Funding for Natural Flood Management slide set; accompanying notes – Jon Hollis

Slide 1:

5.2m homes and business at risk of flooding in the UK

Average damage of £30,000 per home

Average damage of £82,000 per business

Temporary accommodation is £10,000 per home and most people are out their home for 5 months.

£2.6bn Capital programme – ends in March 2021

Climate change means more intense storms more frequently and sea level rise. We can't engineer our way out of all of it, and NFM may provide some solution in the mosaic of measures.

When it comes to climate change, "we're refusing to take steps that we know have to be taken" said Sir David Attenborough. He has also said that "the moment of crisis has come".

NFM will help to do 2 things, reduce the impacts of Climate Change, and hopefully reduce climate change itself.

Slide 2:

Funding generally flows towards outcomes. And comes in 2 types, Capital and Revenue.

Just to make sure that everyone is aware of this, Capital is for the upfront cost of building things, revenue is usually for the smaller day to day things including people costs, maintenance and operation.

Thinking about the outcomes we can achieve from type of NFM, we can use put NFM measures into 4 categories. This classification is helpful when considering how funding may support NFM interventions in the future. The categories are:

A – Heavy works (large capital projects)

B – Minor works (small capital or revenue work)

C – Farming and land management practice

D – Whole scale land use change

Agriculture Bill was published on Thursday, and this is about public goods, so this is relevant in this space for the future.

Slide 3 and 4:

The current route for government funding for NFM is via Partnership Funding. I'm not going to explain this in detail now, but simply put, this Defra Policy gives money to Flood and Coastal Erosion Risk projects based on the flood and statutory habitat outcomes they will deliver. If that money is more than is required for construction, maintenance, operation and decommissioning, then the project can be fully funded. If not 'partnership funding' needs to be found. And just because a project could be fully funded doesn't mean that the project shouldn't look for contributions.

The policy has been seen to favour hard engineering, or category A – for NFM. Often these won't be NFM in nature, but NFM could be part of a package of measure used to reduce risk.

We have quite a bit of evidence that it's hard for project teams looking to delivery NFM. Specifically they say that it's really hard to quantify the benefits, especially those used for the PF Calculation. NFM generally is cheaper than hard engineering, but the benefits are less certain. That said we know that in many cases NFM can deliver a whole suite of wider benefits. B, C, D are hared to fund thorough this route. **B is possible, C and D are almost impossible.**

NFM is often supplemented by non-government funding.

Other central funded route is Local Levy – locally raised, but not though PF.

Benefits wheel – at the moment Government Funding for flood isn't used for all of these benefits. And if a 'partner' wants to piggyback on a flood project (and it is usually that way around) then they have to pay for that outcome.

Slide 5:

The first thing to note is that there are changes coming, first is Partnership funding, change the policy. The planned changes will look to deliver additional environmental benefits (by attracting a payment). Making space for water often benefits habitat, and so this isn't a choice between flood and habitat. This will also come with a better payment rate.

The second is about the flood benefits. We're looking to introduce an intermediate rate (for properties that have a reduced flood risk, but not so great that it will move to a lower band as we have now. Evidence for NFM says that it generally benefits up to the 1:30 year return period.

These two things mean that NFM interventions (category A and B) will have a better chance of attracting government flood funding.

ELMS The Agricultural Bill is also looking to replace the Common Agricultural Policy with the Environment Land Management Scheme. This will pay landowners/ farmers based on the public good they do, rather than on land holdings. This will largely benefit group B and C for the NFM categories. It will change farming subsidies, and encourage catchment sensitive farming and countryside stewardship.

Private and other investment – There is also other investment that will be available for NFM. Private investment may well form part of the pot. Many organisations will be keen to invest in measures that capture carbon, NFM may do that. Developers will need to demonstrate net gain for habitats and environment, and they may pool funding and make it available for NFM, and there are charities, 3rd sector organisations and others (e.g. Heritage Lottery Funding) that could be used.

Slide 6:

No notes

Slide 7:

Our evidence is that the partnership working is important, and we've learnt that from our mainstreaming work, and technical, environment and funding.

The name PF is brilliant, I know it has connotations, but the truth is partnership comes before funding, and I expect that today will demonstrate that working together will bring in the funding needed. But that does need some pragmatism, compromise, shared understanding, shared goals to achieve the outcomes.

The future of innovative funding for NFM, is actually innovative collaboration, that blends communities and stakeholders with the available funding.