

Funding for Flood and Coastal Erosion Risk Management Projects

Findings and Recommendations of the New Forest District Council Task and Finish Group



Project	Funding for Flood and Coastal Erosion Risk Management Projects Findings and Recommendations of the New Forest District Council Task and Finish Group
Author	New Forest District Council
Version	Version 7 (AUG 2019)- Final for Cabinet

Funding for Flood and Coastal Erosion Risk Management Projects

Findings and Recommendations of the New Forest District Council Task and Finish Group

Executive Summary

Within the New Forest District, three Flood and Coastal Erosion Risk Management Projects (FCERM) have been identified. All these projects have a relatively low benefit to cost ratio. This means that under current FCERM guidance, none would be eligible for full funding via Central Government Grant in Aid (GiA). Central Government funding will, therefore, only be available for a proportion of the scheme. In order to bridge the ‘funding gap’ and to ‘unlock GiA’, these projects will all require additional investment.

It is recognised that in order to receive the necessary level of funding for FCERM projects, New Forest District Council will need to raise the additional funds to support and finance any future coastal protection scheme along New Forest District Council coastline. In order to identify a suitable way forward for FCERM projects within the district to progress, a **Task and Finish Group** was set up by New Forest District Council (NFDC).

This report presents the findings and recommendations from the Task and Finish Group. Within the Report it proposes that the **Flood and Coastal Erosion Risk Management Investment Strategy** is approved by New Forest District Council. The proposed Investment Strategy will identify ‘partnerships’ and investment options to secure financial contributions from these partners in order to facilitate repayment of any NFDC investment. The Investment Strategy will also enable NFDC 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.

The Task and Finish Group

The Task and Finish Group was set up by New Forest District Council to explore a variety of information sources in order to establish the options available to the Council. This was summarised in this Report which presents the findings to the Council together with the recommendation to approve the FCERM Investment Strategy.

The Task & Finish Group was comprised of NFDC Councillors and Officers from NFDC Coastal Group:

NFDC Councillors:		NFDC Officers:
Cllr Geoffrey Blunden	Cllr Neil Tungate	Steve Cook
Cllr Fran Carpenter	Cllr Allan Glass	Peter Ferguson
Cllr Goff Beck	Cllr John Olliff-Cooper	Lauren Burt
Cllr Steve Clarke	Cllr Anna Rostand	

The Task and Finish Report

This report presents the proposed Investment Strategy, as part of the findings and recommendations of the Task and Finish Group. The report is split into three key sections:

SECTION A provides background information about the government funding allocation process and introduces the concept of ‘partnership funding’.

SECTION B presents potential sources of investment contributions (partnership funding) for FCERM as a long list of options; i.e. *who* can potentially invest in an FCERM project. The list is not exhaustive, and is in no particular order. Information presented is provided to assist identification the preferred investment option(s) for FCERM projects.

SECTION C draws attention to future capital FCERM projects within the New Forest District and proposes the recommended Investment Strategy to be adopted in order to secure government funding for these projects and allow progression of each Business Case towards approval.

It is recognised that some sources of investment contributions are only available over longer timescales. This could significantly delay projects in the New Forest district which would have to wait until all contributions had been accumulated, before the project was approved. The proposed Investment Strategy presented in this report aims to combat this issue through NFDC investment, so that investment contributions are available at an earlier stage, thus unlocking government funding sooner.

In order for NFDC to borrow funds, each project will require an agreed Partnership Investment Plan to be in place which sets out the project’s costs and benefits, preferred investment sources and how the borrowed funds will be repaid in the short and long term. Upon adoption of the Investment Strategy, preparation of each Partnership Investment Plan will take place in conjunction with preparation of each project’s Business Case. As the Business Case develops, detailed information will be released to support the Partnership Investment Plan, increasing momentum and investment potential which compliments the Business Case in return.

The Task and Finish group acknowledge that the content of this report is technical in nature; however conscious efforts have been made to ensure that full explanation is provided throughout.

Acknowledgements

The Task and Finish group have explored a variety of sources of information, and have acknowledged these independent sources in the first instance.

Updates and Revisions

The content of this document was up to date at the time of publishing. The content of this report is subject to change in response to changes in the underlying Government policy, budgets and funding sources. Future versions of this report will be released where necessary. The Government committed to revise the current National FCERM Strategy in its 25 Year Environment Plan and as such future changes to FCERM policy and funding are anticipated later during 2019.

Contents

Executive Summary	i
The Task and Finish Group.....	i
The Task and Finish Report.....	ii
Acknowledgements	ii
Updates and Revisions.....	ii
SECTION A- Funding for FCERM.....	1
A1] Introduction	1
A2] Government Funding for FCERM.....	1
A3] Partnership Investment Contributions for FCERM	2
A4] The Importance of Partnership Funding Investment	4
A5] Case Studies of Partnership Funding Investment.....	5
A6] Section A References.....	7
SECTION B- Investment Contributions for FCERM.....	8
B1] Introduction.....	8
B2] Potential Investment Contribution Options for FCERM Projects.....	9
Option 1- Borrowing	9
Option 2- Council Tax Increase	9
Option 3- District Council Contributions	9
Option 4- Parish and Town Council Contributions	9
Option 5- Local Levy.....	10
Option 6- Ministry of Housing, Communities and Local Government (MHCLG).....	10
Option 7- Local Enterprise Partnerships	11
Option 8- Coastal Communities Fund (Big Lottery Fund).....	11
Option 9- Coastal Communities Alliance (Coastal Community Teams).....	12
Option 10- Sources Available to the Environment Agency	13
Option 11- Drainage Charges and Special Levies	13
Option 12- Private Sector, Leisure and Tourism	13
Option 13- Utility, Transport and Infrastructure.....	14
Option 14- Land Owners and Developers	14
Option 15- EU Funding.....	15
Option 16- Donations, Crowdfunding and Online Media.....	15
Option 17- Other Government Agencies / Public Bodies.....	16
Option 18- Charities	17
Option 19- Landfill Communities Fund (LCF)	17
SECTION C- Partnership Funding for NFDC FCERM Projects.....	19
C1] NFDC FCERM Projects.....	19
C2] Proposed Investment Strategy	21

SECTION A- Funding for FCERM

A1] Introduction

The way that Flood and Coastal Erosion Risk Management (FCERM) projects are funded has changed. In May 2011, a new DEFRA Policy Statement was introduced which set out plans to control how government funds are allocated. Projects are now either fully-funded or part-funded based on the benefits that the project will deliver. This new approach requires project costs to be shared between national and local funding sources using a 'Partnership Funding' concept. There is now more emphasis on securing additional investment contributions from those who will benefit from the project through 'partnership funding'. This is to ensure that government funding for FCERM can stretch further, and enable a greater number of projects to be undertaken.

The proportion of each source of funding is dependent on each project and the benefits delivered. This section provides further information on how the proportions are calculated and the reasons for the shift in funding allocation.

A2] Government Funding for FCERM

The Government Department for Environment, Food and Rural Affairs (Defra) has the overall national responsibility for policy on FCERM in England. The department provides central government funding for FCERM to the Environment Agency (EA) to spend directly on FCERM through allocation of Flood Defence Grant-in-Aid (FDGiA).

From April 2012, the Environment Agency has operated the 'Flood and Coastal Erosion Resilience Partnership Funding' model, a new scheme for allocating funding to specific projects. This model emerged as a result of a "Defra policy statement" published in May 2011. The statement entitled "*Flood and Coastal Resilience Partnership Funding*" set out the "Defra policy statement on an outcome-focused partnership approach to funding flood and coastal erosion risk management".

The DEFRA Policy Statement (2011) was introduced to ensure that Government funding can meet the needs of any 'worthwhile scheme', spreading the funding further and prioritising projects with the most benefits. It was envisaged that more projects are likely to go ahead using 'partnership funding' than under the previous 'all or nothing' funding model.

In summary, the reformed model for funding allocation has been introduced to:

- Allow more projects/schemes to go ahead
- Give communities more say in what is done to protect them
- Encourage local contribution and investment in flood defence and coastal protection schemes
- Relate funding levels directly to the number of households protected, damages prevented and other benefits delivered.
- Maintain healthy ecosystems as well as offset any habitats that are lost when defences are built (to protect people and property). Habitats themselves often help to reduce the risk for flooding and erosion.

