

**NORTH LINCOLNSHIRE COUNCIL**

**CABINET MEMBER FOR HIGHWAYS AND  
NEIGHBOURHOODS**

**FLOOD AND COASTAL EROSION RISK MANAGEMENT FUNDING**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 To advise the Cabinet Member of a change to funding arrangements for Flood and Coastal Erosion Risk Management (FCERM) projects.

**2. BACKGROUND INFORMATION**

- 2.1 The Department for Environment, Food and Rural Affairs (DEFRA) has introduced a new approach to the funding of FCERM capital projects. The Environment Agency (EA) annually requests bids for flood defence projects meeting Flood Defence Grant in Aid (FDGiA) criteria. The EA administers the programme on behalf of DEFRA.
- 2.2 We have previously submitted successful funding bids for flood defence works at Belton and Low Burnham. We are now trying to secure funding for works at Barrow upon Humber.
- 2.3 The new funding approach will start for the 2012/13 funding round.
- 2.4 DEFRA used to fully fund projects providing best value for money for the benefits delivered. We received no grant for projects below the effective funding threshold.
- 2.5 From 2012/13 grant-funding levels will relate directly to the benefits delivered by the scheme. Funding will be on offer to all projects. But very few projects are likely to attract 100% funding. We will need funding for shortfalls from alternative sources.
- 2.6 The benefits delivered must take account of property at significant risk.
- 2.7 We have found that the level of FDGiA funding for future projects might be modest and not offset the costs of preparation of bids and assessment reports required by the process. It can cost up to £25,000 for complex projects. We cannot recover the project development costs for failed bids.

- 2.8 We have to bid by early July each year for funding the following financial year or later. We will not know the outcome of the bid process until February/March the following year. A successful bid allocates indicative funding and gives us an opportunity to submit a detailed bid appraisal report. We then present the report to the EA project appraisal board for decision.
- 2.9 The Cabinet Member needs to determine what approach North Lincolnshire Council will take to future funding bids.

### 3. OPTIONS FOR CONSIDERATION

- 3.1 **Option 1:** The Cabinet Member could decide not to submit future bids. Flood defence. Flood defence projects would then rely on council resources and other potential sources of funding.
- 3.2 **Option 2:** We could adopt an approach of appraising the outcomes and cost/benefits of potential projects that meet the funding criteria. The Director of Infrastructure Services will determine if each funding bid is likely to result in significant funding income. We would then only consider projects likely to attract significant funding, over and above the cost of bid preparation, for future funding bids.
- 3.3 **Option 3:** The Cabinet Member could decide that we submit bids for FDGiA funding irrespective of costs and likely outcomes.

### 4. ANALYSIS OF OPTIONS

- 4.1 **Option 1:** If we do not submit bids we miss out on the chance to obtain funding for flood defence projects in North Lincolnshire.
- 4.2 **Option 2:** We need to consider the likely success of each potential scheme bid. We have to think about the cost and time in the preparation of that bid, management of the process and the net benefit achieved from a successful outcome. Some projects may have the potential to attract significant funding above the cost of the bid. In those cases, it is worth submitting a funding bid.
- 4.3 **Option 3:** We may waste valuable financial resources and officer time. If we submit bids without assessing the likely success.

### 5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

#### 5.1 Financial

- 5.1.1 It is likely to cost between £10,000 and £25,000 for each bid. We have to do flood modelling, environmental assessment, economic benefit analysis and project appraisal reports in accordance with EA guidelines. We build these costs into funding bids.

5.1.2 We cannot recover the project development costs of unsuccessful bids. We would need to identify funding to cover these costs. We assume this will come from revenue funding currently allocated for drainage works. This would as a result reduce the amount of drainage construction work we could do.

## 5.2 **Staffing**

5.2.1 Our Bridges and Drainage team manages the bid process. It is uncertain what the benefit of allocating this resource is and we need to do some work before deciding that a bid is likely to prove successful. Work on a successful bid would involve at least one officer working part time on the FDGiA process over at least 15 months.

5.3 There are no property or IT implications associated with this report.

## 6. **OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 – CRIME AND DISORDER, RISK AND OTHER)**

### 6.1 **Statutory**

6.1.1 There are no statutory implications arising from this report.

### 6.2 **Risk**

6.2.1 Recent flooding events have highlighted the increasing risk flooding poses for communities and business. Flood defence schemes are an important mechanism to mitigate for these risks.

6.3 There are no other implications arising from funding bids.

## 7. **OUTCOMES OF CONSULTATION**

7.1 Discussions have taken place between relevant officers within the Infrastructure Service and there is broad agreement with the recommendations in this report.

7.2 We have consulted the council's Lead Member for Flooding and Drainage issues who supports the recommendations.

7.3 Regular consultation takes place with relevant EA flood risk managers on matters concerning funding bids for flood risk management.

## 8. RECOMMENDATIONS

- 8.1 The Cabinet Member notes the changes to FCERM funding for flood defence projects.
- 8.2 The Council adopts Option 2 and makes bids for FDGiA funding where bids have both a reasonable chance of success and achieve significant net funding benefit.

### **DIRECTOR OF INFRASTRUCTURE SERVICES**

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#### **Background Papers used in the preparation of this report:**

Future Funding for flood and coastal erosion risk management - DEFRA Nov 2010

Flood and Coastal Resilience Partnership funding – a guide – DEFRA May 2011