FUNDING SOURCES

In order to attract FCERMGIA it is necessary to find contributions to your project to strengthen the bid. The following information outlines potential sources of funding that a project developer can consider. It is important to note that funding contributions need to be in place at the time of a bid.

Outlined below is a summary of the principle sources for funding that might be explored for any project.

1. Statutory Sources

Flood and Coastal Erosion Risk Management Grant in Aid (FCERMGiA)

Flood and coastal erosion risk management grant in aid (FCERM GiA) is sourced from central government and is administered through the Environment Agency. Flood risk management authorities (RMAs) - the Environment Agency, English local authorities and internal drainage boards (IDBs) can use it for a range of activities that help reduce the risk of flooding and coastal erosion but allocation is managed through the Regional Flood and Coastal Committees (RFCCs) based on:

- Health and safety
- Habitat recreation targets
- on a competitive partnership funding score.

It is important to note that there are always more schemes proposed than funding available in any one year. RFCCs play a key role in agreeing schemes, and can allocate extra funding from the local levy (see below) to support specific schemes.

There is an annual round of grant allocation and all projects must first be included in the Medium Term Plan (MTP). This is an annual process that identifies potential projects, the level of funding required and requirement for partnership funding, the benefits identified for the scheme and the timescales involved. An evidence base on socio-economic benefits is also needed.

Significant development time and project management overheads are required for large grants and schemes, so allow a minimum of 6-12 months lead time and budget accordingly.

Local Levy

Local levy funding is raised through the Council Tax and its level is determined by the Lead Local Flood Authorities (LLFAs) on the RFCC. The Levy can be used as a discretionary contribution from RFCC to top up schemes.

Local Council Funds

Funding from local authorities is discretionary and therefore funding for coastal or flooding projects has to compete with a wide range of other priorities. Where it can be shown that investment delivers more than one benefit then this will strengthen the case for funding allocation. Identifying how a project will support the priorities for a council will also strengthen a bid. The areas that may be worth investigating include:

- Economic development and regeneration
- Highways / Rights of Way
- Coast protection budgets
- District Council / Unitary

Drainage rates and special levies

- Drainage rates are collected from agricultural land and buildings within the Internal Drainage District
- Special Levies are issued on District and Unitary Authorities within the Internal Drainage District

Parish and Town Contributions

There is potential for Parish Councils to raise a precept towards contributions for FCERM funding and this approach has been explored by a few councils. The experience from Selsey Town Council is that they tested the idea of precepting to raise money via a newsletter. Responses were mixed and funds were eventually sourced from elsewhere.

It should be noted that such funds are only ring fenced capital and could be pulled back and used for other priorities, should a future council deem it necessary. Always refer to the current regulations regarding precepts.

Local Enterprise Partnerships (LEPs):

LEPs are business lead partnerships between local authorities, businesses and, in some cases, representatives from academic institutions. Through this partnership they seek to strategically drive economic growth; jobs and skills; inward investment; infrastructure; and business growth. In order to facilitate and deliver these outcomes the LEPs have access to a number of funding sources.

Growing Places Fund

This revolving evergreen £730m national fund was established to support key infrastructure projects designed to unlock wider economic growth, create jobs and build houses in England. It provides an opportunity for LEPs and local authorities to identify and prioritise the infrastructure needed for growth. The range of projects being supported includes site access and clearance, broadband and transport infrastructure, utilities, refurbishment of buildings and flood defence barriers.

EU Strategic Investment Funds (SIF)

The next round of EU funding runs from 2014-2020 there is a focus on the facilitation of economic growth which has resulted in an allocation of three specific funding streams to LEP's:

- ERDF – European Regional Development Fund
- ESF – European Social Fund
- EAFRD – European Agriculture Fund for Rural Development

European Funding is seeking to deliver outcomes against particular thematic objectives understanding the role that Flood Risk infrastructure and Community (Business and Residential) Resilience has in delivering these is key to accessing funding.

Single Local Growth Fund (SLGF)

The LEP's are developing Strategic Economic Plans which will enable them to draw down funding from a Single Local Growth Fund. This is a competitive fund which runs from 2015-2020 and is nationally worth £2bn annually over each of the six financial years. The allocation of funds in the form of a growth deal is dependent upon the strength of the economic plan and its ability to deliver significant amounts of growth.

2. Corporate Sources

Coastal Communities Fund

Administered annually by the Big Lottery, and based on the Crown Estates annual marine estate surplus, this fund aims to encourage the economic development of UK coastal communities by awarding funds to create sustainable economic growth and jobs. Grants of £50,000, or more, are available but projects must be completed by March 2016 when the scheme closes. Information can be found at: http://www.biglotteryfund.org.uk/global-content/programmes/uk-wide/coastal-communities

Other funding sources eg Crown Estates

Crown Estates owns a range of properties, lands, riverbed and moorings. An example of how this could benefit a scheme can be found at: http://www.thecrownestate.co.uk/news-media/news/2012/crown-estate-to-enable-community-management-of-coastline-scottish-pilots-launched/

Farmers and landowners

Landowners, especially those directly at risk from flooding, have a range of opportunities to support schemes. These can include direct financial investment or donations "in kind", for example materials such as locally sourced clay. Other valuable partnership contributions can also be use of equipment and labour resources. In some local authority areas provision has been made in the local plan to allow planning gain projects (see below).

