

Appendix A: NCC Flood & Water Management Guidance to Norfolk's Local Flood Risk Management Strategy Policy UC 8: Risk based approach to prioritisation of resources

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Acronyms and abbreviations

CIC	Community Interest Company
DEFRA	Department for Environment, Food & Rural Affairs
EA	Environment Agency
FCERM	Flood and Coastal Erosion Risk Management
FWMA	Flood and Water Management Act 2010
GiA	Grant-in-aid
IDB	Internal Drainage Board
LLFA	Lead Local Flood Authority
MTP	Medium Term Plan
NCC	Norfolk County Council
RFCC	Regional Flood and Coastal Committee
RMA	Risk Management Authority

Summary

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 or administered by a RMA if they are to draw on Government GiA funding. Individuals, communities and private funders have the ability of supporting or undertaking FCERM works where fully funded at their own expense so long as they have satisfied FCERM policy, planning and other statutory conditions.

A key challenge in implementing this approach is how to both raise and manage funding from multiple third parties, (such as Risk Management Authorities ("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.

In responding to this challenge there is an obvious and clear requirement for all RMAs to define the role they take in leading or administering bids that are submitted to RFCC programmes. It is for this reason that NCC has developed the policy set out in this document. Its aim 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.

This 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.

Further work is required to be undertaken to produce guidance for local communities and third party funders to enable the development of community led flood mitigation schemes.

1. Background to the past “fully funded” approach

- 1.1 Before the financial year 2011-12, the Environment Agency (“EA”) fully funded those Flood and Coastal Erosion Risk Management (“FCERM”) projects that according to treasury rules on the levels of benefits to be delivered, provided best value for money. The projects that fell below the effective cost/benefit threshold attracted no funding and tended to be deferred. This was the case even if some projects had a cost/benefit ratio that was only marginally lower than the funded projects.
- 1.2 Governments approach of fully funding projects did not engender high levels of financial contribution from communities or other third parties towards FCERM. In addition those projects not funded remained relatively expensive for local Risk Management Authorities (“RMAs”) and/or communities to pursue alone. As such there was an expectation that all projects would be fully funded eventually. In reality this was not the case and the effect therefore was to discouraged local action.
- 1.3 It should be noted however that under this previous approach private funders could still undertake FCERM works at their own cost so long as they satisfied planning and other statutory conditions.

2. Background to the current partnership funding approach

- 2.1 In the 2012-13 financial year Defra adopted a new funding approach that operated on what became known as the “beneficiaries pays principle”. This principle set out that the award of Government funds (Grant-in-aid “GiA”) should relate directly to the benefits to be delivered by the scheme. This allows for some schemes to still attract 100% funding where they are delivering significant benefits and many others may qualify for as much as 80-90% part funding. Under this approach all projects will be offered some funding, however small.
- 2.2 Projects will receive their portion of GiA funding where savings that reduce the overall cost of the project or funding from other sources can cover the remaining costs. In many cases this puts the emphasis on attracting third party funding, either from other RMAs or private sources. This may have the effect of enabling lower priority schemes to leap-frog higher priority schemes solely due to the availability of funding from other sources.
- 2.3 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.

3. The need to consider third party funders

3.1 Where Government only part funds FCERM projects through GiA, consideration has to be given as to how the remainder of project monies will be provided. Some circumstances may be straight forward in-so-far as a single organisation or individual is willing to provide the balance of funding to enable a project to be delivered. In other cases it may prove more difficult to find a single beneficiary that is willing to cover all outstanding project costs (and to cover any ensuing project risks and liabilities). As such a key challenge remains as to how to both raise and manage funding from multiple third parties.

3.2 Examples of third parties that are able to develop FCERM project include:

- Other Risk Management Authorities
- Parish Councils
- Private Land / Property owners
- Registered Charities
- Community Interest Companies (“CICs”) and other constituted groups
- Conservation and Heritage Organisations
- Academic Institutions

3.3 Norfolk is the 10th most at risk area from flooding in England with 38,000 properties at risk from surface run-off flooding and 42,000 properties at risk from fluvial and coastal flooding. This high level of risk consequently creates a high level of need for mitigation projects within Norfolk’s communities. It should be noted that the availability of funding from central Government does not meet all of the identified need. This creates the situation whereby prioritisation systems are implemented by Government and organisations to best allocate the available resource. It also reiterates the need to seek contributions from third parties for schemes that would not normally be fully funded.