Local Authorities can continue to apply for Government funding for FCERM in the form of FDGiA for the following projects which:

- Build/improve new flood and coastal defences such as walls or embankments
- Benefit wildlife and protect habitats
- Dredge and de-silt (i.e. maintenance dredging)
- Beach management works (i.e. recharge, replenishment, recycling and renourishment works)
- Develop a strategy to reduce flood or coastal erosion risks across several connected areas and projects that support this strategy.
- Fund a study which supports any of the projects listed above. The study proposal must include estimates of the project's costs, benefits and partnership funding score.
- Regional Coastal Monitoring Programmes

In order to apply for FDGiA funding, a **Business Case** proposal is submitted to the Environment Agency for consideration. Typically this uses the 5-case business model and is split in to 3 stages (Strategic Outline Case (**SOC**), Outline Business Case (**OBC**) & Full Business Case (**FBC**)). The Business Case sets out the justification for the project such as the identified risk, the options, the benefits, the funding score and stakeholder engagement. The Business Case must also include sources of secured partnership funding, such as contributions etc. The Business Case may be led by the Council or the Environment Agency or working in partnership. At present, each project must be part of the Environment Agency's 6 year investment programme (April 2015-2021) to be eligible for FDGiA funding. Applications are made by the local risk management authorities to ensure a project is part of the programme. Any projects which are to be delivered beyond 2021 are currently under review.

Due to the introduction of the Flood and Coastal Erosion Resilience Partnership Funding Model, each project application is now assessed and scored based on the benefits that the project will deliver. This score determines the amount of FDGiA that each project may be eligible for.

As a result, there has been a shift in the method of securing funding for FCERM projects. A project is no longer likely to be fully funded by the Government, and as such additional alternative investment sources are necessary before a project can go ahead, especially where projects are not able to deliver the most benefits.

NOTE: the Government committed to revise the current National FCERM Strategy in its 25 Year Environment Plan and as such future changes to FCERM policy and funding are anticipated in 2019. It is not yet known how this will impact future FCERM projects; however, it is likely to continue themes of sustainability and collaboration.

Information Sources: East Anglian Coastal Group (2014), Environment Agency (2014, 2014b, 2016, 2018) House of Commons (2017), Parliament (2013) and Defra (2011, 2011b, 2017) and GOV.UK (2017, 2018).

A3] Partnership Investment Contributions for FCERM

As mentioned previously, under the 'Flood and Coastal Erosion Resilience Partnership Funding' model, the amount of FDGiA allocated to a project is dependent on the cost of the project and the benefits that a project provides. These benefits are now assessed in the form of 'Outcome Measures'.

The outcome measures were refreshed in April 2011 in preparation for the Defra Policy Statement (2011) and are subject to change. Local Authorities can make contributions to measures 1-4, with the Environment Agency holding overall responsibility to deliver and report on all measures, with targets set annually.

Outcome measures are set by Defra to ensure that the EA and other Risk Management Authorities (RMA's) achieve the aims of the government FCERM policy. There are 4 outcome measures which cover:

- OM1 **Economic Benefits**
 (The average benefit to cost ratio across the capital programme based on present value whole life costs and benefits).
- OM2 **Households at flood risk**
 (Number of households better protected from flooding as a result of FCERM projects)
- OM3 **Household at erosion risk**
 (Number of households better protected from coastal erosion as a result of FCERM projects)
- OM4 **Water Framework Directive**
 (Area of habitat created, improved or protected under the EU Habitats or Birds Directives).

The outcome measures for each project are then inputted to the ‘Partnership Funding Calculator’ to determine how much FCERM GiA a project is eligible for, through allocation of a ‘Partnership Funding Score’ (PF Score). The OM’s are weighted so that projects which deliver the highest benefit to cost ratio whilst reducing flood or erosion risk to more properties are scored higher. The PF Score also determines the proportion of external partnership investment contributions required.

Information Sources: Environment Agency (2014a & 2014c).

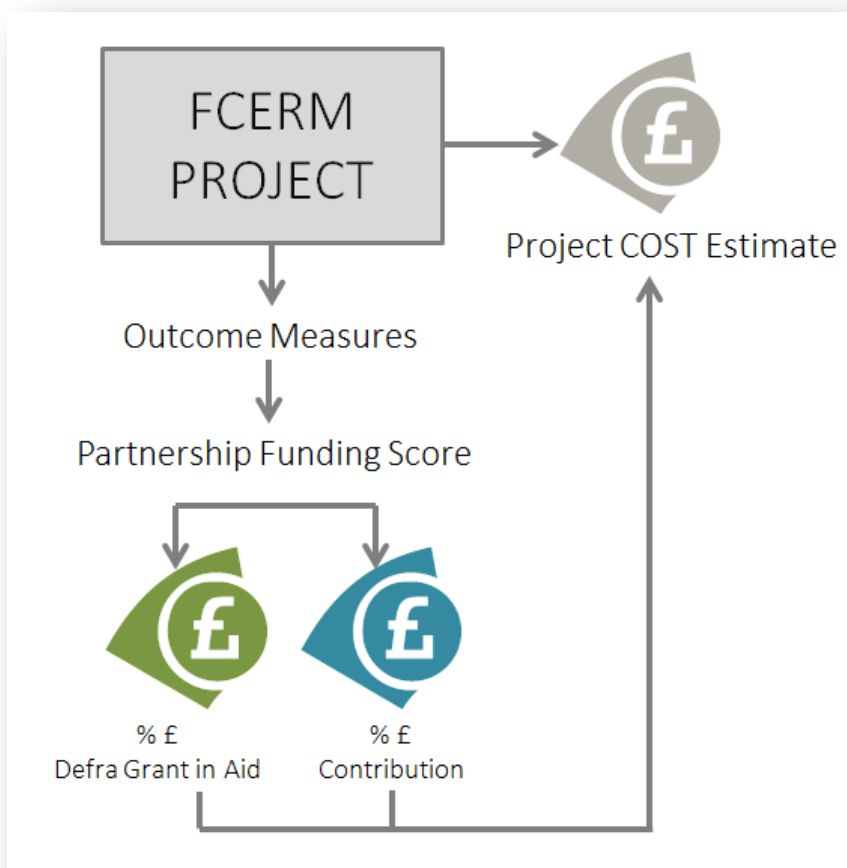


Figure 1 (left) is a schematic which shows how the project outcome measures impact the partnership funding score directly, dictating the proportion of FDGiA eligibility and therefore additional partnership investment contributions required to meet project costs.

As previously mentioned, the ‘Partnership Funding Calculator’ is a tool to determine how much FDGiA a project is eligible for through calculation of a ‘Partnership Funding Score’ or PF Score. In the ideal situation, a project would receive a high score (100% or more is possible).

A high PF score indicates that the project has a high benefit to cost ratio and should therefore be eligible for a higher proportion of Government FDGiA. These projects are prioritised as they will deliver the highest amount of OM's.

NOTE: Projects with a high PF score (>100%) may also be invited to source a proportion of financial contributions to the project if these are available as it would result in efficiency savings and reduce the amount of FDGiA required for that project (and make this available for other projects). At present, Defra has set targets of an overall average efficiency saving of 10%, and partnership funding contribution of 15% towards all projects.

A low PF score indicates that the project has a low benefit to cost ratio and is therefore not eligible for a large proportion of Government FDGiA to cover the project costs. These projects will need to secure a higher proportion of additional partnership investment contributions towards the project to unlock any FDGiA that they are eligible for.

Initially the PF score is provided as a 'raw' score based on cost/benefit analysis. This can be updated and improved over time to provide an 'adjusted' score. There are various methods for improving the PF score including:

- Reducing estimated project costs (considering alternative options)
- Securing more investment contributions in advance
- Selecting project options that improve areas of habitat protected under the EU Habitat and Bird Directives, including creation of new habitat
- Changing the scope or extent of the project (to a larger or smaller project)

Furthermore the following could also have implications for PF scores:

- Changes to the OM's (possible due to changes in FCERM policy anticipated in 2019)
- Changes to the FCERM GiA budget which could lead to a lower threshold required to unlock GiA
- Changes to weighting of OM's in favour of projects which utilise natural flood management

A4] The Importance of Partnership Funding Investment

There are a variety of benefits of working in partnership to fund local FCERM projects. It is considered that partnership funding investment can provide the opportunity for communities to appreciate the following benefits of FCERM projects:

- Increased flood protection through better protection of properties from flood risk and coastal erosion
- Land and property value could benefit from the decreased flood and erosion risk.
- Attraction of investment to boost the local economy
- Enable local decision-making and involvement
- Fostering trust and co-operation between various partners including local residents and stakeholders
- Opportunity for discussion and raising of issues and ideas
- Raising awareness and resilience to flood risk and coastal erosion
- Increased flood protection could result in improved access to flood insurance for households and businesses
- Social and economic benefits include increased community involvement, wellbeing and investment attraction.

