

Local Flood Risk Strategy 2022-2027

Consultation Draft



Section 7: Financing the Strategy

Overview of the funding options for flood risk reduction and management

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7 Financing the strategy

The UK Government has committed £5.2 billion from 2021-2027 to create 2000 new flood and coastal defences and better protect 336,000 properties. This includes 25 areas of risk receiving a combined total of £200 million for innovative resilience projects. One such project involves a joint initiative between North Yorkshire County Council and the City of York Council targeting landowners with financial incentives to flood land upstream of affected communities.

7.1 Introduction

The avoidance of the significant costs associated with flooding, particularly when flood water enters homes and businesses, makes a compelling case for investment in defences and other measures that can help to reduce the risk.

But despite this compelling case, raising the necessary finances to fund improvements is one of the greatest challenges we face.

This section of the strategy sets out some of the principle sources of funding that can be used to fund flood risk reduction measures, and describes how the County Council ensures that the limited financial resources available are prioritised.

Each funding stream has a different, and in some cases only a specific part to play, but we are committed to unlocking the most flexible possible approach to funding flood risk reduction in North Yorkshire.

7.2 Flood and Coastal Resilience Partnership Funding

Formerly known as 'Flood Defence Grant in Aid' (FDGiA), Partnership Funding is the name given to funding that can be made available from central government (The Department of Environment Food and Rural Affairs) for flood risk initiatives that meet their criteria. These criteria relate to the number of properties and businesses that will be protected, as well as factors that recognise any environmental benefits associated with the proposals and can be bid for by any RMA to manage all forms of flooding

As the name suggests, in addition to the government funding element, there is a requirement for projects promoted via this mechanism to seek and secure funding from other sources wherever possible (see sections below). North Yorkshire County Council as Lead Local Flood Authority (LLFA) and other Risk Management Authorities must apply to the Environment Agency through a [partnership funding](#) approach. LLFAs can apply for funding to cover or contribute towards the cost of capital schemes for surface water, ordinary watercourses and groundwater flood risk management.

Some projects can be fully funded by the government grant, but in many cases we will need to secure other local sources of funding in order that projects can proceed.

7.3 Yorkshire Regional Flood and Coastal Committee levy funds

Each year, local authorities in the Yorkshire region pay into a fund that can be used to support or deliver flood risk projects. The fund is managed and allocated by the Regional Flood and Coastal Committee (RFCC), who have identified criteria for eligible projects or initiatives. Levy funding can be used as a partnership funding contribution, as a means of funding investigations and other projects that do not attract central grant funding, or to fund regional initiatives that benefit all the authorities in the region. North Yorkshire County Council funding

Lead Local Flood Authorities currently receive a small amount of grant funding each year from DEFRA to support the delivery of our statutory duties, and to a limited extent for supporting the delivery of some specific flood risk reduction measures and projects. Allocation of this funding is carried out in accordance with a prioritisation methodology which takes into account the following characteristics:

- The nature and scale of impact of the flooding
- How closely the proposals fit with our duties and responsibilities
- The availability of, and opportunities for, contributions from other sources
- How clear the proposals are, and how confident we can be about delivering the outcomes
- How fairly our resources will be distributed between communities at risk from flooding

Typically, the prioritisation of North Yorkshire County Council contributions to flooding schemes will be carried out as part of broader National and Regional funding prioritisation process. This helps to ensure that local contributions are allocated in the manner that maximises the total value of flood risk investment in the County and protects the greatest possible number of homes and other assets.

In exceptional circumstances, consideration may also be given to opportunities that occur outside the normal investment cycle, though this will typically be limited to occasions when significant contributions from other sources are contingent upon financial support from the County Council.

7.4 Environment Agency revenue funding

The Yorkshire RFCC receives a revenue grant from DEFRA to finance the revenue-based activities and staff costs of the EA'S Yorkshire region. The grant funds:

- maintenance programmes for the EA's regional assets and watercourse repairs
- revenue projects to cover legal requirements, investigations and studies in line with national guidelines
- the remaining revenue allocation covers EA's regional staff costs

7.5 Private and business funding

Funding from private sources and from businesses is becoming increasingly important to the successful delivery of flood risk reduction proposals. The government wish to see a greater contribution to projects from those that will benefit from the protection, and in many cases the grant available to pursue projects will not be sufficient in the future unless it is supplemented by funding from others sources.

7.6 Water Company Investment

The water companies have their own investment strategies, which are agreed with, and then monitored by, the water industry regulator OFWAT. Funding from water companies work on a 5-year investment cycle called asset management periods (AMP). The current cycle is AMP7 and runs from 2020 until 2025. A key part of AMP7 is to reduce the risk of sewer flooding.

Where the outcomes of their regulatory targets can be aligned with wider flood risk reduction initiatives, we are committed to working with the water companies to ensure that the best possible value is secured for our residents, both as tax payers and through their water bills.

7.7 Internal Drainage Boards

Internal Drainage Boards derive their income for drainage and flood risk work from agricultural landowners, special levies annually from District Authorities and development contributions and commuted sums.

Where our investment programmes align with the works carried out by the IDBs we are committed to working to reduce risk to properties, people and infrastructure.