Department for Environment, Food & Rural Affairs

Reforming our approach to floods funding: Including a call for evidence on: alternative sources of funding; and English devolution and flood risk management

June 2025

Version: 1

We are the Department for Environment, Food and Rural Affairs. We are responsible for improving and protecting the environment, growing the green economy, sustaining thriving rural communities and supporting our world-class food, farming and fishing industries.

We work closely with our 34 agencies and arm's length bodies on our ambition to make our air purer, our water cleaner, our land greener and our food more sustainable. Our mission is to restore and enhance the environment for the next generation, and to leave the environment in a better state than we found it.

© Crown copyright 2025

This information is licensed under the Open Government Licence v3.0. To view this licence, visit www.nationalarchives.gov.uk/doc/open-government-licence/

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/defra

Any enquiries regarding this publication should be sent to us at flood.reports@defra.gov.uk.

Contents

Reforming our approach to floods funding: Including a call for evidence on: alternative sources of funding; and English devolution and flood risk management 1

Contents 3

Foreword 4

Executive Summary 5

Part 1: Our new strategic vision for investment in flood resilience & coastal erosion in England 7

Part 2: Response guidance 13

Part 3: Changing our approach to funding flood and coastal erosion projects 17

Part 4: Changing our approach to prioritising the delivery of flood and coastal erosion projects 37

Part 5: Transition arrangements 46

Part 6: Call for evidence on alternative sources of funding for flood risk management 48

Part 7: Call for evidence on local choice, English devolution and opportunities for flood risk management 54

Part 8: Consultee feedback on the online survey 64

Annex A: Partnership Funding policy summary 65

Annex B: Glossary 66

Foreword

Resilience and adaptation to the changing climate are key to supporting the government's mission to kickstart economic growth in the Plan for Change. Flooding has devastating impacts on communities, families and businesses across the country. Over autumn and winter 2024/25 alone, approximately 4,300 properties were reported as flooded, and 172,000 properties were protected by flood defences. I know from personal experience how deeply flood incidents can affect our communities – not just materially but also on mental health and wellbeing. As a nation, we rely on flood defences to keep our communities safe. Due to the increasing risks of climate change identified by the Environment Agency's new National Risk Assessment, it is vital that government funding for flood defences is distributed in the most effective way possible.

This government inherited an outdated funding formula for allocating money to proposed flood defences. Established in 2011, the existing formula slows down the delivery of new flood schemes through a complex application process and neglects more innovative approaches to flood management such as natural flood management, property flood resilience, and sustainable drainage.

There is an urgent need to reconsider how we invest in flood risk mitigation. That is why this government is launching this consultation about how we can best distribute government funds for flood defences in England, to ensure that we build resilience and better protect communities and businesses from floods and coastal erosion. We are also opening a call for evidence on alternative sources of funding for flood and coastal erosion risk management and to explore opportunities for English devolution to support resilience.

Key to the success of this programme of reforms is collaboration with the individuals and groups who drive forward flood resilience within their local communities. From local Flood Action Groups to our Regional Flood and Coastal Committees, we rely on local knowledge and expertise to shape our approach to floods funding. This consultation marks an important step in increasing trust between local partners and government and better protecting communities. We will streamline the way we work and harness the power of partnership working to ensure that we step up to the challenges of climate change.

This consultation is open to everyone, and we invite all stakeholders, including organisations that play a role in flood resilience, community groups and members of the public, to provide feedback on this new approach to floods funding. The reforms we are proposing are substantial and will fundamentally change the composition of our floods investment programme and increase investment confidence. With your input, we will launch a new framework which will better protect communities across the country.

Emma Hardy MP

Minister for Water and Flooding

Executive Summary

1. **6.3 million homes and businesses in England are at risk from flooding**. With climate change, the total number of properties at risk from flooding could increase to 8 million by the middle of the century – or around one in four properties. Around 3,500 properties are at risk of being lost to coastal erosion by 2055.
2. **We have a bold strategic vision for the future to transform our approach to investing in resilience to flood and coastal erosion**. The objectives of the new investment framework are for it to be simple, flexible, and strategic to deliver timely interventions and build national resilience.
3. **This consultation is asking for feedback on two main proposals:**
    - The first is on our proposed simplified approach to funding new flood resilience projects.
    - The second is on our proposed approach to prioritise flood resilience projects.
4. **The consultation also includes a call for evidence on two wider floods investment areas** - seeking views on alternative sources of funding to enable government funding to go further as well as exploring opportunities for English devolution to support flood risk management.
5. Flood and coastal erosion risk management investment projects are currently funded in accordance with the Partnership Funding policy, with the amount of funding a project can attract depending on the damages it will avoid and the benefits it will deliver. Where government funding does not cover the full costs of the project, wider contributions are needed. The challenges with the current approach include that **it is complex, costly, and does not take account of the growing pressure on the condition of existing flood defence assets**.
6. The consultation seeks views on proposals to reform the floods funding approach and resolve those challenges by:
    - **Introducing a contribution free allowance** so all flood and coastal erosion risk management projects have the first £3 million of their project costs fully funded by government.
    - **Applying a flat rate of 90% Defra funding** to project costs above £3 million.
    - **Fully funding projects to refurbish existing assets** which currently find it challenging to attract funding.
7. In addition to these principles, the government wants to mainstream investment in natural flood management and explore how we can make better use of property flood resilience measures.
8. **Project prioritisation is also important to get right. The call on government funding from all potentially eligible projects typically exceeds the total amount of funding available from the government. Competition for government funding is likely to increase under the proposed new approach, given the more generous**

approach proposed to notionally funding projects. Under the new investment framework, we have considered options for prioritising projects by value for money, weightings to bolster priority outcomes (for example, flood protection for deprived communities and natural flood management), and providing incentives for projects to secure additional partnership funding contributions.