Additional benefits include:

- Local investment can unlock other government funding
- Taxpayer money can be spread further if costs can be saved from FCERM scheme delivery.
- Draw more funds, skills, knowledge and resources

Information Sources: East Anglian Coastal Group (2014) and Environment Agency (2014a).

In order to secure partnership funding and in turn unlock Government FDGiA funding, moving towards delivery of a FCERM project, the following key milestones are likely to be required (Figure 2):

1	2	3	4	4	5
Identify Flood and Coastal Erosion Risk	Identify the Solution: FCERM Project	Develop Business Case for Investment	Partnership funding	Apply for and Secure Grant in Aid Funding	Deliver FCERM Project
<ul style="list-style-type: none"> - Research/ Studies which provide evidence - Public Engagement to discuss FCERM issues - Calculate PF Score - Potential to apply for funding for further studies 	<ul style="list-style-type: none"> - Research/ Studies - Public Engagement to identify solution - Stakeholder Engagement - Partner with Consultant - Identify potential investment sources 	<ul style="list-style-type: none"> - Partner with Consultant - Partner with Environment Agency - Undertake development of Business Case through necessary stages 	<ul style="list-style-type: none"> - Secure commitment from all available investment sources 	<ul style="list-style-type: none"> - Partnership with Environment Agency to secure GiA funding 	<ul style="list-style-type: none"> - Procure Contractor to deliver FCERM project - Management of Project to delivery - Investment complete

Figure 2- Key milestones towards delivery of a FCERM Project

Through 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 extremely important for FCERM projects, especially for those projects which do not achieve a high PF Score.

A5] Case Studies of Partnership Funding Investment

This section presents relevant case studies where partnership funding investment has been considered. These case studies are focused on coastal erosion and flood risk management projects (rather than risk resulting from catchment flooding and land drainage).

A summary of each project is provided, alongside key statistics such as total scheme costs (estimated where project is not yet complete), sources of investment and the project’s partnership funding score.

Dawlish Warren Beach Management Scheme (Environment Agency and Teignbridge District Council)

Summary

Construction at Dawlish Warren incorporated a beach recharge (250,000m³) from nearshore dredging operations, dune stabilisation and groyne maintenance. The scheme was completed in October 2017.

Key Statistics

Total scheme costs £13million
 £12.7million from FDGiA
 £300k from Local Authority and District Council contribution (including staff time contributions in-kind).
 Reduced risk of flooding to 2900 properties
 Partnership Funding score: (HIGH) 120%

gov.uk/government/publications/dawlish-warren-beach-management-scheme/dawlish-warren-beach-management-scheme

Bacton to Walcott Coastal Management Scheme (Coastal Partnership East and North Norfolk District Council)

Summary

A scheme is being undertaken to manage flood and coastal erosion risk to the Bacton Gas Terminal and neighbouring coastal communities. The preferred option is to pump sand from an offshore source onto the coast in a process called 'Sandscaping'. This will increase beach levels and in turn protect existing defences.

This scheme is a key example of a private-public partnership, as the FDGiA funding contributions only reflect the benefits to the local communities rather than the gas terminal with regards to reduction in flood and erosion risk. As a result, the project costs are met with a large private investment contribution.

This scheme is currently at Outline Business Case (OBC) stage (July 2018).

north-norfolk.gov.uk/media/3371/bacton-to-walcott-public-information-booklet-july-2017.pdf

north-norfolk.gov.uk/media/4300/bacton-to-walcott-outline-business-case.pdf

Key Statistics (June 2018)

Total scheme costs (estimated) £18 million

FDGiA Contribution £3.4 million

North Norfolk District Council (£500k), Local Levy (£500k), National Natural Flood Management Fund (£120k).

Private Investment Contribution (Bacton Gas Terminal, Local Enterprise Partnership, Business Rates Pool, Local Community) £14.5 million

Reduced flood risk to 68 properties, reduced erosion risk to 298 properties.

Partnership Funding score [RAW] (LOW) 19%

Adjusted PF Score (with contributions) 105%

A6] Section A References

Web Links (accessible July 2018*).

Defra (2011) Flood and Coastal Resilience Partnership Funding- Defra Policy statement on an outcome-focused partnership approach to funding flood and coastal erosion risk management
gov.uk/government/uploads/system/uploads/attachment_data/file/221094/pb13896-flood-coastal-resilience-policy.pdf

Defra (2011b) Flood and Coastal Resilience Partnership Funding: An Introductory Guide.
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

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

Environment Agency (2014b) Archived pages on Partnership Funding.
webarchive.nationalarchives.gov.uk/20140328100213/http://www.environment-agency.gov.uk/research/planning/134732.aspx

Environment Agency (2014c) Flood and Coastal Erosion Risk Management Outcome Measures
gov.uk/government/uploads/system/uploads/attachment_data/file/389952/FCERM_outcome_measures_Q2_2014_15_External.pdf

Environment Agency (2016) Grant Memorandum April 2016
gov.uk/government/uploads/system/uploads/attachment_data/file/516680/LIT_10458.pdf

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

GOV.UK (2018) Policy paper - 25 Year Environment Plan
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

***Please note that some hyperlinks may not work, please copy/paste link to your web browser.**

SECTION B- Investment Contributions for FCERM

B1] Introduction

This section builds upon Section A, and aims to present potential sources of partnership funding contributions (investment contributions) for FCERM in a long list of options; i.e. *who* could invest in an FCERM project.

The list is not exhaustive, and is in no particular order. All relevant information is provided to enable future discussions which are required to identify the preferred option for each FCERM project.

There are various factors which influence potential sources of contributions for FCERM, and as such the following considerations should be made before selecting the preferred options for investment:

- Over time, it is expected that sources will change, as new ones emerge and old sources expire. Since the inception of 'partnership funding' there have been various investment opportunities which have since expired and as such these have been omitted from this document.
- It is expected that there may be changes to the underlying policy behind partnership funding, with the chance that further regulations can be introduced at any time.
- The requirements for investment may vary spatially, between districts and individual projects.
- The scale of the project will impact the requirements for partnership funding investment. For example; FCERM projects which widen in scope to a series of interlinking defences could increase the area receiving flood risk benefits whilst attracting a larger number of partnership funding sources.
- All options should be considered when planning FCERM schemes to identify the best to take forward.
- The timescale between FCERM project inception and delivery may also impact the availability of partnership funding investment opportunities. Opportunities and budgets for various sources vary over time, in addition to project costs, and therefore should be evaluated carefully.
- The ability to form strong partnerships is also the key for success in securing partnership funding investment. This can be achieved through selecting partners who share similar objectives.
- Early engagement with potential partners is highly recommended, so that all options are explored in advance.

Information which is relevant to the New Forest District Council FCERM projects is also provided in these information boxes. Each option is assessed in terms of relevance, suitability, availability and achievability.

B2] Potential Investment Contribution Options for FCERM Projects

Option 1- Borrowing

This option is for NFDC to invest in the scheme and is proposed as it could potentially release funding quickly for use as an immediate contribution towards a FCERM project. Internal Borrowing, repayable through 'Minimum Revenue Provision' repayments or long term, low interest loans could provide finance repayable over longer periods of time.

Annually, New Forest District Council sets key prudential indicators, including a total debt level. At present, there is sufficient headroom within the current prescribed limit, should it be necessary to utilise external borrowing. The Council is currently targeting investment activities in order to generate key sources of new income in order to support the delivery of frontline services, and is looking to utilise borrowing to assist in financing these activities.

Option 2- Council Tax Increase

This option is proposed as a potential long term source of contributions towards FCERM projects. Further work to establish the amount that this option could yield will be required. Use of Special Expense council tax contributions could also be explored, to establish whether certain locations would have a higher weighting (for example those areas most at risk could contribute more to their local project, as they will benefit the most from it).

