to progress the NFDC schemes that some form of investment will be required. However, until Investment Plans are developed and refined it is not possible to put a figure on the level of potential borrowing or partnership funding that will be required.
- 7.3 In determining the preferred investment option consideration will need to be given to potential repayment plans and the length of the repayment terms.

8. CRIME & DISORDER IMPLICATIONS

- 8.1 There are none.

9. ENVIRONMENTAL IMPLICATIONS

- 9.1 As the Coastal Protection Authority managing and protecting our coastline is an important part of the Council's coastal responsibilities as set out under the Coast Protection Act. The key aim is to reduce the risk of coastal flooding and erosion to people, the developed and natural environment by encouraging the provision of technically, environmentally and economically sustainable coastal protection measures.

10. EQUALITY & DIVERSITY IMPLICATIONS

- 10.1 There are none.

11. PORTFOLIO HOLDER'S COMMENTS

- 11.1 I fully support this report; we have 40 miles of coast line within the New Forest District. It is important that we have a transparent process to identify suitable funding sources and partners to protect, enhance and ensure that our beautiful coastline is resilient to future flood and coastal erosion risk and enabling our coastal communications to be better protected and adaptable to future coastal change.
- 11.2 I would like to thank the Task and Finish Group, chaired by Cllr Fran Carpenter; and all officers involved in the development of our new strategy for funding flood and coastal erosion Risk Management Projects.

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Background Papers & Web Links (accessible July 2018):

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Defra (2011b) Flood and Coastal Resilience Partnership Funding: An Introductory Guide.
[gov.uk/government/publications/flood-and-coastal-resilience-partnership-funding-an-introductory-guide](https://www.gov.uk/government/publications/flood-and-coastal-resilience-partnership-funding-an-introductory-guide)

Defra (2017) Central Government Funding for Flood and Coastal Erosion Risk Management in England
[gov.uk/government/uploads/system/uploads/attachment_data/file/648198/1.FCERM_Funding_MASTER_2017v2.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/648198/1.FCERM_Funding_MASTER_2017v2.pdf)

East Anglian Coastal Group (2014) Partnership Funding
eacg.org.uk/default_partnership_funding.asp

Environment Agency (2014a) Calculate Grant in Aid funding for Flood and Coastal Erosion Risk Management Projects- Guidance for Risk Management Authorities.
[gov.uk/government/uploads/system/uploads/attachment_data/file/297377/LIT_9142_dd8bbe.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/297377/LIT_9142_dd8bbe.pdf)

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webarchive.nationalarchives.gov.uk/20140328100213/http://www.environment-agency.gov.uk/research/planning/134732.aspx

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Environment Agency (2018) Grant Memorandum June 2018
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718477/Memorandum-relating-to-capital-grants-for-local-authorities-and-internal-drainage-boards-in-England-2018.docx

GOV.UK (2017) Guidance- Submit your flood and coastal erosion risk management project proposal
[gov.uk/guidance/flood-and-coastal-defence-funding-submit-a-project](https://www.gov.uk/guidance/flood-and-coastal-defence-funding-submit-a-project)

GOV.UK (2018) Policy paper - 25 Year Environment Plan
[gov.uk/government/publications/25-year-environment-plan](https://www.gov.uk/government/publications/25-year-environment-plan)

House of Commons (2017) Flood Risk Management and Funding, Briefing Paper CBP07514
researchbriefings.files.parliament.uk/documents/CBP-7514/CBP-7514.pdf

Parliament (2013) Funding for Flood Risk Management
publications.parliament.uk/pa/cm201314/cmselect/cmenvfru/330/33005.htm