9. **The new approach to flood resilience investment will be launched in April 2026, alongside the new Floods Investment Framework**. Transitional arrangements will be put in place for existing projects in construction. We expect all projects that do not have contractual commitments in place for construction to move onto the new funding rules from April 2026.

10. **In the call for evidence on alternative sources of funding, our vision is for a system that effectively uses a mix of public and private money to achieve better outcomes for more stakeholders**. Using the principles of viability, fairness, sustainability and efficiency, we want to work with the private sector, explore opportunities for local funding and capturing uplifts in property value.

11. **Finally, the government is seeking evidence and views on ways to build on the strengths of the existing system to deliver more local choice in flood risk management decisions and achieve wider benefits**. This includes exploring how English devolution (e.g. mayoral strategic authorities) can support flood risk management, boost local resilience and align with local growth priorities. For example, exploring the potential for Mayors to help fund flood projects using mayoral revenue raising powers, opportunities for improved partnership working and inviting views on the potential to devolve some of the flood funding budget in the longer term. Evidence received will inform long term policy decisions on local choices within flood risk management.

Part 1: Our new strategic vision for investment in flood resilience & coastal erosion in England

Flood resilience is critical to the protection of life and property and to support a growing economy

Flooding and coastal erosion have devastating impacts on communities and businesses. As well as the potential for loss of life and damage to property, they can impact our businesses and livelihoods, and affect our health and wellbeing. Research suggests that those who have experienced flooding are six times more likely to experience mental ill-health[1]. It has also been shown that aggregate Gross Domestic Product[2] falls by 1% two years after flooding and remains 2% below its initial level five years after a flood[3].

The risks we face are significant and continue to grow. Climate change is leading to warmer and wetter winters, with an increase in the frequency and intensity of extreme events such as heavy rainfall, coastal erosion and landslips. The Environment Agency's new National Flood Risk Assessment shows that 6.3 million properties in England are at risk of flooding. With climate change, the total number of properties at risk from flooding could increase to 8 million by the middle of the century. In addition, around 3,500 properties are at risk of being lost to coastal erosion by 2055.

Figure 1.1. The Environment Agency's new National Flood Risk Assessment

The Environment Agency's new National Flood Risk Assessment

The new National Flood Risk Assessment for England was launched by the Environment Agency in January 2025. It improves our understanding of flood risk by using better data and modelling, higher resolution maps, and for the first time includes an estimate of future risk due to climate change. It shows which areas and properties are at risk from rivers, sea, and surface water flooding. The interactive flood risk map helps communities, planners, and policymakers prepare for and reduce flood impacts by taking action to improve flood resilience.

The Environment Agency's accompanying new National Coastal Erosion Risk Map provides the most up to date national picture of coastal erosion risk for England.

[1] The English National Study of Flooding and Health - Summary of the evidence generated to date

[2] Aggregate Gross Domestic Product (GDP) is the total value of all final goods and services produced within a country's borders in a given period.

[3] Weathering the storm: the economic impact of floods and the role of adaptation – Bank Underground

Resilience and adaptation to the changing climate are key to supporting the government's mission to kickstart economic growth. Economies at no risk of flooding, or where risk has been lowered, enjoy higher levels of growth and recover more quickly from shocks. This increases investor confidence, the viability of businesses, the resilience of critical infrastructure, innovation and tourism. For every £1 invested in floods defences, there are around £8 of damages prevented. This includes direct savings to the Exchequer because over a third of the damages caused by flooding are to publicly owned infrastructure, like roads, railways, schools and hospitals.

Managing flood and coastal erosion risks also supports environmental, habitat and nature recovery benefits. Flooding can damage vegetation and release pollutants stored in the ground, which can impact water quality, habitats and biodiversity. Furthermore, flood resilience projects can include creating or restoring natural habitats, such as salt marshes, meadows, and woodlands. These natural flood management techniques deliver wider benefits for the environment and society, such as carbon reduction, water quality improvements, and wider environmental enhancements.

Our current approach to investing in flood resilience

Flood and coastal erosion risk management (FCERM) in England is primarily funded by the Department for the Environment, Food and Rural Affairs (Defra). FCERM is a devolved matter so separate arrangements exist for Wales, Scotland and Northern Ireland.

Central government funding is used, among other things, to build new and maintain existing flood defences and resilience projects such as dams, flood barriers, reservoirs, embankments, sustainable drainage systems, coastal walls, and natural flood management such as woodland creation. A glossary of key terms is provided in Annex B.

Funding is provided to the Environment Agency which spends it directly on managing flood risk and coastal erosion. This includes funding provided for the delivery of FCERM by other Risk Management Authorities, such as local authorities or internal drainage boards, for flood resilience projects. This is managed through the flood and coastal investment programme which invests in FCERM projects across England, including building new assets and carrying out major refurbishment and replacement of existing assets. The current investment programme started in April 2021 and is due to conclude in March 2026.

Funding is also provided to the Environment Agency for the routine maintenance of its existing FCERM assets and to carry out minor repairs. This routine maintenance is managed under a separate programme to the major refurbishment and replacement of existing assets and is not part of this consultation.

Under the flood and coastal investment programme, individual projects can bid for government funding. Identifying projects generally follows a bottom-up approach with suggestions from the Environment Agency and other Risk Management Authorities. This approach is consistent with the national strategy and guidance. Funding is currently

allocated to these projects according to the Government's Partnership Funding policy, which has two steps. A project must pass through both steps to progress to delivery:

- **Step One: Project funding.** This step determines how much government funding each project is notionally eligible for through a complex Partnership Funding calculator that reflects current funding policy.
- **Step Two: Programme prioritisation**. This step determines which projects that have passed through Step One are prioritised in the investment programme. The prioritisation process is led by the Environment Agency and occurs on an annual basis as the programme progresses. Regional Flood and Coastal Committees[4] play a critical role in this process. They take into account local priorities and are required by law to consent the programme.