The Council is already forecasting Council Tax increases over the medium term, to support the delivery of a balanced budget, in the face of central government funding reductions. Special expenses are not currently used by NFDC, but could be a viable option, if it is felt reasonable to levy additional precepts from those areas more immediately impacted by specific FCERM projects.

Option 3- District Council Contributions

Funding from Local Authorities is discretionary and therefore funding for FCERM projects has to compete with a wide range of other priorities. Projects which support the priorities of a Council will strengthen a bid, such as economic development and regeneration, highways, rights of way and coastal protection budgets. Projects which demonstrate that investment in FCERM will result in a multitude of benefits can also be proposed.

For example, North Norfolk District Council has committed £500,000 towards the construction of the Bacton to Walcott Sandscaping Scheme (£20M) in 2017:north-norfolk.gov.uk/news/2017/bacton-to-walcott-development-agreement-signed/

NFDC could consider FCERM project bids as part of its annual budget setting, the same as it does with any other capital project. A policy decision would be required, as to whether the expenditure would give rise to Minimum Revenue Provision repayments (internal borrowing), or accepted that the expenditure reduces the Council's Capital reserves.

Option 4- Parish and Town Council Contributions

There is potential for Parish and Town Councils to raise a precept towards contributions for FCERM funding, and this approach has been explored by various Councils. Funds may not be specifically ring fenced for FCERM use and may be used for other priorities.

Parishes within the New Forest District could explore the possibility of expenditure of parish precepts on FCERM projects, especially where a project will be of benefit to their community. Parish and Town Councils will also have a

key role in community engagement, building momentum for community investment in a local FCERM project.

Option 5- Local Levy

In addition to central government funding for FCERM, the EA may raise a levy on Local Authorities (Local Levy). EA levies are subject to the approval of the relevant Regional Flood and Coastal Committee (RFCC). RFCCs are composed of a chair appointed by the Secretary of State, members appointed by LLFAs and independent members with relevant experience appointed by the EA.

Local Levy is used to support locally important projects which may require additional financial support to make them viable at a national scale. Local Levy may also be used to fully fund relatively inexpensive, small scale FCERM projects and studies. These studies may be used to inform future FCERM projects. Furthermore, there is potential funding available for applications which request specialist staff to support FCERM projects.

As an example, the Eastern RFCC has committed £500,000 towards the Bacton to Walcott Sandscaping Scheme (£20M) through Local Levy (2017). For further information: north-norfolk.gov.uk/news/2017/bacton-to-walcott-development-agreement-signed/

New Forest District Council is part of the Southern Regional Flood and Coastal Committee. The Southern RFCC has agreed that Local Levy should be used to deliver projects with the greatest benefits (OM2 and OM3). Further priority is given to smaller projects over a wide geographical extent, work which enables projects to be get 'spade ready' and projects which lead to direct risk reduction. Furthermore, it aims to ensure a mix of schemes (including those with low PF scores) which would otherwise remain unfunded without significant contributions.

NFDC is likely to seek funding from Local Levy especially where future projects meet the overarching requirements, and could also seek funding for specialist staff to support delivery of FCERM projects through Local Levy. Applications for local levy are also to be made for small scale studies which will contribute towards the Business Case for future FCERM projects.

Further information is available here: (gov.uk/government/groups/southern-regional-flood-and-coastal-committee); assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/723155/SRFCC_Meeting_Pack_-_July_2018.pdf

Option 6- Ministry of Housing, Communities and Local Government (MHCLG)

The Ministry of Housing, Communities and Local Government (formerly Department for Communities and Local Government) currently has a variety of policies in place to promote coastal projects.

MHCLG can delegate central government funding to Local Enterprise Partnerships (LEP) in the form of Local Growth Funds. Each LEP is then able to set up Local Growth Deal loans for particular projects (see Option 7- Local Enterprise Partnerships for more details).

The MHCLG has a policy for economic development in coastal and seaside areas, which has seen the launch of funding for restoration of coastal landmarks within the UK. This Coastal Revival Fund intends to support the restoration of coastal architecture. For more information see: gov.uk/government/publications/coastal-revival-fund-an-invitation-to-apply-for-funding

This funding is in addition to the Coastal Communities Fund, already in place to support the development of coastal communities, and creation of sustainable economic growth and jobs along the coastline (see Option 8- Coastal Communities Fund for more details).

NFDC intends to investigate all sources of funding made available through the MHCLG, and each will be assessed in terms of relevance, suitability, availability and achievability for each of the future NFDC FCERM projects.

Option 7- Local Enterprise Partnerships

Local Enterprise Partnerships (LEP's) were established by the Department for Business across England in 2011, and now fall within the remit of the MHCLG. LEP's are voluntary partnerships between local authorities and businesses that decide what the priorities should be to kick-start infrastructure and other projects that will drive economic growth in each area. LEP's are allowed to overlap so a Local Authority may fall within more than one LEP boundary.

Further information can be found here: lepnetwork.net/

Central government funding is delegated to LEP's who share out the Local Growth Fund via Local Growth Deals, and allocate this money through competitive bidding in the form of loans. Bids are highly competitive and – to be successful – local enterprise partnerships need to work with partners to agree strong and accountable governance and put forward proposals that boost growth and bring in private sector funding. It is intended that the projects considered for loans will be delivered quickly, and able to repay quickly so that the funding is recycled into as many projects as possible, and deliver benefits quickly. LEP's are eligible to bid for many other sources of funding to enable investment in significant economic projects in their local area.

The Anglia Local Enterprise Partnership has recently (January 2018) been awarded £1.08M towards the £20M Bacton to Walcott Coastal Management Scheme as part of a Growth Deal. The project will also redevelop a new CEFAS centre, and secure Bacton as a vital hub in the UK's energy infrastructure. Further information can be found here: newanglia.co.uk/project/bacton-to-walcott-coastal-management/

The New Forest Local Authority area is part of the Solent LEP area, with further information available here: solentlep.org.uk/.

In February 2017, the Government announced the round 3 Local Growth Funding availability for the LEP areas. For the Solent LEP, £31.02 million was allocated: gov.uk/government/news/multi-million-pound-cash-boost-to-help-create-local-jobs-and-growth.

Option 8- Coastal Communities Fund (Big Lottery Fund)

The Coastal Communities Fund (CCF) is a UK-wide programme designed to support the economic development of coastal communities by promoting sustainable economic growth and jobs. The Big Lottery Fund is delivering the CCF on behalf of the Ministry of Housing, Communities and Local Government, with income from the Crown Estate's marine assets.

The government has already provided £174 million for 295 projects around the country since the Coastal Communities Fund was launched in 2012. This funding is forecast to deliver over 16,000 jobs and help attract over £316 million of additional funds to coastal areas. There is the possibility for use in partnership funding of FCERM schemes if it can also contribute to the goals of the Coastal Communities Fund. Funding has been awarded to schemes which increase visitor footfall, improve facilities and coastal heritage, improve coastal access, and improve habitats amongst other projects.

The UK Government announced in 2015 that the CCF was to be extended to 2021 with at least £90m of new funding available for the period 2017/18 to 2020/21. Applications for the latest round (5) closed in April 2018. In September 2017, the Coastal Communities Minister confirmed that the fifth round of funding for 2019 to 2021 will provide at least £40 million to help coastal areas in England further transform their economies and boost jobs in their local area.

For further information please visit: biglotteryfund.org.uk/funding/programmes/coastal-communities-fund; gov.uk/government/collections/coastal-communities-fund; gov.uk/government/publications/coastal-communities-fund-round-5; gov.uk/government/news/40-million-to-create-jobs-and-boost-visitors-to-the-great-british-coast

New Forest District Council has not been in a position to apply for previous rounds of the Coastal Communities Fund. Applications required support from existing coastal economic plans, and would have benefited from the formation of a Coastal Community Team (although this is not a necessity). There is not currently a Coastal Community Team (see Option 9- Coastal Communities Alliance). Future availability of this source of funding is not yet guaranteed, however it is likely to be a viable option if future rounds are released beyond 2021.

Option 9- Coastal Communities Alliance (Coastal Community Teams)

The National Coastal Communities Alliance is a partnership of coastal Local Authorities, coastal organisations and individuals with an interest in coastal matters. Lincolnshire County Council formed the National Coastal Communities Alliance, and has an established relationship with the MHCLG to develop the Coastal Communities Fund. There is no subscription to participate in the CCA.

