

Partnership Pays

An introduction to the future funding and management of flood and coastal erosion management projects **for Local Authorities and Internal Drainage Boards**

Councillor Roy Whitehead, Leader of Chelmsford Borough Council:

‘Chelmsford is committed to the delivery of new homes and jobs, but recognises that this can only be delivered effectively if appropriate investment in infrastructure is secured. I am delighted that we are making significant progress with our partners. Our biggest priority is to ensure that the Town Centre has improved protection from flooding.’

Councillor Jeff Reid, leader of Northumberland County Council:

‘This is an incredibly important scheme for the community of Morpeth and the Council is pleased that, despite tough economic times, it has been able to commit funding to ensure that it goes ahead. We are working in partnership with the Environment Agency to develop a detailed design, and look forward to final confirmation of the Agency's funding - which we expect to receive early in 2012.’

The way flood and coastal erosion risk management (FCERM) projects will be run and funded has changed, and Local Authorities and Internal Drainage Boards (IDBs) will play a bigger role. From April 2012 projects will be assessed under the new Government policy of *Flood and Coastal Resilience Partnership Funding* (‘partnership funding’). Under the new approach every worthwhile project has the potential to be supported by national funding over time. In future, projects will be either fully-funded or part-funded based on the benefits a scheme provides. These benefits will include the protection of households, commercial properties, public buildings, infrastructure and agricultural land, and the creation or improvement of water or tidal dependent habitat.

This guide covers:

- the principles of the new approach;
- how local authorities are already working in partnership;
- the benefits of setting up funding partnerships;
- where you can go for information and advice.

This guide is aimed at those who promote and manage projects, both elected members and officers. Local Authorities, Internal Drainage Boards and Regional Flood & Coastal Committees are encouraged to apply the approach described in this guide.

Defra, the Environment Agency, Lead Local Flood Authorities (LLFAs), other Risk Management Authorities (RMAs) and Regional Flood and Coastal Committees (RFCCs) have specific roles and responsibilities in relation to managing flooding and coastal risks. They work together in various ways from developing policy and high level plans through to strategic investment programming and delivering individual projects. Their role is to provide as much protection as possible to communities, businesses and other interests on the flood plain or around the coast, and deliver the greatest overall benefit in terms of flood and coastal erosion risk management with the funding and other resources at their disposal.

What is the new approach to funding?

Partnership Funding will now apply to all Flood & Coastal Erosion Risk Management (FCERM) projects seeking national flood defence grant in aid funding in England. The objective is to allow more schemes to go ahead and give each community more say in how flood and coastal risk is managed.

FCERM partnerships will be closely aligned to local strategies and development plans produced by local authorities, in consultation with communities or local flood action groups. As long as minimum criteria are met, all new defences and capital maintenance projects are eligible for partnership funding, as are those protecting individual properties and managing risk from surface water and groundwater.

Under partnership funding arrangements, the central government funds available will be calculated based on the outcomes a project is expected to achieve. This amount, together with other sources of funding, is the "Partnership Funding Score". It is expressed as the percentage of project costs and all projects must score a minimum of 100% to be eligible for central funding. It is important to note that, whilst central funding will be more in some years based on the number of projects coming forward, the funding is limited and payments are subject to availability.

This new system allows local authorities and IDBs to calculate the cost of achieving the outcomes they want. More information about the funding process is available on the Environment Agency's [website](#), and specially trained Environment Agency staff can also help.

The new approach means government could potentially support more worthwhile schemes over time, rather than fully funding some and others not at all. Projects will go ahead if costs can be reduced or if other money can be found to meet shortfalls in central funding. If a scheme qualifies for partial funding, then local partners including local authorities or IDBs can decide what to do. For example, a project qualifying for 90% funding can still go ahead if costs are reduced by 10%, or a 10% contribution is found, or a combination of the two.

FCERM projects, on average, prevent damages worth eight times the cost of the investment over the lifetime of a scheme, so even a small contribution would deliver a significant return on the level of local investment.

In some cases these contributions will better protect areas that would not have attracted funding in the past. There is also an opportunity for local authorities and

IDBs to make economic, social and environmental improvements which would not happen without partnership funding.

Case Study 1: Morpeth, Northumberland

Northumberland County Council is contributing up to £12 million towards a scheme to reduce the risk of flooding to more than 1,000 homes and businesses in Morpeth. The scheme will also create around 15 hectares of priority wildlife habitat and, in partnership with Northumberland County Council and Northumbrian Water, will identify ways of reducing flood risk from surface water and drainage in the town. The total cost of the scheme is estimated at approximately £21million and has involved extensive engagement with local residents.

Funding from: Northumberland County Council, Environment Agency

Working in partnership is not new and this leaflet highlights where some jointly-funded projects have already been successful. What is new is negotiating investment commitments from partners at the start of a project to close gaps in funding.

How will funding partnerships benefit local authorities and others?