The current process is complex, costly and has slowed the delivery of vital projects. It also tends to favour large traditional engineered 'hard' solutions such as new flood walls, embankments and dams, and neglects both the refurbishment of existing defences and more innovative approaches such as natural flood management and sustainable drainage systems. Further detail on the process for determining how new flood resilience projects are currently funded, including its challenges and strengths, is set out in Part 3.

However, there are some aspects of the current approach which can be built upon. For example, the Partnership Funding policy has driven close partnership working to better deliver what local communities and stakeholders want. It has also helped to bring in wider financial contributions to FCERM schemes, making government funding go further.

In addition to its role in managing the flood and coastal investment programme, the Environment Agency also has a statutory duty, under the Flood and Water Management Act 2010, to take a strategic overview for all sources of flood risk, as set out in their National Flood and Coastal Erosion Risk Management Strategy for England. This enables a holistic national investment approach to be taken to FCERM. In this role, the Environment Agency has strategic oversight for understanding current and future flood and coastal erosion risk in England.

Our new simplified, flexible, and strategic approach to flood resilience investment

We have a bold strategic vision for the future to radically change our approach to investing in flood resilience. We want to ensure we are promoting the right floods solution in the right place at the right time, helping to kickstart economic growth. We want to:

[4] There are 12 RFCCs in England and they co-ordinate risk management authorities to ensure plans are in place to manage flood and coastal erosion risks, make local choices and agree programmes for their areas.

- Improve flexibility of investment between new FCERM projects and maintaining existing defence assets
- Ensure we allocate our funding in locations that reflect new risk information from the Environment Agency's latest National Flood Risk Assessment and other key sources of evidence
- Simplify the current complex funding model
- Have a better spread of resilience actions including more innovative approaches such as natural flood management and sustainable drainage
- Retain the core principle of local partnership funding to make government investment go further
- Explore the potential for regional Mayors to support flood resilience

To deliver this vision, we will amend our approach to flood resilience investment in eight ways:

1. **Introduce flexibility on the right balance of investment between building new or improved assets, developing natural flood management, sustainable drainage and property flood resilience, and maintaining our existing defences** ensuring we invest in the most effective resilience approach for each individual community. This will be delivered through our new approach to funding flood resilience projects as set out in Part 3.

2. **Simplify our approach to funding new FCERM schemes**. We are seeking views through this consultation of a new streamlined approach which retains the concept of local partnership funding contributions, and the benefits this brings, whilst recognising that the current approach needs revising. Parts 3 and 4 of this consultation set out this proposed new approach.

3. **Adopt a strategic approach to identifying a 10-year pipeline of FCERM project opportunities** based on the Environment Agency's new National Flood Risk Assessment which brings together key national and local evidence. The strategic approach will be informed by the local priorities of other Risk Management Authorities. This will ensure floods resilience funding is targeted at the highest risk areas and the right floods solutions are being delivered in the right places.

4. **Identify alternative national sources of floods funding to make government investment go further**. Using a mix of private and public money to fund the benefits of flood risk reduction will ensure better outcomes for more stakeholders and more efficient use of taxpayer money. A call for evidence on our approach to alternative sources of funding is included in Part 6 of this consultation.

5. **Focus on a longer-term horizon to bolster investment confidence in our supply chains to better contribute to wider government objectives**. This will support the government's plan for its 10-year Infrastructure Strategy, contribute to

the housing growth agenda, and support the government's mission to kickstart economic growth. We will also explore, and in due course seek views on, setting a long-term multi-decade target for flood risk management in line with prior recommendations made by the National Audit Office and National Infrastructure Commission. This work would utilise best available information from the Environment Agency derived from the new national flood risk assessment.

6. **Ensure the new framework is underpinned by improved new headline performance metrics**. Getting this right is key to supporting an integrated framework of floods investment. Our new and updated performance metrics will enable us to monitor our progress and will be designed to focus on the outcomes achieved by investing in the full range of investment activities across both new and existing flood assets. The new metrics will be developed as the new approach to flood resilience investment is finalised.

7. **Launch the new Floods Investment Framework in April 2026**. Part 5 of this consultation sets out the transition arrangements that will be put in place for moving from the current programme to the new Floods Investment Framework.

8. **Explore the potential for English devolution to support flood resilience.** The government's actions to expand and deepen English devolution to more areas provides new opportunities to explore the potential for regional Mayors to support flood resilience. This includes the potential for Mayors to help fund flood projects using mayoral revenue raising powers. It also includes exploring opportunities for improved partnership working and strategic flood planning, as well as risks and opportunities of devolving some of the flood funding budget in the longer term.

The purpose of this consultation

To help us deliver our vision for the future of floods investment, this consultation is seeking your views on two main proposals:

1. Our simplified approach to funding new flood resilience projects in Part 3.
2. Our proposed approach to prioritising flood resilience projects in Part 4.

This revised approach will apply to most FCERM resilience projects funded through the Floods Investment Framework. However, it is not expected to apply to potential 'mega' projects, such as the River Thames Scheme and the Thames Estuary, which are likely to require bespoke funding arrangements.

As well as the consultation, this document (at Parts 6 and 7) also includes a call for evidence on two wider floods investment areas:

- How to identify alternative sources of funding to supplement Defra funding and to help government funding go further in Part 6.

- Exploring opportunities for English devolution to support flood risk management in Part 7.