Leisure, hospitality and retail

Local initiatives from the commercial sector can generate partnership funding. These could include the equivalent of a European tourism tax, reduced rates in accommodation or individual initiatives such as a Beer festival, with 10p in every £1 profit being donated to the cause.

Utilities

Where utility providers have assets at risk of flooding, and a scheme would reduce that risk, there is potential to negotiate with the utility company to contribute some funds. This would be based on the value of assets at risk, loss of revenue, industry regulator imposed penalties, and the cost of repairs in the event of damage.

Business Improvement District (BID)

A BID is a precisely defined geographical area of a town or city in which the businesses vote to place a premium on business rates (up to 1.5%) and invest collectively for local improvements such as improved defences.

Developers and `planning gain`

Funds can, in some circumstances, be raised from large retailers, industry and property developers, both corporate and private. This approach is not adopted or appropriate in all areas.

Section 106 could be applied now but may not be favoured by developers or local planning authorities.

Developer Contributions

Where local investment partnerships fund FCERM infrastructure projects, local authorities can look at how the project reduces the risk to an area and increase inward investment and future development where appropriate. New development is approved through the planning system. Investment in defences may reduce the mitigation measures that are required by planning policy for applications that have been accepted in principle.

BUT how can funding partnerships benefit developers and private investors?

Joint investment in reducing flood risk to make environmental and economic improvements can, in certain circumstances, offer developers and investors significant cost savings. Investing through an FCERM funding partnership is more effective than working alone to address flood risk issues at a site, making it easier to co-ordinate action.

Partnerships can :

- enable appropriate development to progress faster and open up sites for development that would have been otherwise delayed or unavailable because of flood risk.
- allow those areas that can be developed to have a higher standard of protection than previously. Contributing to new defences may negate the need for site level mitigation that would otherwise be needed to make the development safe and consistent with planning policy.
- allow an early opportunity to invest to reduce the average per annum cost on contributors.

- reduce the risk of not completing a project, by working together from the start.
- support economic growth and jobs for the community, potentially driving further growth by unlocking development sites which would not have qualified for funding.
- deliver infrastructure to a high standard, taking account of climate change, which may increase the market value of a development by 'future-proofing' it.

Talk to your local authority contacts who have prepared preliminary flood risk assessments and surface water management plans, and who are developing local flood risk management strategies and local development, infrastructure and resilience plans. Further information is available at

http://www.environment-agency.gov.uk/research/planning/134732.aspx

Please note that there are outstanding issues which private developers need to be aware of if they invest in coastal management assets. Experience from Bunn Leisure, a £17m private investment scheme, is that HMRC will not treat this expenditure as capital investment and, therefore, it is not subject to tax relief. This has been challenged but current rules are not supportive of private investment.

Community Infrastructure Levy (CIL)

The introduction of CIL follows the adoption of local plans and supersedes S106 agreements. CIL is levied by local authorities in England and Wales on new developments in their area. The levy is designed to be fairer, faster and more transparent than the previous system of agreeing planning obligations between local councils and developers under section 106 of the Town and Country Planning Act 1990.

The money raised from the community infrastructure levy can be used to support development by funding infrastructure, including defences. However this is a new process and there are many demands on this new funding source.
The levy is intended to focus on the provision of new infrastructure and should not be used to remedy pre-existing deficiencies in infrastructure provision unless those deficiencies will be made more severe by new development. The levy can be used to increase the capacity of existing infrastructure or to repair failing existing infrastructure, if that is necessary to support development.
Parish Councils will receive 15% of this levy directly and this will be increased to 25% if they have a Parish plan.

Realising planning gain

Where local plans permit it may be possible for agricultural land to be donated (or sold at agricultural value) and be developed through the planning process, similar to that of affordable housing. The uplift in value from agricultural to development land can then be utilised to support the coastal or river protection scheme. This type of methodology has been successfully implemented at Bawdsey, with £2m being raised in this way for a coastal protection scheme. This methodology does require both local support and the appropriate planning policies to be in place.

Discretionary funds - Charities and Trusts

When exploring opportunities for funding it is also worth contacting both local and national charities and trusts. They may be able to make a contribution towards funds, especially if the work is aligned to their core objectives.

Cash donations – Stakeholders and interested parties

Those stakeholders with a direct interest in any scheme may wish to contribute directly to the funding of that scheme. This can include businesses and private residential interests. The key issue is for the individuals to understand the benefit that the work will bring and how they can contribute financially. There are many examples of this, including the village of Thorpeness where local residents contributed 20% of the £700k cost.