3.4 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

4. The role of Risk Management Authorities (“RMAs”) in FCERM project proposals

4.1 In considering what the role of a sponsoring RMA might be it is first worth noting who the organisations are that are classed as RMAs and what risks they principally manage. RMAs are defined by the Flood and Water Management Act 2010 (“FWMA”) to be;

- The Environment Agency (“EA”)

- A Lead Local Flood Authority (“LLFA”)
- A District Council for an area for which there is no unitary authority
- An Internal Drainage Board (“IDB”)
- A Water Company
- A Highway Authority

4.2 The risks that these RMAs manage are detailed in the table below;

<i>Risk Management Authority</i>	<i>Flood type RMA is lead authority for</i>
Environment Agency	Flooding from the sea (Tidal) Flooding from main rivers (Fluvial) Flooding from reservoirs
Lead Local Flood Authority	Flooding from surface run-off Flooding from groundwater Flooding from ordinary watercourses outside of Internal Drainage Board Internal Drainage Districts
District Council	Flooding from ordinary watercourses outside of Internal Drainage Board Internal Drainage Districts
Internal Drainage Board	Flooding from ordinary watercourses inside of Internal Drainage Board Internal Drainage Districts
Water Company	Flooding associated with the public sewer network
Highway Authority	Flooding associated with the public highway network

- 4.3 Organisations classed as Risk Management Authorities (“RMAs”) are eligible to submit project proposals as part of the Medium Term Plan (“MTP”) that is administered by the Environment Agency (“EA”) and approved by Regional Flood and Coastal Committees (“RFCCs”) and DEFRA. Third parties are not eligible to submit project proposals to this process and as such have to have their proposals led by an RMA if they are to draw on Government GiA funding. In identifying a RMA for this role a community should ensure it is the RMA that manages the risk proposed to be mitigated.
- 4.4 There is no statutory requirement for a RMA to lead a project proposal that is identified by third parties.
- 4.5 It should be noted that individuals, communities and private funders have the ability of undertaking FCERM works where fully funded at their own expense so long as they have satisfied FCERM policy, planning and other statutory conditions.
- 4.6 The primary risk management function of each organisation in their status as a RMA under the FWMA is the management and reduction of the flood risk type they are

responsible for. For Norfolk County Council this means that there is a clear commitment to reduce the level of flood risk for those communities currently at risk from local sources of flooding. In seeking to meet their objectives all RMAs concentrate their resources where they can derive best value and as such RMAs may prioritise the submission of bids for those settlements at greatest risk within their area to the MTP. As such there may be greater levels of need in Norfolk than is represented in the MTP. Consequently there is an obvious and clear requirement for all RMAs to define the role they take in leading the submission of select bids to mitigate flooding for key communities at risk.

- 4.7 This definition should include a description of what role the RMA would take in the project proposal and delivery process. This is particularly pertinent when it is considered that an RMA may lead on a project proposal in one instance yet only fulfil an administration role in the next. As such it is important for RMAs to set out the service levels that they would apply to community led bids.
- 4.8 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;
 - Contract management
 - Health and Safety management
 - Project approval processes and gateway management
 - 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).
 - Public consultation
 - Staff and asset management
 - Supervision, acceptance and sign-off of works
 - On-going maintenance
- 4.9 For clarification, NCC's position on the maintenance of schemes is that a clear legal commitment to the maintenance of schemes is required at the point of submitting project proposals for funding. It is acknowledged that different schemes require different maintenance solutions and therefore it is difficult to generate rules around those organisations or individuals who would be required to accept maintenance obligations. However it is the expectation that any proposal would be able to anticipate and agree and approach that enables the level of protection brought about by the scheme to be sustained over its lifetime.
- 4.10 Lastly it is worth considering those project proposals that fall outside of the MTP process as they are being fully funded by third parties. For these proposals RMAs need to state clearly the process they would expect projects to go through in order that they can be deemed compliant with FCERM policy.