Partners are requested to provide intelligence on the development of specific coastal activities and campaigns. Partners may also be requested/offer to lead on a specific coastal issue where they have the expertise and/or where the issue is a particular local concern, such as renewables, flood risk, deprivation and health. For further information please visit: coastalcommunities.co.uk/about-us/.

The Coastal Communities Alliance coordinates the Coastal Communities Team (CCT) programme. A Coastal Community Team is a local partnership consisting of the local authority and a range of people and business interests from a coastal community who have an understanding of the issues facing that area and can develop an effective forward strategy for that place. The Team should include a range of local stakeholders and have broad support. Teams can establish their own priorities.

Initially, Coastal Community Teams were eligible to apply for a £10,000 grant to develop and progress plans, however this is not currently available. Once a Team is established, they are able to apply for the Coastal Communities Fund and Coastal Revival Fund. For further information on Coastal Community Teams please visit: coastalcommunities.co.uk/coastal-community-teams/. A full list of existing Coastal Community Teams is available here: coastalcommunities.co.uk/wp-content/uploads/2015/12/CCT-Map-1.pdf.

The New Forest District does not yet have a Coastal Community Team set up, however this Task and Finish Group would strongly recommend that one is established. A CCT could provide a multitude of benefits, including the ability to engage with local coastal communities about local FCERM projects and create shared objectives for the future of our coastal communities. With local support, future FCERM projects are likely to attract greater investment in the future.

Funding could be sought to enable the development of a Coastal Community Team, for example through Lottery Funding. The National Lottery currently has applications for 'Partnership' funding grants and 'Reaching Communities England'. Further enquiries are required to assess availability and suitability when applying to create a Coastal Community Team.

For more information see: biglotteryfund.org.uk/funding/programmes/partnerships-england#section-1 and biglotteryfund.org.uk/funding/programmes/reaching-communities-england

Option 10- Sources Available to the Environment Agency

The Environment Agency is also able to raise other income from outside of central Government including Internal Drainage Board precepts, general drainage charges and sales of assets. These sources may only apply to Environment Agency FCERM assets.

Further enquiries are required with the local Environment Agency Partnership and Strategic Overview team to assess availability and suitability of other funding sources available to the Environment Agency.

Following the 2016 Autumn Statement, Defra announced £15 million of government funding for Natural Flood Management (NFM) schemes across England, and awarded to 24 projects in 2017. £1m of funding was also set aside for an 'open competition' for community projects, which was launched in March 2017 and distributed between 34 projects. There is a higher proportion of funding awarded to fluvial and ground/surface water projects rather than coastal. It is not clear whether there will be future rounds of funding available. For further information please visit: <https://www.catchmentbasedapproach.org/resources/tools-and-casestudies/deliver/nfm>.

The Bacton to Walcott Sand Engine project in partnership with North Norfolk District Council was awarded £120,000 from the Natural Flood Management Fund (2017) - north-norfolk.gov.uk/news/2017/bacton-to-walcott-development-agreement-signed/.

NFDC Coastal schemes that utilise natural flood management methods (such as beach recharge) will be in a good position to apply for any future Natural Flood Management Funds as they become available. If further rounds are announced, then it is recommended to apply where the project meets the aims of the NFM programme.

Option 11- Drainage Charges and Special Levies

Funding for FCERM may also be available to Internal Drainage Boards and Local Authorities through drainage charges and special levies. Drainage charges are collected from agricultural land and buildings within the Internal Drainage District (IDD). Special Levies are issued on District and Unitary Authorities within the IDD. For more information see ada.org.uk/member_type/idbs/

Further enquiries are required to assess availability and suitability of funding from drainage charges and special levies.

Option 12- Private Sector, Leisure and Tourism

There are a range of private sector businesses which would benefit from local FCERM projects such as businesses related to tourism, leisure and retail. For example; marinas, port/harbour authorities and watersports activities can all be dependent on coastal protection schemes which provide shelter from extreme wave and water levels.

To encourage private sector investment into FCERM projects, the 2014 Autumn Statement announced changes regarding business contributions to coastal erosion works, making them tax deductible (2015 Finance Act). Through contributing to schemes, businesses pay less corporation or income tax. The Government expects that this will encourage private sector contributions to FCERM projects. It is estimated that 15% of partnership funding could be sourced from private sources. For further information see legislation.gov.uk/ukpga/2015/11/schedule/5/enacted and researchbriefings.files.parliament.uk/documents/CBP-7514/CBP-7514.pdf).

It is recommended that further assessment of the potential for private sector investment in FCERM projects in the New Forest district is required, especially where businesses benefit directly or indirectly from these projects. (Private marinas, boat mooring areas, water sport activity centres and tourist attractions).

Option 13- Utility, Transport and Infrastructure

A range of utility assets are located at the coastline, and can include gas pipelines/terminals, water reservoirs, electrical cables/substations and power stations. In general, where a FCERM project is required to protect these assets the Utility companies are invited to contribute to the project.

The Bacton to Walcott scheme is being undertaken to manage flood and coastal erosion risk to the Bacton Gas Terminal and neighbouring communities in North Norfolk. It is anticipated that the operators of the Bacton Gas Terminal will contribute a large proportion of the total scheme costs as there are relatively few properties which will benefit from the FCERM scheme.

The coastline is also a significant location for transport infrastructure such as road, rail, airports, and port and ferry terminals. These locations often rely heavily on protection from FCERM projects and in general, operators will be invited to contribute to these projects.

A full survey of utility assets will be conducted in advance of any FCERM scheme in the New Forest district. It is recommended that further assessment of the potential for contribution from utility companies is conducted especially where assets are protected directly or indirectly by FCERM projects.

A number of transport and infrastructure assets are located along the New Forest coastline, including ferry and train terminals (Lymington). Again, these are expected to be assessed further in terms of potential for investment contribution to FCERM projects.

Option 14- Land Owners and Developers

Land owners are generally responsible for managing their own flood risk; however there may be occasions where they benefit from large scale FCERM projects. Through engagement with local land owners and developments, contributions and investment in FCERM projects could be secured.

The West Wittering Tidal Flood Defence project is a key example of the success of community engagement and contributions. The community raised £650,000 towards the £1.7million project (Parish Council, Residents Association and Landowner) to enable the project to go ahead, providing a better level of flood protection to 55 properties in 2012. See gov.uk/government/publications/west-wittering-tidal-flood-defences/west-wittering-tidal-flood-defences for more information.

Any new property developments (post 2012) are subject to planning restrictions (such as flood risk assessments) before approval. As such these properties are excluded from the benefit/cost calculator as they should not be at risk of flooding. Planning authorities can include the requirement for flood risk mitigation measures (at the developer's expense) to protect the property if approved. These developers will not be expected to contribute towards other FCERM projects unless there are mutual benefits (such as links to neighbouring projects to create a larger project partnership). See gov.uk/guidance/flood-risk-assessment-in-flood-zones-2-and-3 for more information.

The Community Infrastructure Levy (the 'levy') is a tool for local authorities in England and Wales to help deliver infrastructure to support the development of an area. The levy may be payable on development which creates net additional floor space however some exemptions apply. Landowners are ultimately liable for the levy, but anyone involved in a development may take on the liability to pay. The levy could be used for a variety of infrastructure sectors including flood defence. Flexibility is provided to each charging authority to decide which infrastructure sector to invest in (as part of a Regulation 123 List). See gov.uk/guidance/community-infrastructure-levy#spending-the-levy for more information.

There are large areas of privately owned land along the New Forest District coastline. All landowners will be consulted in advance of any FCERM project, and it is recommended that further assessment of the potential for contribution is conducted, especially where land assets are protected directly or indirectly by FCERM projects.