Part 2: Response guidance

We are consulting on a new approach to funding flood and coastal erosion projects, specifically how we can simplify our approach, speed up delivery, and respond to the changing nature of risk. Reforms made to our approach will come into effect in April 2026 when we plan to launch the new Floods Investment Framework.

Within this consultation document there is also a call for evidence on how we can systematically secure more funding contributions from those who benefit from FCERM and opportunities for English devolution to support flood risk management in England. These are longer-term considerations and will not come into effect alongside the funding reforms.

Audience

Responses to this consultation are welcomed from all members of the public, including but not limited to:

- Individuals
- Local Floods Groups
- Landowners
- Local Authorities
- Strategic Authorities
- Risk Management Authorities
- Environmental Groups
- Local businesses
- Internal drainage boards

Geographical scope

This consultation applies to England only. FCERM is a devolved matter so separate arrangements exist for Wales, Scotland and Northern Ireland.

Body responsible for the consultation

This consultation is being carried out by Defra for the UK government.

Responding to the consultation

This consultation will start on Tuesday 3 June 2025 and will close on Tuesday 29 July 2025. This is an 8-week consultation. The consultation can be completed online via Citizen

Space at https://consult.defra.gov.uk/floods-and-water/reforming-our-approach-to-floods-funding

Respondents do not need to answer every question in the consultation, they can focus on specific sections or questions if preferred.

We strongly encourage responses through Defra's Citizen Space consultation hub, an online consultation tool. Consultations receive a high level of interest across many sectors and using the online tool assists our analysis of responses, enabling more efficient and effective consideration of issues.

However, responses can be sent by email or post. We must receive these responses by the closing date of Tuesday 29 July 2025. In your response please state:

- Your name;
- Your email address;
- Your type of organisation; and
- Whether you would like your response to be confidential.

Please send responses to the email or postal address below:

flood.reports@defra.gov.uk

Department for Environment, Food, and Rural Affairs
Floods Investment Team
Seacole Building
2 Marsham Street, Ground Floor
London
SW1P 4DF

If you have any queries on the consultation or need a hard copy of the document, please email or write to us.

Consultation principles

This consultation is being conducted in line with the Cabinet Office "Consultation Principles". These can be found at:
https://www.gov.uk/government/publications/consultation-principles-guidance

If you have any complaints about the consultation process, please address them by email to: consultation.coordinator@defra.gov.uk

Confidentiality and data protection

A summary of responses to this consultation will be published on the government website http://www.gov.uk/defra but will not include personal names, or other contact details. An

annex to the consultation summary will list all organisations that responded. Defra may also publish some or all of the content of your response to this consultation.

Information in responses to this consultation may be subject to release to the public or other parties in accordance with freedom of information law (these are primarily the Environmental Information Regulations 2004 (EIRs), the Freedom of Information Act 2000 (FOIA) and the Data Protection Act 2018 (DPA)). We have obligations, mainly under the EIRs, FOIA and DPA, to disclose information to particular recipients or to the public in certain circumstances.

If you click on 'Yes' in response to the question asking if you would like anything in your response to be kept confidential, it would be helpful if you could explain to us why you regard the information you have provided as confidential. Your explanation for requesting confidentiality for all or part of your response would help us balance these EIRs, FOIA, and DPA obligations for disclosure against any obligation of confidentiality.

If we receive a request for disclosure of the information, we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

Using and sharing your information

How we use your personal data is set out in the consultation and call for evidence exercise privacy notice which can be found here: https://www.gov.uk/government/publications/defras-consultations-and-call-for-evidence-exercises-privacy-notice

Other Information

This consultation is being conducted in line with the Cabinet Office "Consultation Principles" and be found at: Microsoft Word - Consultation Principles (1).docx (publishing.service.gov.uk)

Questions: Part 2 – Responding to the Consultation

Please note that your answers to Questions 1 to 6 will also be used for your response to the Calls for Evidence in Part 6 and Part 7, if you choose to submit evidence.

Question 1 Would you like your response to be confidential? (Required)

- Yes
- No

Question 2. If you answered yes to Question 1, please give your reason(s)

Question 3. What is your full name? (Required)

Question 4. What is your email address?

Question 5. Who are you responding as? (Required) (Select one option only):

- An individual. You are responding with your personal views, rather than as an official representative of a business, business association or other organisation.
- A farmer/landowner
- A local authority
- An environmental group
- An insurance company
- A water or sewerage company
- An internal drainage board
- Other