5. Checks and balances for the public

5.1 Where a project draws on GiA it is subject to;

- Meeting the requirements of the Project Approval Process as administered by EA – this process is designed to ensure technical competency, deliverability and value for money targets are met.
- Approval as part of the MTP yearly allocation as approved by the RFCC at public meetings and DEFRA.
- Demonstrate compliance with relevant FCERM policies. These policies will have undergone public consultation.
- All the requirements set out below in 5.2

5.2 If the project proposal falls outside of the MTP process as they are being fully funded by third parties the checks and balances available to the public are that the project will need to;

- Demonstrate compliance with relevant FCERM policies. These policies will have undergone public consultation.
- Be granted planning permission (and as such will be subject to public consultation, need to meet planning policy requirements (such as not increasing flooding elsewhere) and be subject to commenting from those RMAs that are statutory consultees – such as the LLFA and EA).
- Be granted other regulatory consents (such as flood defence consents as administered by the EA).
- Annual reports from or annual accounts of private companies provided to the relevant regulators.

6. Norfolk County Council's position

6.1 As set out in Section 4 there is a need for RMAs to clearly state what involvement they would have in the FCERM project proposal and delivery process. In meeting this need it is clear any guidance should;

- [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 an administrative 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.

6.2 Set out below is guidance that seeks to answer the requirements outlined in 6.1.

Requirement	Guidance
[A]	State when NCC is the relevant RMA for a prospective project proposal. NCC LLFA is the relevant RMA to lead or support project proposals for the mitigation of flooding and/or flood risk occurring from surface water run-off, groundwater and ordinary watercourses outside of Internal Drainage Board Internal Drainage Districts.
[B]	For projects where NCC takes on a project lead role; NCC will take a lead role in developing projects for areas (settlements or catchments) where: <ul style="list-style-type: none"> • 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. <i>Please note where areas are effected by combined sources of flood risk the Council will lead on projects where the majority of risk is attributable to sources of surface run-off or groundwater.</i>
(i)	State the thresholds, timescale and project eligibility criteria that NCC would apply. Following a request from a group, organisation or members of the public or following identification of a flood risk the authority will aim to develop mitigation proposals to the point of submission to Government programmes. For proposals to be eligible for submission to government programmes they need to: <ul style="list-style-type: none"> • Have appropriate evidence of the flood risk • Be in line with relevant flood management policies • Be technically feasible to deliver • Meet the requirements of regulatory regimes such as planning, the Water Framework Directive and/or financial regulations. Once developed, proposals will be submitted to the relevant programmes at the next appropriate submission deadline. Where requests are received within 6 months of the submission deadline they will be deferred to the following submission date.
(ii)	State what functions and actions NCC would undertake for these proposals. Where NCC leads on a proposal they will undertake the following activities for the project: <ul style="list-style-type: none"> • Proposal development including administration and project management • Community and stakeholder engagement (including community involvement in scheme development) • Identify any wider scheme benefits and outcomes Fund raising from Government programmes and third parties • Promotion and representation at approval boards, committees and public forums. • Contract management, cost recovery and oversight of contractors • Monitoring and coordination of delivery • Establish scheme adoption agreements for the lifetime of any development
[C]	For projects where NCC takes on an administrative role; 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.
(i)	State what functions and actions NCC In its administrative role the authority will; <ul style="list-style-type: none"> • Provide advice to project proposers