It is also recommended that use of the New Forest District Council Community Infrastructure Levy might be considered for FCERM projects, especially where the FCERM project improves coastal flood defence infrastructure. At present the NFDC Regulation 123 list currently prioritises use of CIL on Habitat Mitigation (creation of new alternative areas of natural green space, improvements to existing open space and improvements to recreational walking routes) however there is potential to explore use of CIL in FCERM projects. For more information see newforest.gov.uk/CIL

Option 15- EU Funding

Due to the outcome of the 2016 EU referendum, it is unlikely that funding sources from the EU will remain available in the future. Where EU funding has been used to contribute to projects through partnership funding contributions, it has been suggested that arrangements will remain in place until Brexit is finalised. In general, sources of funding from the EU in recent years have been infrequent for use in FCERM scheme delivery. Further information can be found here: researchbriefings.files.parliament.uk/documents/CBP-7514/CBP-7514.pdf

The European Structural and Investment Fund (ESIF) focuses on facilitation of economic growth, and has resulted in an allocation of three specific funding streams including the European Social Fund (ESF), European Regional Development Fund (ERDF) and European Agriculture fund for Rural Development (EAFRD).

The ERDF has been in use in FCERM schemes such as the Willerby and Derringham Flood Alleviation Scheme in 2014-16 (£7.9 million FDGiA and £6.6 million ERDG administered by DCLG to reduce flood risk to 8000 properties).

Further information on the availability of ERDF is available here: gov.uk/european-structural-investment-funds?keywords=Enterprise+M3&fund_state%5B%5D=open and via each Local Enterprise Partnership website.

It is unlikely that EU Funding will be available for NFDC FCERM schemes

Option 16- Donations, Crowdfunding and Online Media

Crowdfunding is becoming an increasingly viable option as a source of funding for FCERM schemes whereby donors are invited to use crowdfunding websites to donate to a cause. The success of the crowdfunding relies on effective public engagement and advertising of the fundraiser. Successful use of online media such as dedicated websites and social media pages have also worked well to facilitate greater public interaction and understanding in their local FCERM projects.

North Norfolk District Council have set up a JustGiving crowdfunding page for their current Bacton to Walcott FCERM Project, with a target total of £25,000 (justgiving.com/crowdfunding/bactontowalcottscapings)

Examples of project webpages can be found here: north-norfolk.gov.uk/tasks/coastal-management/bacton-to-walcott-coastal-management/; gov.uk/government/publications/dawlish-warren-beach-management-scheme/dawlish-warren-beach-management-scheme; facebook.com/DawlishWarrenBMS/; southseacoastalscheme.org.uk/

Traditional donations are also welcomed towards any FCERM scheme and may be donated by local interest groups, visitors, businesses and residents. A successful example of raising partnership contributions through donations can be

seen for the West Wittering FCERM scheme (2012) where £650,000 was raised through contributions from the Parish Council, local residents association and West Wittering Estate landowner.

A community may also look to hold a community fundraising activity to raise donations towards a local FCERM scheme. A donation box has been installed at Sidmouth, Devon (April 2017). Accompanied by an information board, the scheme is explained alongside the need for partnership contributions: devonlive.com/news/devon-news/

At present, information about coastal protection at NFDC can be found here: newforest.gov.uk/coastal

It is recommended that a dedicated website is created, making best use of social media to facilitate greater public interaction and understanding for the NFDC local FCERM projects.

There is also merit in crowdfunding websites as an option to raise contributions from local interested parties and to boost community engagement and participation in the project.

Option 17- Other Government Agencies / Public Bodies

Partnership funding contributions may be sought from other agencies/public bodies especially where they will benefit from a FCERM project. Through working with special interest groups such as Natural England, Historic England and the Maritime and Coastguard Agency, these important stakeholders can be engaged with at an early stage and working partnerships can be formed.

Natural England is an executive non-departmental public body sponsored by DEFRA. It is responsible for ensuring that England's natural environment is protected and improved. It also has a responsibility to help the public to enjoy, understand and access the natural environment. Natural England will be consulted for any FCERM project which could impact protected areas of natural environment. Natural England is able to award grants for the management of the natural environment to promote its conservation and enhancement subject to application. For further information please visit: gov.uk/government/organisations/natural-england.

Historic England is an executive non-departmental public body sponsored by the Department for Digital, Culture, Media and Sport. It inherits English Heritage's position as the UK government's statutory adviser and a statutory consultee on all aspects of the historic environment and its heritage assets. This includes archaeology on land and under water, historic buildings sites and areas, designated landscapes and the historic elements of the wider landscape. FCERM projects can pose both risks and opportunities for coastal heritage sites and Historic England will be consulted for any project proposal. Historic England can provide grant schemes for the protection and management of historic places subject to application.

For Further information please visit: historicengland.org.uk/advice/planning/marine-planning/rczas-reports/, historicengland.org.uk/services-skills/grants/our-grant-schemes/ and historicengland.org.uk/services-skills/grants/our-priorities/.

There are 10 National Parks in the UK and each is looked after by its own authority. Each authority is an independent body funded by central government to conserve and enhance the natural beauty wildlife and cultural heritage of the National Park and promote opportunities for the understanding and enjoyment of the Park by the public. Where the coastline forms part of a National Park, the local National Park Authority (NPA) will be consulted for any FCERM project. The NPA may wish to be involved as FCERM project stakeholders and contributors, especially where they benefit from an FCERM project. For further information please visit: nationalparks.gov.uk/about-us.

A full list of agencies and public bodies can be found here: gov.uk/government/organisations.

The NFDC coastline is highly designated for environmental protection purposes. Proposed FCERM projects will look to continue to provide protection to coastal habitats and species, and enhance these where possible. There are also a number of coastal heritage sites such as Hurst Castle which also rely on protection from flood risk and coastal erosion.

The NFDC coastline forms part of the New Forest National Park, looked after by the New Forest National Park Authority (NFNPA). The coastline is a key attraction for visitors to the New Forest National Park. For further information please visit: newforestnpa.gov.uk/.

The NFNPA has established the 'Green Halo Partnership' to encourage economic development which promotes best practice in enhancing natural capital and ecosystem services in and around the National Park.

Further information can be found here: enterprisem3.org.uk/news/green-halo-partnership-launched-ensure-business-and-environment-thrive and newforestnpa.gov.uk/greenhalo

It is likely that future FCERM projects will work closely with a range of public bodies as key stakeholders. Further enquiries are required to assess availability and suitability of funding from other agencies and public bodies.

Option 18- Charities

There are various charitable organisations who may wish to be involved as FCERM project stakeholders and contributors (via discretionary funds), especially where they benefit from an FCERM project.

The Royal Society for the Protection of Birds (RSPB) is the country's largest nature conservation charity, working to promote the conservation and protection of birds and the wider environment through public awareness campaigns and the operation of nature reserves. These nature reserves are frequently located along the coastline, and many are experiencing increased flood risk and coastal erosion. Where FCERM projects provide increased flood protection to nature reserves, a contribution may be sought to maintain these nature reserves. There may also be opportunities for FCERM projects to improve or create additional coastal habitats through managed realignment or natural management processes. This has additional social benefits through boosting of natural capital, health and wellbeing and community engagement. For further information please visit: rspb.org.uk/about-the-rspb/.

English Heritage is a charity that manages and operates the National Heritage Collection, a collection of England's historic buildings, monuments and sites. English Heritage is funded by self-generated income, government funding and a one off capital grant. As a charity, investment is returned back into the heritage sites to ensure public access for the future. For Further information please visit: english-heritage.org.uk/.

The National Trust is a charity that works to preserve and protect historic places and spaces. The National Trust are Britain's largest coastal landowner and Europe's largest conservation organisation. Through charging for coastal car parks, this income is used for management and conservation of the local coastal area. For further information please visit: nationaltrust.org.uk/coastline.

Future FCERM schemes will work closely with local charities such as the RSPB, as there are various nature reserves located along the NFDC coastline which benefit from FCERM. Further enquiries are required to assess availability and suitability of funding from local charitable organisations.

Option 19- Landfill Communities Fund (LCF)

The Landfill Communities Fund (LCF) is an innovative tax credit scheme enabling operators of landfill sites in England, Northern Ireland and Wales to contribute money to organisations enrolled with ENTRUST as Environmental Bodies (EBs). It might be possible that there are Landfill Operators (LOs) who will give landfill tax money directly to local

projects. While many LOs take part in the Landfill Communities Fund (LCF), not all do. Not all LOs are potential sources of funding for projects. The only way to find out is to contact them and ask. For further information please visit: entrust.org.uk/landfill-community-fund and entrust.org.uk/landfill-community-fund/finding-funding/landfill-operators-as-direct-funders.