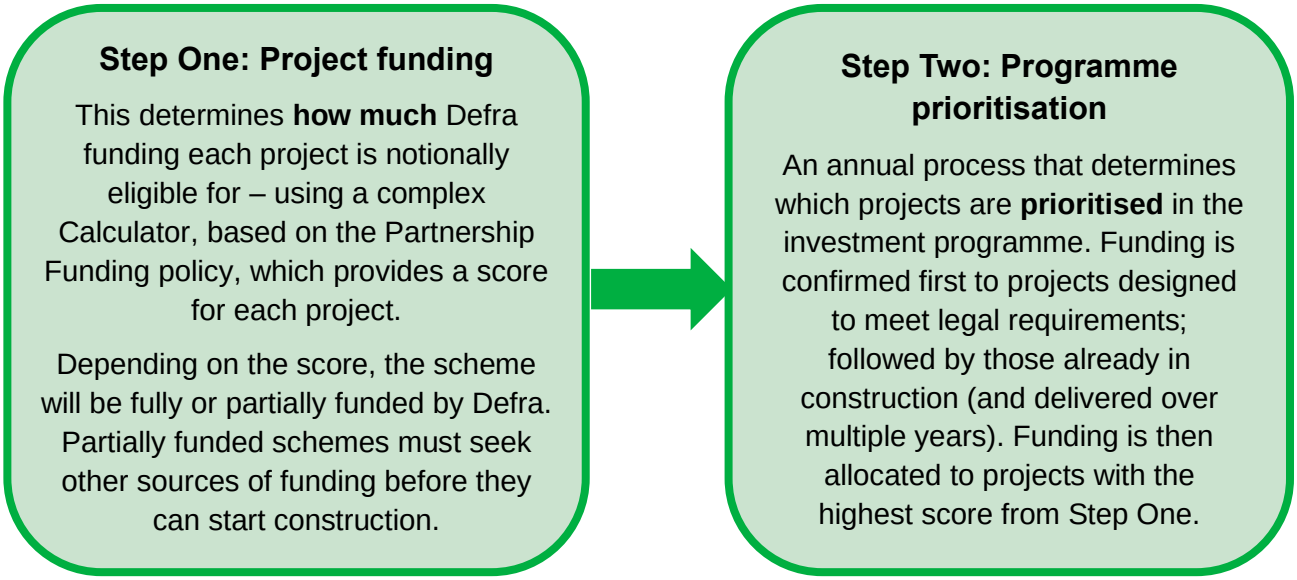
Question 6. If you answered a 'local authority', an 'environmental group', an 'insurance company', a 'water or sewerage company' or 'other' in Question 5, please specify.

Part 3: Changing our approach to funding flood and coastal erosion projects

How are flood and coastal erosion projects currently funded?

Flood and coastal erosion risk management (FCERM) investment projects are currently funded in accordance with the Partnership Funding policy. This policy was introduced in 2011 and has two steps as summarised in Figure 3.1. A project must pass through both steps to progress to delivery.

Figure 3.1. The two steps involved in funding FCERM projects



This Part of the consultation considers how much Defra funding should be notionally allocated to a new FCERM project (Step One) – with the allocation confirmed once the project has also passed through Step Two. The next Part looks at how these projects should be prioritised for delivery (Step Two).

Step One is currently determined using a complex calculator based on the Partnership Funding policy. The amount of funding a project can attract depends on the damages it will avoid and the benefits it will deliver (summarised in Annex A). Within the calculation, risk of flooding is considered through risk bands. Risk bands are an indicator of the flood risk in an area. Projects must demonstrate that they will move properties from a higher risk band to a lower risk band.

Where Defra funding does not cover the full costs of the project, partnership funding contributions are needed. Contributions are generally sourced from local partners, the local community, or other organisations that will benefit from the scheme.

The calculator includes specific adjustments and rules in the funding of FCERM projects affecting the prioritisation and delivery of schemes. These include:

- Projects can receive additional funding where they benefit deprived communities.
- Only properties built before 2012 can contribute to the benefits, and therefore funding, of a FCERM project.
- Only properties at the highest risk of flooding can qualify for property flood resilience measures.

In addition, specific funds were set up to provide additional support for projects. These included:

- The £25 million Natural Flood Management Programme to reduce local flood risk using natural flood management techniques.
- The £100 million Frequently Flooded Allowance to support areas in England that had suffered repeated flooding.
- The £240 million Asset Replacement Allowance to support flood defence assets approaching the end of their operational life and need to be replaced.
- The £160 million Environmental Statutory Allowance to enable Risk Management Authorities to meet the statutory environmental requirements of flood and coastal erosion assets.

The current approach to funding FCERM projects creates four main challenges, which we want to address:

1. **It is complex, costly and can slow delivery of vital projects** – especially for smaller projects where the costs associated with its application, such as determining benefits and seeking other relatively small financial contributions, are disproportionate to the overall project costs. It also tends to favour traditional engineered solutions such as flood walls and barriers. Under the Partnership Funding policy, FCERM projects must demonstrate a step-change in flood risk by moving properties to a lower risk band. This works well for traditional solutions which protect land to a designed standard. However, it does not work well for natural flood management which, in rural catchments, include reducing run-off by slowing the flow and holding back water. In urban areas, natural flood management includes sustainable drainage systems where ponds and trees mimic natural drainage to mitigate surface water flooding. However, as well as building flood resilience, these approaches deliver wider benefits for the economy, environment and society such as increased biodiversity, carbon reduction, and improved water quality and water resources.

2. **Whilst it has supplemented government funding to flood schemes with wider financial contributions, there have been limited contributions from private sector sources**. Table 3.1 shows that other public sector contributions have accounted for the majority of total partnership funding contributions in the current investment programme to date. Contributions from project beneficiaries can only be sought on a voluntary basis; there is no mechanism for mandating contributions.

3. **It doesn't take into account the growing pressure on existing flood defence assets**. Only 92% of the Environment Agency's 38,000 high consequence flood defence assets are at required condition. Risk Management Authorities have found it more challenging to secure contributions for existing defence assets that have been in place for decades but may be reaching the end of their life or in need of refurbishment. These assets are seen as part of the landscape with local communities expecting the public purse to sustain them. Lack of contributions can mean that the assets deteriorate further, making repairs more urgent and costly. The government is prioritising fixing the foundations of the nation's flood defences to give communities confidence that their defences will protect them. For example, government is investing a record £2.65 billion in 2024/25 and 2025/26 in building, maintaining and repairing flood defences. In 2025/26, around £430 million is going towards the construction of flood schemes and £220 million is being used to reinstate existing flood defences to their full standard of service and original design life to help protect communities.

4. **Rural, agricultural, and coastal communities can find it difficult to access funding for flood and coastal erosion projects due to the relative complexity and cost of building or refurbishing flood defences.** These smaller communities often have fewer households, businesses and infrastructure that benefit from a scheme than in larger communities. For this reason, funding gaps are often larger and there are fewer opportunities to secure funding from partners.

