

EDT Service Committee

Item No.

Report title:	Flood & Water Management Funding Policy Guidance
Date of meeting:	27 January 2017
Responsible Chief Officer:	Tom McCabe – Executive Director, Community and Environmental Services
Strategic impact Norfolk is identified as the 10th area most at risk of local flooding in the UK. Defra has identified that the county has approximately 38,000 (10%) residential properties at risk of flooding from surface water in a 1 in 100 year event. 14,500 properties are at risk of flooding at the more frequent 1 in 30 year event. NCC is the Lead Local Flood Authority for Norfolk which means we have a statutory role to play in ensuring that the county is able to cope with, and mitigate against, extreme weather events.	

Executive summary

The high level of flood risk within the County creates a significant level of need for mitigation projects within Norfolk's communities. The amount of funding from central Government does not meet all of this identified need. To respond to this funding gap Government and organisations implement prioritisation systems to best allocate the available resource. This shortfall also highlights the need to seek contributions from third parties for schemes that would not normally be fully funded.

For the reasons above NCC has developed the guidance attached to this document. The aim of the guidance is to be mindful of the demand within Norfolk's at risk communities and to engender an evidenced and risk based approach to responding to community flood mitigation needs.

The guidance highlights the prioritisation given to;

- Meeting NCC's statutory duty to mitigate flood risk from surface run-off, groundwater and ordinary watercourses.
- Concentrations of flood risk within Norfolk's settlements
- Reducing the likelihood of flooding to properties that are at very significant or significant flood risk
- Schemes that promote the movement of 50 residential properties or more from one risk banding to another or are of significant commercial or infrastructure benefit to communities.

Once approved, publicity for local communities and third party funders to enable the development of community led flood mitigation schemes will be developed and distributed.

Recommendations:

Members are asked to approve:

The prioritisation and approach to managing partnership funded projects as set out in NCC Flood & Water Management Funding Guidance.

1. Proposal

- 1.1. The proposal is to clarify for communities at flood risk how the County Council will prioritise and support the development of flood mitigation schemes across the county. The County Council has developed guidance which has been informed by the policy framework provided by Norfolk's Local Flood Risk Management Strategy, by discussions with the Environment Agency and other Risk Management Authorities as well as with County Councillors on the Inland Flood and Coastal Management Member Working Group. It also draws on the Council's experience of administering a number of flood mitigation projects since 2011.

This work has highlighted the need to prioritise our support to those communities at the greatest risk whilst not disadvantaging other communities both willing and able to develop their own schemes. The proposed guidance would be published alongside public information and a timetable detailing how and when flood mitigation schemes would be developed for those communities in Norfolk at greatest risk.

2. Evidence

- 2.1. In 2012 changes were made to Government's Grant in Aid ("GiA") Flood and Coastal Erosion Risk Management ("FCERM") funding process. These changes were brought about to promote third party funding with the aim of increasing the total number of schemes delivered in any given year. Third parties are not eligible to submit project proposals through the GiA process and as such have to have their proposals "led" by a Risk Management Authority ("RMA") if they are to draw on Government GiA funding. However, there is no statutory requirement for a RMA to lead a project proposal that is identified by third parties.

A key challenge in carrying out this role is how to both raise and manage funding from multiple third parties, (such as RMAs, private individuals, private companies and Parish Councils). Community led FCERM schemes and the management of multiple sources of funding raise a number of issues to be addressed such as governance arrangements, priorities and ownership of liability.

Mechanisms that can be used for the raising and managing of funds from multiple third parties include;

- The establishment of a Community Interest Company ("CIC").
- Charitable Trusts
- Business Improvement Districts
- Business Rate Retention / Supplement
- Community Infrastructure Levy
- Parish Council Precept

It should be noted that this change in funding approach has not affected the ability of private funders to undertake FCERM works at their own cost so long as they have satisfied planning and other statutory conditions. It has also not changed any statutory duties of the relevant RMAs other than making more authorities eligible to apply for DEFRA GiA.

Where it is agreed that NCC will lead the development of a scheme then

resources will be allocated to complete the application processes which may include activities such as evidence gathering, formalising partnership arrangements, bid writing and budget setting.

Where it is agreed that NCC will administer funding applications and partnership initiatives then resources will be allocated to provide necessary information to the lead partner in a timely manner as requested.

Both the project lead and project administration role have resource implications for NCC which require clarification in order to manage reasonable expectations towards project delivery.