It is easier to achieve results working together than alone. Investments to reduce flood and coastal risk can deliver a range of other benefits such as increasing tourism and amenities as well as enabling regeneration. This means land values increase, infrastructure develops and the future of a community is more secure.

Funding partnerships have the potential to:

- Develop good relationships with at risk communities so that people are better informed and involved in the decisions which affect them. This can result in projects delivering the right solutions in ways that everyone can support and understand. The partnership can also be more successful in raising awareness of flood and coastal erosion risks and be more effective at encouraging individuals and communities at risk to take action such as sign up for warnings or prepare a flood plan. Better relationships created through FCERM engagement can yield benefits for other community issues.
- Foster the trust and co-operation necessary to develop effective joint work programmes.
- Bring different funding streams, skills, knowledge and resources together to deliver the right results for a community. More and wider interests buying into a scheme opens up the possibility for more and wider local benefit.

Case Study 2: Happisburgh Emergency Works, Norfolk

A £200,000 North Norfolk District Council (NNDC) scheme to protect cliff-top properties from coastal erosion has allowed the local community to adapt and prepare for longer term coastal change. An additional £50,000 was provided by the Coastal Concern Action Group which allowed the works to be extended and enhance the protection provided by NNDC.

Funding from: North Norfolk District Council (£200,000) and Coastal Concern Action Group (£50,000)

- Increase the funding opportunity and the project's priority, making it more likely to go ahead sooner rather than later. If not all the contribution is used in accordance with the project agreement, the excess will either be returned to the contributor or, alternatively, help fund other schemes in the local authority area that score less than 100%.

- Allow complex issues - funding and approvals processes can sometimes be difficult - to be discussed together and offer a link across a wider partnership base to maximise available funds.
- Allow partners to share the risks and burdens amongst those best able to deal with them.

What makes FCERM funding partnerships effective?

Partnership projects are most effective when:

- **Objectives are agreed early** so that projects meet all the partners' needs and there is time to resolve issues.
- **They create wider benefits** as well as reducing the risk of flooding and coastal erosion. For example, this might include enhancing a beach front to stimulate regeneration, attracting new businesses and creating jobs, aligning Local Development Framework policies with investment needs.

Case Study 3: Chelmsford, Essex

Chelmsford Borough Council wanted to regenerate the town to meet job and housing targets in the Regional Spatial Strategy. The Environment Agency wanted to reduce the flood risk to existing properties, but the proposed scheme was not a priority for FDGiA and could not be afforded through the local levy. A significant borough council contribution towards the scheme reduced the flood risk at many unused and under-used sites in the town centre that have now been regenerated which allowed the scheme to go ahead. Each partner's contribution was negotiated in proportion to the benefits each would gain from the scheme, taking into account likely income from future development (new housing and jobs) and the increased value of the land better protected from flooding by the new scheme.

Funding from: Chelmsford Borough Council (£5 million) and Environment Agency (£2.5 million)

- **They pool money and expertise together** and achieve outcomes that they could never deliver alone.
- **Partners work collaboratively**, sharing knowledge, responsibility and risks, playing to each others' strengths.
- **They grow over time**, with more partners and greater contractual commitment, so that the whole process represents the correct level of investment - time and money - by each partner.
- **Flood risk management is integrated** with local development plans and supplementary planning guidance. This helps to raise money through tariffs, Section 106 agreements, the Community Infrastructure Levy and land transfers. By getting involved early on in a project, decision-making partners are more likely to attract funding and in-kind contributions through the benefit of local knowledge.

Case Study 4: Parrett Estuary Strategy, Somerset

A partnership approach between The Environment Agency and Sedgemoor District Council formed an agreement to improve development plans for Bridgwater with a £25 million investment in flood risk management. The flood risk management work is part financed by a 'roof tax' on new builds through Section 106 agreements. The developer will contribute £9 million to the cost of the scheme.

Funding from: Sedgemoor District Council, Environment Agency and private investment

Where is more information and support available?

- Defra flood and coastal resilience [website](#).
- Talk to your local Environment Agency contacts or risk management authorities. Schemes that are approved or planned, shown in the Environment Agency's *Medium Term Plan* and Local Authority and IDB *Sanctioned List*, are more likely to secure funding. Showing flood and coastal risks visually using maps and other tools can be a powerful way of communicating and engaging with communities.
- Discuss with your local authority colleagues who have prepared preliminary flood risk assessments and surface water management plans, and who are developing local flood risk management strategies and local development, infrastructure and resilience plans.
- Engage communities and professional partners in your area, and discuss priorities with them while you develop your local FCERM strategy or community resilience or flood plan.
- There are a number of useful documents on the Environment Agency's website to help those working in partnerships, ranging from the principles expected of a partnership approach and the roles and responsibilities of parties through to advice on legal agreements, managing risk and case studies. Please visit our [website](#) for more information.