Table 3.1. Sources of partnership funding contributions

Funding source	Amount secured in the current floods programme to date
Public sector (including local authorities and Other Government Departments)	£208 million
Private sector	£28 million
Local levy	£74 million
Other Risk Management sources	£8 million
Total	**£318 million**

Some parts of the approach work well and have delivered successes, which we would like to develop further. The Partnership Funding policy has driven close partnership working to better deliver what local communities and stakeholders want. As

set out above, it has also brought in wider financial contributions to FCERM schemes, making Defra's funding go further.

Addressing the challenges: Alternative approaches

In Part 1 we set out the bold strategic vision for the future to change our approach to FCERM investment.

We have looked at alternative options to funding FCERM projects to address the challenges of the current approach and deliver our strategic vision. These alternatives include:

1. **Retaining the current Partnership Funding calculator approach and current flood risk bands but adjusting the underlying formula, for example by changing outcome measures or payment rates**. This approach would be familiar to Risk Management Authorities who use the current calculator. In addition, the formula could be amended to support the delivery of innovative approaches to flood resilience. However, this option would not address a key driver of our reforms in overcoming the inherent complexities and costs of the current approach.
2. **Applying a single basic rate of Defra funding to all FCERM projects**. This would treat all projects equally regardless of their outcomes and remove the flood risk bands. Together these changes are likely to encourage the development of more innovative approaches such as natural flood management and sustainable drainage. It would also streamline the funding of new FCERM projects, helping to speed up their development. However, it would not address the concern that some projects or communities struggle to find the remaining funding through partnership funding contributions, particularly the refurbishment of existing projects.
3. **Applying a variable rate of Defra funding rather than the single rate set out in Option 2 whilst still removing risk bands – to increase funding in specific types of projects**. This could promote a more flexible approach that could be targeted to support schemes that deliver wider government priorities, such as economic growth and nature-based outcomes. It would be more complex compared to a single basic rate.
4. **Fully funding all FCERM projects, in principle, whilst still removing risk bands**. This approach would provide a simple method for calculating eligibility for Defra funding. However, it would not champion the elements of the existing approach that have worked well. It wouldn't bring in wider financial contributions to individual projects or encourage closer partnership working to better deliver what local communities and stakeholders want. It would also mean that we would be able to fund a lower number of projects overall than under our current approach.

Addressing the challenges: Our proposed approach

We have considered the merits of these alternative options. We are proposing a hybrid approach, based on three overarching principles:

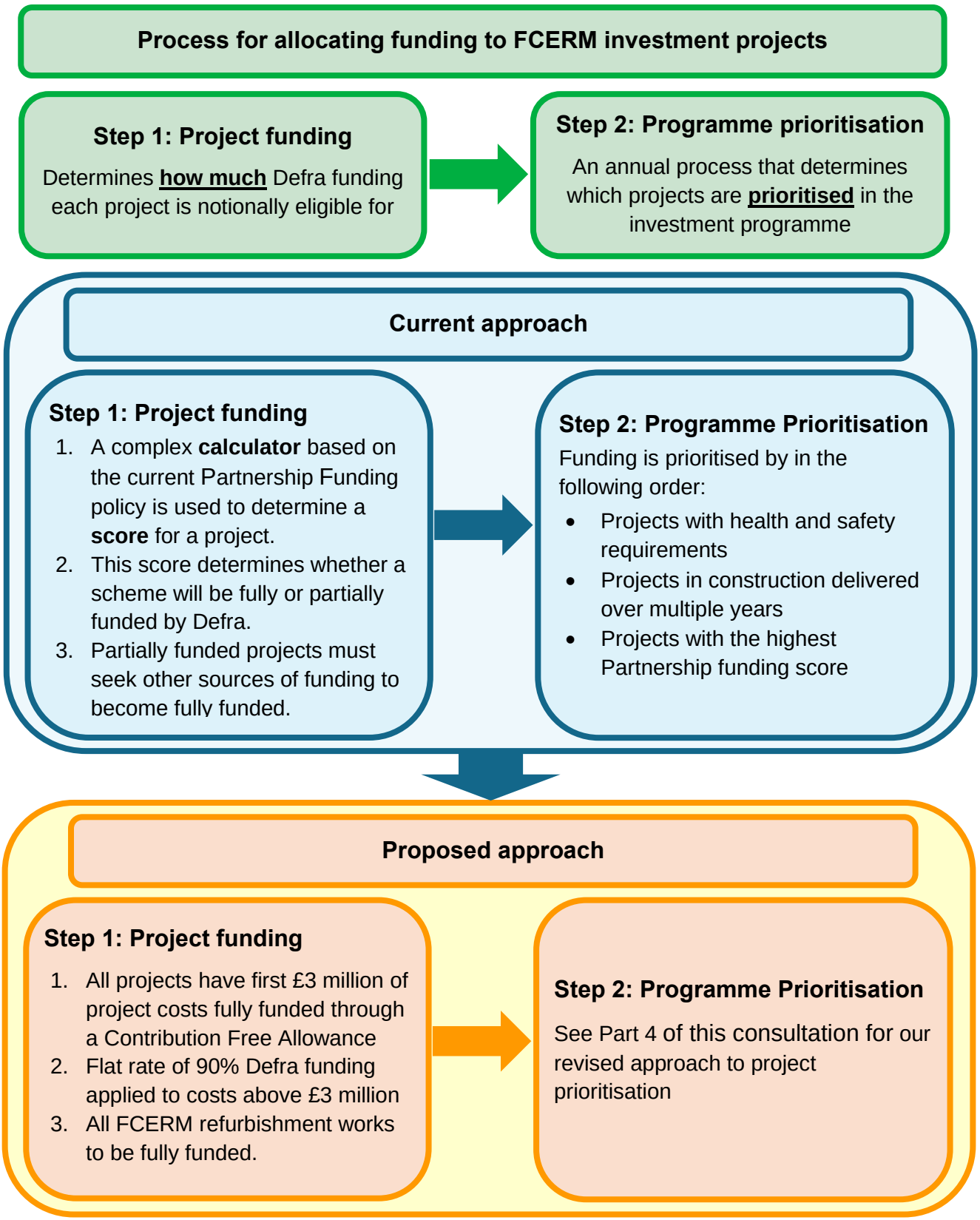
1. All FCERM projects have the first £3 million of their project costs fully funded by Defra without the need for external contributions. We are calling this approach a **Contribution Free Allowance.**
2. A **flat rate of 90% of Defra funding** is then applied to costs above £3 million.
3. **FCERM refurbishment projects** are fully funded. FCERM capital refurbishment projects restore existing flood defence assets that have fallen below designed levels of operation. These projects can often target several assets that form part of a system of flood defences that work together to provide flood protection to a community. Examples of this include major repairs to a section of an embankment or flood wall. It does not include:
    a. Replacement projects that would be subject to proposed principles 1 and 2.
    b. Routine maintenance activities or minor repairs such as clearing blockages or repointing brickwork – this work would be part of the separate maintenance programme and is not within the scope of this consultation.