- 2.2. Norfolk County Council's proposed guidance in support of Norfolk's Local Flood Risk Management Strategy Policy UC 8: Risk based approach to prioritisation of resources has sought to answer the following requirements:

- [A] State when NCC is the relevant RMA for a prospective project proposal.
- [B] For projects where NCC takes on a project lead role;
 - i. State the thresholds, timescale and project eligibility criteria that NCC would apply.
 - ii. State what functions and actions NCC would undertake for these proposals.
- [C] For projects where NCC takes on a project administer role;
 - i. State what functions and actions NCC would undertake for these proposals.
 - ii. State the thresholds, timescale and project eligibility criteria that NCC would apply.
- [D] Highlight the requirements of our policy and regulatory regimes for those projects that are brought forward outside of the MTP GiA process.

- 2.3. As set out in 6.2 of Appendix A, NCC will take a lead role in developing projects for areas (settlements or catchments) where:

- 50 residential properties will be moved from one risk banding to another.
- The financial benefits of moving 2 or more commercial properties from one risk banding to another is equal or greater than £1 million over the lifetime of the scheme and where the scheme would draw in more than 50% of the schemes cost in Government funding.
- Where critical infrastructure assets are at very significant risk of flooding.

NCC will take an administrative role to support proposals for areas (settlements or catchments) where 49 residential properties or less will be moved from one risk banding to another.

3. Financial Implications

- 3.1. For projects where NCC takes on a project lead role because of their strategic

importance and impact, pre-submission work will be carried out from existing team funding. Post submission costs will form part of the bid. 61 settlements in Norfolk have at least 50 properties at flood risk however it should be noted that it is very unlikely all of these would be able to accommodate flood risk mitigation schemes that would move this number of properties to a lower flood risk banding. This is more likely with the 32 settlements with more than 100 properties at risk but very likely in settlements with approximately 500 properties at risk. These settlements include the Norwich urban area (inc. Drayton, Taverham and Cringleford), Great Yarmouth (inc. Gorleston and Bradwell), King's Lynn (inc North and South Wootton), Dereham, Thetford, Cromer, North Walsham, Sheringham, Wymondham, Snettisham. Whilst leading projects for the mitigation of risk in these settlements requires County Council resource, the projects would be managed to ensure that they are spread across Governments 6 year programme to maximise the opportunity to draw on central FCERM funding. This may mean projects form part of Government's 'over programme' or fall beyond the current 6 year term current planned for. It should also be noted that the County Council can draw on a dedicated Environment Agency staff resource, funded by the Eastern Regional Flood and Coastal Committee, to support the development of FCERM projects on behalf of Norfolk County Council.

For projects where NCC takes on an administrative role to enable communities at risk to progress schemes, the team will carry out the first 15 hours of pre-submission work without charge. This 15 hours would likely be spread across a number of months to support communities as they develop their proposals. All subsequent post-submission work will be charged for and/or will form part of the bid.

4. Issues, risks and innovation

4.1. It is clear that the role of lead RMA for a project proposal would expose the RMA to incur particular responsibilities and liabilities. However it is less clear how these are apportioned when a RMA is only administering a community led project proposal. Examples of what these responsibilities and liabilities include are listed below;

- Determination of which organisation is deemed the project lead for the purposes of good governance and transparent decision making.
- Determination of which party accepts the following roles;
 - o Contract management
 - o Health and Safety management
 - o Project approval processes and gateway management
 - o Project fund raising and fund/cost management (including financial risk management that takes into account the liabilities of project cost increases and shortfalls in funding).
 - o Public consultation
 - o Staff and asset management
 - o Supervision, acceptance and sign-off of works
 - o On-going maintenance

In administering a Community led mitigation project NCC would ensure that these issues are clearly defined within any project prior to submission and where appropriate seek to limit its liability through the use of legal agreements.

5. Background

- 5.1. As part of the development of Norfolk's Local Flood Risk Management Strategy a policy (Policy UC 8: Risk based approach to prioritisation of resources) was included to highlight a risk based approach to the development of projects and programmes. Policy UC 8 states:

All Risk Management Authorities will support the investment of resources in areas of highest risk within their respective jurisdictions through;

- Utilising consistent and up-to-date information on local flood risk in the development of any projects and programmes.
- Detailing the level of flood risk mitigation proposed by projects and programmes in terms of 'return period' for any exceedance events.
- Identifying the possibility of match funding from third parties and beneficiaries of mitigation schemes.
- Assessing the potential wider synergies and effects of proposed mitigation schemes on wider catchments, communities and other Risk Management Authority schemes through consultation with the Norfolk Water Management Partnership.
- Supporting the delivery of sustainable flood mitigation schemes which provide social and/or economic benefits to people whilst taking account of natural processes

Through the development of schemes through the Regional Flood and Coastal Committee programmes the need for clarification has arisen on when NCC would actively pursue the development of a scheme that draws on Government funding. The guidance attached to this report has been drafted to provide this clarification.

Officer Contact

If you have any questions about matters contained in this paper or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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