There are landfill sites along the NFDC coastline currently protected by FCERM including the Lower Farm Landfill, Manor Farm Landfill Site and Transfer Facility, and the Efford Landfill site. In addition, a non-operational historic landfill site is located near Lower Pennington. Further enquiries are required to assess availability and suitability of funding from the Landfill Communities Fund.

SECTION C- Partnership Funding for NFDC FCERM Projects

Section C draws attention to future capital FCERM projects within the New Forest District and proposes the recommended Investment Strategy to be adopted in order to secure government funding for these projects and allow progression of each Business Case towards approval

C1] NFDC FCERM Projects

This section introduces future Flood and Coastal Erosion Risk Management Capital Projects within the New Forest District. Initial project scoping (based on estimated project costs, and likely benefits) suggests that these projects will be dependent on partnership funding and additional investment, due to the low 'raw PF' score that they afford.

NOTE: Guidance on each project's costs, benefits and timeline for delivery is not provided here as there is a high degree of uncertainty at this early stage. It is understood that this information is highly desirable as it helps to understand the 'funding gap' which needs to be met through partnership working and investment, however as this information is subject to change the decision has been made to avoid estimation until the information is available with a suitable degree of certainty.

Hurst to Lymington (New Forest District Council, Environment Agency, JBA)

Summary

A project is required to reduce coastal flood risk along the frontage between Milford-on-Sea and Lymington, focusing on future management of Hurst Spit and the flood embankment between Milford-on-Sea and Lymington.

The volume of beach material on Hurst Spit has been declining naturally since the last major beach recharge scheme in 1996/7. As a result the barrier beach is more vulnerable to damage caused by extreme storm events.

The EA flood embankment between Milford on Sea and Lymington is dependent on Hurst Spit for wave sheltering, and provides protection to a number of houses but is declining in condition.

NFDC have collaborated with the Environment Agency during these preliminary stages to create a case for change which addresses the declining standard of flood protection provided by Hurst Spit and the flood embankment (July 2018).

The next stages include studies to understand the key flood risk issues, allowing the preferred option to reduce flood risk to emerge, accompanied by more information on the project's PF score, costs and benefits.

Information will be made available here: newforest.gov.uk/coastal

Barton-on-Sea (New Forest District Council)

Summary

The cliffs at Barton on Sea are susceptible to coastal erosion and cliff top recession. A project is required to understand the future management of cliff stability, and investigate ways to improve drainage and reduce the erosion rate and reduce erosion risk to properties identified in the 2010 SMP (shoreline management plan) review. In 2010 the council secured central government funding of £300,000 to carry out ground investigations at Barton on Sea (works undertaken during winter 2012/13) including deployment of monitoring instrumentation which has continued to provide information on the behaviour of the cliffs. Further studies and investigations will be required to understand the preferred option for reducing risk, accompanied by more information on the project's PF score, costs and benefits.

Information will be made available here: newforest.gov.uk/article/13409/Barton-on-Sea-Ground-Investigations-and-Monitoring-Works

Milford-on-Sea (New Forest District Council)

Summary

A project is required to reduce coastal flood and erosion risk along the frontage at Milford-on-Sea, focusing on future management of coastal flood defences. Further studies and investigations will be required to inform a future project here.

Information will be made available here: newforest.gov.uk/coastal

C2] Proposed Investment Strategy

What is the problem?

Within the New Forest District, several FCERM projects have been identified. 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 unlock government FDGiA funding, it will be vital to secure additional investment contributions towards the cost.

It is recognised that some sources of additional investment contributions are only available over longer timescales. This could significantly delay projects in the New Forest district, which would have to wait until all contributions had been accumulated before the project was considered for approval.

What is the proposed solution?

The Task and Finish group propose an Investment Strategy to be managed by NFDC that aims to deliver the following outcomes:

- 1. BORROW FUNDS TOWARDS PROJECT COSTS** either internally from NFDC reserves or externally through low interest loans. If immediate access to borrowed funding is available at an early stage, this demonstrates that the Council is committed to investment in each FCERM project. In recognition of this investment commitment, FDGiA Government funding towards project costs is more likely to be allocated sooner, fast tracking the project's delivery.
- 2. REPAYMENT** of borrowed funds over longer term. It is recommended that an 'FCERM Partnership Investment Plan' is developed for each FCERM project, which sets out how the partnership investment contributions will be secured and delivered. Repayment or reduction of the initial borrowed funds through partnership investment contributions is key to the success of this funding strategy.
- 3. ATTRACT INVESTMENT CONTRIBUTIONS** Early commitment builds momentum for partnership working, and encourages further investment in the project from those who will benefit from the FCERM project. This investment will be treated as repayment for the initial borrowed funds or as a direct contribution to the scheme (reducing the amount of borrowed funds required). Those who invest are therefore able to benefit from the FCERM project sooner.

What is included in each FCERM Partnership Investment Plan?

It is envisaged that each FCERM Partnership Investment Plan will provide the latest information on the following:

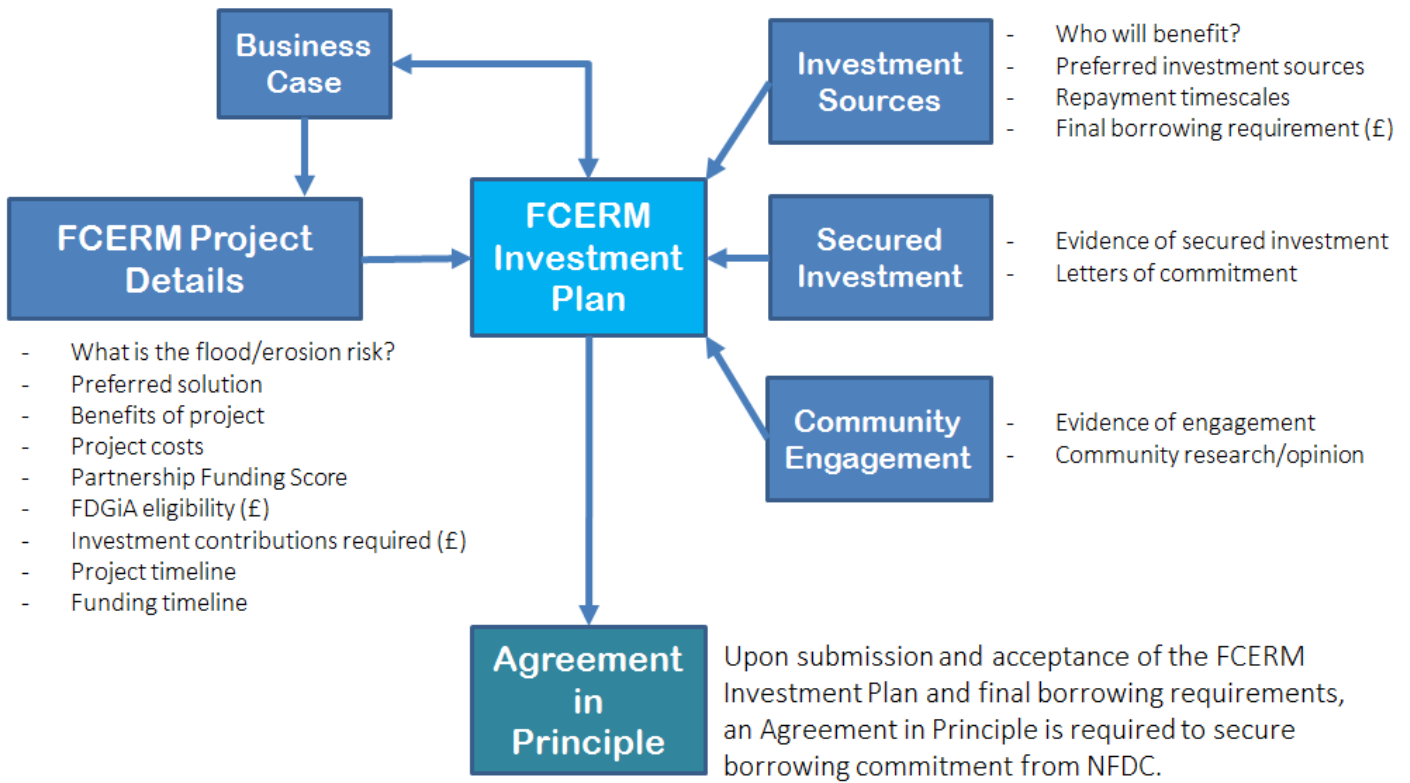


Figure 3 – Elements which combine to inform the FCERM Partnership Investment Plan

Upon approval of the Investment Strategy, each FCERM project’s **Partnership Investment Plan** will be drawn together alongside development of each project’s **Business Case**. It is envisaged that the preparation of each Partnership Investment Plan will require a multidisciplinary team with an understanding of the FCERM projects technical requirements (economic, social, environmental). The Task and Finish Group propose to continue involvement into the next stage of Partnership Investment Plan preparation, so that momentum is sustained towards the goal of FCERM project delivery.

