Funded by UK Government

West Yorkshire Flood Innovation Programme Accelerator Project

Work Package 3 – Green Finance

Background

The West Yorkshire Flood Innovation Programme (WYFLIP) hosted a workshop that brought together key stakeholders from finance, academia and environmental sectors to explore pathways to sustainable investment in nature-based solutions (NBS) and climate resilience.

Delegates shared their thoughts and insights on what needs to change to help unlock green finance opportunities and how this change can be delivered.

What changes are needed to help unlock flood-related green finance opportunities?

Regulation

- Agree on a common regulatory framework across different authorities, aligned with the 2024 National Planning Policy Framework, enabling larger-scale projects
- Develop unified guidance and language to help navigate current planning regulations
- Change regulations in pensions, insurance, and other parts of the financial system to recognise the role of nature in providing effective risk management in reducing losses to assets from flooding, either through impaired values or lower asset productivity, i.e. lower returns. In doing so, it would enable long-term investments in nature

Knowledge exchange

- Conduct a skills gap analysis and provide training
- Raise general awareness of the opportunities that NBS can bring
- Facilitate knowledge exchange between all sectors

Modelling

- Improve the representation of NFM in hydrological models using real-world data
- Develop a multi-model hydrological approach to show a range of predictions as with climate models

Funding Mechanisms

- Adopt common business cases to facilitate the stacking of benefits
- Clearly define and demonstrate the return on investment
- Develop new markets and funding streams
- De-risking investment by ensuring schemes are designed to withstand shocks

What is needed to bring about these changes?

1. Develop a value proposition with a full range of beneficiaries, mapping who they are and what return/cost savings they receive.
2. Use research to create an NFM calculator, like the Peatland Code, which can be associated with simple monitoring that can demonstrate financial and environmental additionality.
3. Develop an approach for running ensembles of hydrological models, with training, to standardise NBS planning and benefit calculations, build confidence and reduce risk in investments.
4. Establish a range of training resources and products, including Continuing Professional Development courses, workshops, and conferences to upskill, educate and influence stakeholders on the use of models, NBS implementation and evaluation, business case development and green finance mechanisms.
5. Produce policy briefs for different audiences, highlighting the need for regulatory change and a more streamlined planning process.
6. Facilitate the development of larger, holistic schemes, with multiple stacked benefits, to attract investment from the financial sector.
7. Establish a consortium of stakeholders to share knowledge, identify synergies and coordinate activities.
8. Develop the framework above and market the approach as both attracting investment into the region/UK and providing our services to other countries and international clients.

Read the full report produced by Dr Stephanie Bond, Folasayo Ogundipe and Prof Joseph Holden, School of Geography, University of Leeds

Supported by West Yorkshire Combined Authority | Tracy Brabin Mayor of West Yorkshire

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