WYFLIP Position Paper – Reforming Our Approach to Flood Funding – Defra Consultation, July 2025

Flooding is a significant and growing challenge in West Yorkshire, with climate change expected to increase winter rainfall and the frequency of intense summer storms. There is a clear need for effective and strategic management to reduce flood impacts and improve resilience.

Currently, funding is based on a scheme's projected impact, with local authorities often required to part-fund projects; this system is seen as complex, slow, and costly to administer. Defra released a consultation - Reforming Our Approach to Flood Funding, deadline 29th July 2025 - on a new formula to simplify funding, speed up delivery, and better address evolving flood risks (see QR code).

West Yorkshire Flood Innovation Programme (WYFLIP) is a partnership of the five West Yorkshire local authorities, the Environment Agency*, Yorkshire Water, the West Yorkshire Combined Authority, and the Integrated Catchment Solutions Programme (iCASP) based at the University of Leeds. It has support from local stakeholders including the local resilience forum, emergency responders, the third sector and community groups and local councillors. WYFLIP Board has launched a collaborative, innovative programme to reduce the impact of flooding and make the region more resilient to climate change.

This document summarises WYFLIP's* position on Defra's proposed reforms to Flood and Coastal Erosion Risk Management (FCERM) funding.

Priorities for funding reform:
WYFLIP partners agree that the following priorities should guide reform of FCERM funding:

- **Partnerships** which encourage multidisciplinary, multi-benefit, cross sector working should be encouraged
- **Local choice and flexibility** in project selection to address diverse community needs.
- **Prioritisation of nature-based solutions**, particularly NFM, where appropriate for the location.
- **Targeted funding for deprived communities** and those with high vulnerability to flooding.
- **Strengthening economic resilience**, especially for small and medium-sized enterprises (SMEs).
- **Full integration of Property Flood Resilience (PFR)** into funding programmes, including for rented properties.

Overarching strategic views:
There is broad consensus among partners that the proposed reforms to FCERM funding represent a step forward in simplifying access to funding, reducing administrative burdens, and providing greater certainty for projects under £3 million. The inclusion of both NFM and PFR as eligible measures within the funding framework is strongly supported, reflecting a shared view that these approaches deliver multiple benefits alongside flood risk reduction.

Local choice is considered critical to ensuring that funding decisions respond to the needs of different communities and contexts. There is also agreement on the importance of embedding flood management into broader strategic planning—aligning it with housing, transport, economic growth, health, and nature recovery goals—so that it becomes part of a holistic climate resilience strategy for the region.

While all partners agree in principle with the £3 million Contribution Free Allowance, some raise concerns that it could unintentionally become a "target" cost, disadvantaging smaller, more agile schemes. Similarly, there are differing views on how project prioritisation should be approached. Several respondents favour Defra's "Approach 2" (prioritising projects that deliver agreed policy outcomes), while others recommend a hybrid of Approaches 1 and 2 to retain a strong value-for-money assessment while also giving greater weight to projects with multiple co-benefits, such as NFM.

Although there is shared support for exploring alternative funding sources, such as insurance, water companies, and land value uplift, opinions vary on the emphasis this should be given.

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* The Environment Agency, although a member of WYFLIP, has not contributed to this document as they have submitted a separate national response.

WYFLIP response by consultation theme:

1. **Funding Approach and Key Measures**

Partners welcome the clarity and certainty that a simplified funding process could provide, especially for sub-£3m schemes. However, they caution that the proposed changes could make the process more competitive, with smaller authorities and non-governmental organisations at risk of being crowded out by larger, better-resourced bodies. To avoid this, the allocation of funding must be equitable and transparent, with targeted support to help resource-constrained organisations submit strong bids. Clear guidance is required for projects near or over the £3m threshold. While inclusion of funding for asset maintenance is welcomed, WYFLIP raise concern that this could consume significant funding and suggest that asset beneficiaries contribute to asset upkeep.

The role of NFM is emphasised across all responses. Evidence shows its effectiveness across different catchment sizes and rainfall intensities (Working With Natural Processes Review 2025, Zhu et al. 2025), and its capacity to deliver wide-ranging benefits including biodiversity net gain, carbon sequestration, improved water quality, and enhanced health and wellbeing. WYFLIP recommend that a national framework or design standard for NFM is produced, alongside flexible but robust monitoring approaches such as the BACI method, and targeted skills training to address regional capacity gaps (e.g., Blue-Green Infrastructure Skills Report).

PFR is also seen as a crucial element of the funding framework, particularly for isolated properties or those at risk from surface water flooding. For maximum uptake, schemes should be fully funded and extended to include rented properties, with engagement strategies to encourage landlord participation. Public awareness campaigns and clear maintenance requirements will be important to ensure long-term effectiveness.

2. **Prioritisation and Strategic Planning**

When it comes to prioritising projects, WYFLIP regard local choice as essential for tailoring solutions to community needs. Partners also place high importance on supporting economic resilience—particularly for SMEs—and on targeting deprived communities that may be less able to recover from flooding. NFM and other nature-based solutions are preferred over hard infrastructure where appropriate, provided they are the right intervention for the location. Additional criteria recommended include the use of measurable community resilience indicators (e.g., Defra Community Resilience Framework), clear evidence of modelled or measured risk reduction, and recognition of projects that demonstrate innovation or have the potential to enable larger schemes.

3. **Transition, Alternative Funding, and Devolution**

There is concern that the transition to the new system could cause delays as scheme promoters await clarity on the rules. Early and detailed guidance on appraisal processes will be critical to avoid delivery gaps and to manage the risk of a funding surge when the new rules take effect in 2026. Exploring alternative funding sources is supported in principle, particularly where these can help deliver integrated water management and resilience. However, concerns were raised that partnerships with insurance companies, water companies, or developers may lead to increased consumer costs. A holistic, place based, locally driven approach is recommended. Flood risk management should be embedded into all new development planning so that resilience is built into the fabric of future growth. Empowering Regional Flood and Coastal Committees and Regional Mayors to align flood risk actions with wider regional priorities is welcomed, but this must be underpinned by strong governance, streamlined assurance processes, and alignment with existing partnership structures such as the West Yorkshire Flood Risk Partnership.

Conclusion

WYFLIP partners support Defra's ambition to reform FCERM funding. The proposed changes offer a valuable opportunity to deliver a more integrated, equitable, and resilient approach to flood risk management—balancing simplicity with fairness, supporting innovation, and strengthening local leadership in building climate resilience. For the reforms to succeed, they must protect access for smaller organisations, ensure transparency in allocation, and maintain a strong focus on measures that deliver multiple long-term benefits for communities and the environment.

Reforming Our Approach to Flood Funding – Full consultation documentation