These principles would replace the current partnership funding calculator as summarised in Figure 3.2. A project's funding allocation would still be confirmed at Step Two through project prioritisation.

Each principle is summarised below, with a description of its advantages, disadvantages and the different ways we have considered of applying the principle. We have described in Table 3.2 some of the outcomes that we expect would be delivered through these three principles compared to the current partnership funding approach. The discussion below then sets out how the outcomes in Table 3.2 could vary under different ways in which the principles could be applied.

Figure 3.3 shows how the distribution of FCERM projects is expected to change under the proposed approach, with a programme more weighted towards capital maintenance, property flood resilience, natural flood management and sustainable drainage. While natural flood management can be stand-alone, in many cases it is most appropriate when delivered in combination with another solution. Around a quarter of new defence opportunities in the proposed new approach would also be appropriate for additional natural flood management or sustainable drainage measures developed in combination.

Figure 3.2. Comparison of the new approach to funding FCERM projects compared to the current approach



The analysis has been informed by reviewing the performance of the current investment programme and using work by the Environment Agency to assess a pipeline of potential opportunities for future investment. These opportunities use the latest evidence from:

- The Environment Agency's new National Assessment of Flood Risk
- The Environment Agency's updated National Coastal Erosion Risk Map
- Information on the condition of existing flood and coastal defences
- The latest Shoreline Management Plans

These sources of evidence have been developed in close collaboration and using the best available information from both inland and coastal local authorities across England. The potential opportunities for future investment could be delivered by any Risk Management Authority or appropriate organisation.

Figure 3.3. Expected composition of the investment framework under our proposed approach compared to the likely composition under the current Partnership Funding approach Investment Programmes

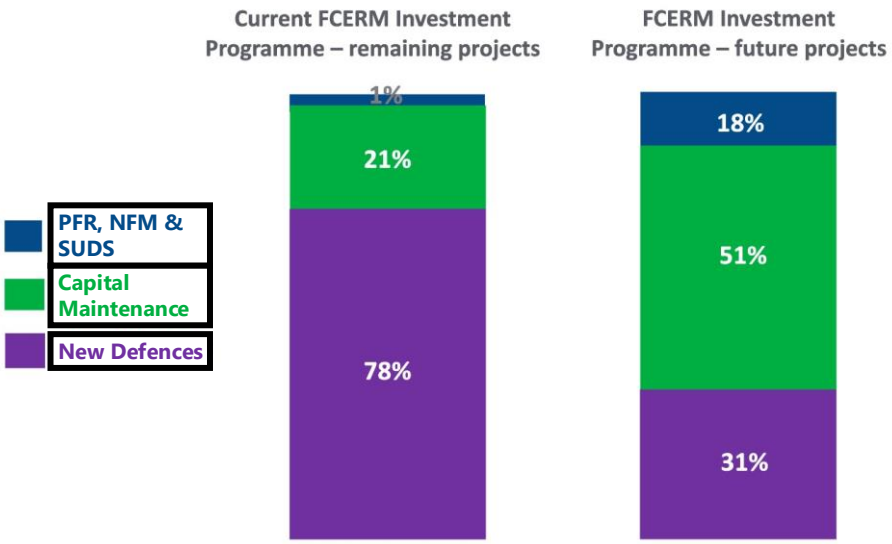


Table 3.2. Expected outcomes from our proposed approach compared to those that are likely to be delivered under the current Partnership Funding approach*.
The outcomes represented in Table 3.2 are based on the Environment Agency's understanding of future projects which is subject to change. The figures provided are illustrative of the potential benefits and shown for the first £1 billion of government expenditure.

	Expected outcomes of our proposed approach	Expected outcomes under the current Partnership Funding approach
Residential properties benefitting	105,000	70,000
Non-residential properties benefitting	15,500	11,500
Benefit cost ratio	7.0	6.5
Spend in the 20% most deprived communities	£200 million	£160 million
External (non-government) contributions needed (%)	4%	20%
Natural flood management schemes that would struggle to secure necessary external contributions (%)	0%	91%
Capital maintenance projects that would struggle to secure necessary external contributions (%)	5%	37%
Agricultural land benefitting (hectares)	46,000	17,000

* The outcomes set out in this table are indicative only and do not reflect actual projected quantum of delivery.