The Task and Finish Group recommend that all investment options are explored as part of the preparation phase of each project’s Partnership Investment Plan (Option 1 to 19 plus any emergent options), and that further enquiries are made in terms of each option’s relevance, suitability, availability and achievability for each FCERM project.

The FCERM Partnership Investment Plan will set out key information on all aspects of the project, to include project details, benefits and beneficiaries, investment requirement, investment sources, secured investment, community engagement.

In order to facilitate the development of the Partnership Investment Plan, information will need to feed in from the Business Case in the early stages of the process. Then, as the Partnership Investment Plan develops (and investment is approved by NFDC Finance Department), the Partnership Investment Plan will then feedback into the Business Case, demonstrating the financial commitment. With the Partnership Investment Plan in place this is then likely to significantly improve the prospects for both scheme approval and for unlocking central government funding FDGiA.

The Investment Strategy is a process which cannot be fully undertaken without input from the Business Case and vice-versa so the development of them is co-dependable. Figure 4, below illustrates how the Investment Strategy and the Business Case interlink, identifying the relative position of the Partnership Investment Plan within the Investment Strategy.

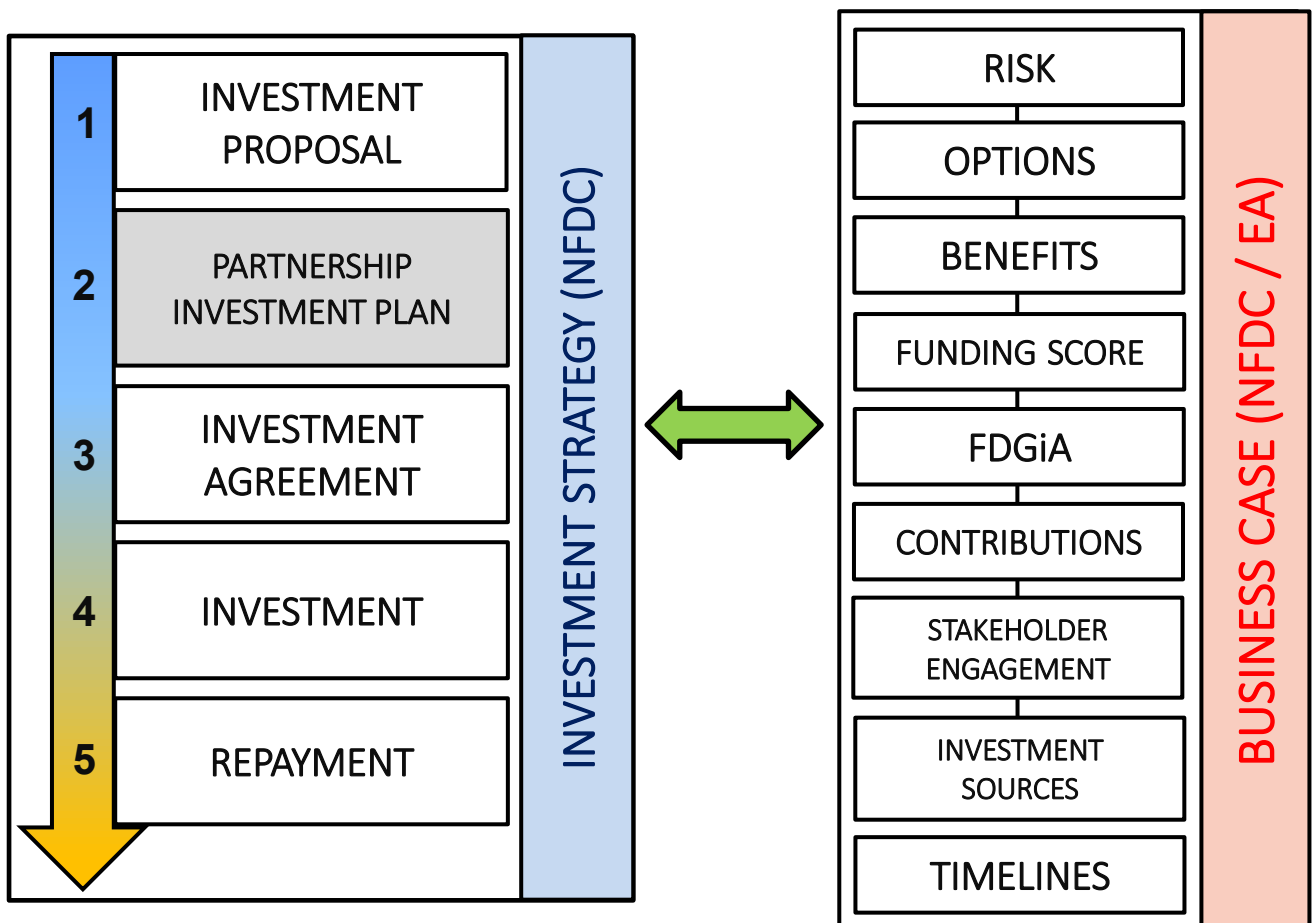


Figure 4 – Structure of Investment Strategy (Model) identifying 5-key stages

Investment Strategy Structure and 5-stages process

The Model in Figure 4 identifies the 5 stages of the process within the Investment Strategy. The links between the Investment Strategy and the Business Case are set out as follows:

STAGES:

1. Investment Proposal:

The first stage of the Business Case (**SOC** stage) identifies the flood or coastal risk; the options are then considered and the benefits are assessed. This information informs the Partnership Investment Plan, with key information from which to identify necessary level of Partnership Funding (required by the project).

2. Partnership Investment Plan:

The information provided by the Business Case allows development of the Partnership Investment Plan as described in *Figure 3*.

The Partnership Investment Plan brings together the following key component stages:

- Identification of sources of Investment
 - Using the information provided in Section B (Investment Contributions) to carry out research into, and reporting on all potential investment opportunities available to the particular scheme.
- Engaging the Community
 - This is likely to involve publicising the scheme, undertaking stakeholder events, opinion polls etc. NOTE: Community engagement is of particular importance when if the option of considering the potential for Council Tax investment into any scheme
 - Generate interest and enthusiasm for scheme to promote a degree of ownership in the community and wider public domain
- Securing Investment
 - Justifying the need for scheme / presenting key benefits and opportunities
 - Using effective business engagement and negotiation to secure investment

The completed Partnership Investment Plan is then presented for approval **In Principle** by NFDC

Once approved this will inform development the Business Case by demonstrating financial commitment and support for scheme.

3. Investment Agreement:

Once the Partnership Investment Plan is approved by NFDC, the **Investment Agreement** is devised. This stage is necessary to identify the preferred type of investment (internal borrowing / external loan). This needs to be considered against the secured investment in order to develop the **Repayment Plan**.

The Investment Agreement will be submitted for Council approval. If approved, Stage 4 will again feed back into the Business Case Development. This will provide the Business Case with positive backing and financial

support allowing for the final stages to be completed. This allows the business to submit to DEFRA for approval in principle (subject to **Borrowing**)

4. **Investment:**

Investment is actioned by NFDC Finance Department in accordance with the **Investment Agreement**. This stage again informs the Business Case, predominantly to the DEFRA project board. Subject to the final necessary review procedures by DEFRA and the EA it would be anticipated that **Final Approval** would subsequently follow.

5. **Repayments:**

Following approval, the scheme is taken forward to the construction stage with works being undertaken in accordance with the preferred option.

Managing the **Repayment Plan** in accordance with the **Partnership Investment Plan** will be undertaken by NFDC and will cover loan payments and the administration of contributions. Depending on the particular project and level of partnership funding required, the Repayment Plan is likely to require a commitment from NFDC over a number of years in order to facilitate processing of the secured investment and the recovery of contributions.