	would undertake for these proposals.	<ul style="list-style-type: none"> • Signpost project proposers to regulatory and policy requirements and to other sources of support. • Lead the submission and endorsement of proposals through to Government programmes including the management of funding, risk, monitoring and reporting of projects once on Government programmes
(ii)	State the thresholds, timescale and project eligibility criteria that NCC would apply.	<p>For proposals to be eligible for submission to government programmes they need to:</p> <ul style="list-style-type: none"> • Show appropriate evidence of the flood risk • Remove properties from flood risk • Be in line with relevant flood management policies • Be technically feasible to deliver • Meet the requirements of regulatory regimes such as planning, water framework directive and/or financial regulations. • Have established scheme adoption agreements for the lifetime of any development <p>Following receipt of a request from a project proposer the authority will provide advice to enable schemes to be developed to meet the deadlines associated with Government programmes. Where requests are received within 6 months of the submission deadline they will be deferred to the following submission date to enable time for proposals to be fully developed. The authority's role of administering Community Led projects is dependent on internal resourcing levels, demand on the service and the level of work undertaken by individual project proposers.</p>
[D]	Highlight the requirements of our policy and regulatory regimes for those projects that are brought forward outside of the MTP GiA process.	<p>Where combined sources of flood risk exist but where the minority of risk is attributable to sources of surface run-off, groundwater or ordinary watercourses outside of Internal Drainage Board Internal Drainage Districts the Council will support the development of eligible projects led by the appropriate Risk Management Authority. This includes the provision of any necessary evidence of flood risk for submission as well as project endorsement.</p> <p>Where project proposals are being developed by communities and individuals and there is no intention by the proposers to access Government funding, the authority will highlight its policy and regulatory requirements to ensure that they can be appropriately delivered. NCC will signpost towards appropriate sources of support.</p>

7. Project proposals and appraisal

7.1 Schemes will be assessed by NCC to determine, at an early stage, scheme feasibility with reference to policy, environmental constraints and best practice. Consideration will be given to the factors set out in 4.8 of this document.

7.2 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 assist or administer funding applications and partnership initiatives then resources will be allocated to provide necessary information to the Community contact or lead RMA in a timely manner as requested. Both the project lead and administration roles have resource implications

for NCC which require clarification in order to manage reasonable expectations towards project delivery.

- 7.3 To support the prioritisation of schemes NCC has assessed concentrations of local flood risk affecting settlements in Norfolk. This has led to the creation of a risk ranking of settlements. Mitigating these concentrations of risk by priority ranking is a key component of implementing the Local Flood Risk Management Strategy. Schemes will be prioritised for these higher risk settlements. These settlements are set out below;

Settlement ¹	Potential impact within the Places above the Flood Risk Thresholds		
	Number of people	Critical Infrastructure ²	Non-residential properties
Norwich urban area (inc. Drayton, Taverham and Cringleford)	22,273	58	1,909
Gt. Yarmouth (inc. Gorleston and Bradwell)	6,875	31	720
King's Lynn (inc North and South Wootton)	3,707	25	686
Dereham	1,964	12	279
Thetford	1,812	11	286
Cromer	1,690	0	294
North Walsham	1,565	4	157
Sheringham	1,505	2	75
Wymondham	1,381	0	177
Snettisham	1,021	6	66

- 7.4 Schemes will also be prioritised where they propose to remove properties from very significant (1 in 1 year return to 1 in 20 year return) or significant flood risk (1 in 21 year return to 1 in 75 year return) to another risk banding. This prioritisation reflects the need to reduce the likelihood of flooding for those communities that have the potential to be affected by flooding on a more frequent basis than others.
- 7.5 Ongoing progress of project development will be monitored and reviewed by NCC officers with input from relevant stakeholders including the NCC Corporate Bidding Team, the Flood and Coastal Management Member Working Group, those

¹ The full settlement ranking considered all settlements in Norfolk. The list presented here are just the top 10 settlements at risk determined by the methodology applied by the PFRA process. The fact that a settlement is not listed does not mean that there is no risk of flooding.

² The definition of critical infrastructure is taken from the national receptors database and includes building types such as hospitals, schools, electricity sub-stations and major transport links.

Councillors representing the division(s) the schemes is located in and the Council's EDT Committee.

- 7.6 Where a community is leading a scheme and it becomes apparent to NCC that it requires further development prior to submission this will be communicated to the project lead and stakeholders. Where a scheme is appraised as being unfeasible or outside the remit of NCC's policy or guidance then this will be communicated to the community lead and stakeholders. Where appropriate NCC will signpost the project team to other agencies or alternative scheme approaches.