Principle 1: All FCERM projects have the first £3 million of their project costs fully funded through a Contribution Free Allowance

This principle addresses one of the key challenges of the current approach where the costs associated with securing relatively small financial contributions, particularly for the smallest projects, can exceed or be disproportionate to the costs of the project itself. Under this principle, all projects would receive an initial level of their costs without the need for partnership funding contributions. Projects under this threshold would become fully funded. If the total project cost is above this threshold, the project would need to seek contributions in accordance with Principle 2.

A worked example of how the Contribution Free Allowance would work is set out in Figure 3.4.

Figure 3.4. Worked example of the Contribution Free Allowance

Worked example A: An engineered, traditional flood defence with a total project cost of £5 million.

Funding eligibility for Project A would include:

- The first £3 million of the project costs would be secured without the need to secure partnership funding contributions under the Contribution Free Allowance.
- A flat rate of Defra funding would then be applied on the remaining £2 million under principle 2 (see below for details).

Project A would therefore be eligible for **partial Defra funding**.

Worked example B: A natural flood management project with a total project cost of £2.5 million.

- The project would receive up to £3 million without the need to secure partnership funding contributions under the Contribution Free Allowance. This would meet the full project costs.

Project B would therefore be eligible for **full Defra funding**.

Table 3.2 sets out the types of outcomes that would be delivered where the Contribution Free Allowance is set at £3 million alongside the other overarching principles. It is expected to increase the delivery of FCERM projects that replace assets at the end of their design life, as well as natural flood management and property flood resilience schemes – as the majority of these have a total cost under £3 million. It is also likely to encourage the development of new smaller schemes rather than larger ones.

The more Defra funding that is allocated through a Contribution Free Allowance, the less funding that would be available for other projects. Part 6 of this consultation includes a Call for Evidence for other sources of funding that could help to increase the overall size of the floods investment programme and potentially mitigate against this impact.

Consistent with all proposed overarching principles, notional funding allocations through a Contribution Free Allowance would be confirmed at Step Two through project prioritisation.

We have considered alternative ways of delivering a Contribution Free Allowance. Rather than applying the Allowance to all projects, it could be limited to a subset that meets certain outcomes, such as projects that:

- Promote wider government objectives, such as economic growth
- Struggle to secure partnership funding contributions, such as projects in more rural or isolated areas, or projects that protect deprived communities

- Support innovative approaches to flood risk management and have historically received lower levels of funding

Table 3.3 summarises how the outcomes of the investment programme could change if there was no Contribution Free Allowance.

Table 3.3 An example of how some of the outcomes could vary in comparison to the proposed approach if we did not apply a Contribution Free Allowance (all projects other than refurbishment of existing assets would pay the flat rate on the full cost of the project)*. '*No change*' represents a 5% or less change; '*Small decrease/increase*' represents a 5-25% change; and '*Large increase/decrease*' represents a more than 25% change.

	Impacts on the proposed approach if no CFA is applied
Residential properties benefitting	No change
Non-residential properties benefitting	No change
Benefit cost ratio	No change
Spend in the 20% most deprived communities	No change
External (non-government) contributions needed (%)	Large increase
Percentage of natural flood management projects that would struggle to secure enough external contributions to proceed	Large increase
Percentage of capital maintenance projects that would struggle to secure enough external contributions to proceed	Large increase – with seven times as many capital maintenance projects expected to be unable to achieve contributions
Agricultural land benefitting (hectares)	No change

* The outcomes set out in this table are indicative only and do not reflect actual projected quantum of delivery. They are expressed for the first £1 billion of government expenditure.

Principle 1 (All FCERM projects have the first £3 million of their costs fully funded through a Contribution Free Allowance) would have the following advantages:

- It addresses one of the key challenges of the current approach where the costs associated with securing relatively small financial contributions, particularly for the smallest projects, can exceed or be disproportionate to the costs of the project itself.
- It would speed up delivery for projects, reducing development costs.
- It would benefit capital maintenance schemes including replacement projects that sustain existing levels of protection for communities.

Principle 1 would have the following disadvantages:

- Although simpler than the current approach, a Contribution Free Allowance could, depending on how it's introduced, add complexity compared to just applying a single rate of Defra funding to all projects (principle 2).
- A Contribution Free Allowance would increase the amount of funding some projects are eligible for, reducing the overall amount of funding that is available for other projects. This disadvantage could in part be addressed through responses to our Call for Evidence for other sources of funding (Part 6 of this consultation).

Principle 2: A flat rate of 90% Defra funding is applied to costs above £3 million

This principle determines the rate of Defra funding each FCERM project is eligible for above the Contribution Free Allowance threshold of £3 million. For example, if the rate is set at 90%, which is just above the average historical rate for FCERM projects, new projects would need to secure the remaining 10% of their project costs above £3 million through partnership funding contributions. If the funding rate is set at 95%, projects would only need to secure 5% of their costs above £3 million through other contributions.

An illustration of how the flat rate principle would work is applied to our earlier worked examples in Figure 3.5.

We have considered alternative rates of government funding for FCERM projects, including potentially having different rates for different types of projects. By way of example, Table 3.4 sets out how the outcomes could change across three alternative funding rates of 85%, 90% and 95%.

The higher the flat rate, the greater the delivery confidence of individual projects and the faster they're likely to be delivered. However, the higher the rate, the more Defra funding is invested in each FCERM project. This means there would be less funding available for other projects, reducing the overall number of projects that could be delivered through the next investment programme. Part 6 of this consultation includes a Call for Evidence for other sources of funding that could help to increase the overall size of the floods investment programme.

A higher rate would also mean that more projects pass through to the prioritisation step, considered in Part 4, compared to the current system. With competition for the available budget in the annual prioritisation, not all projects would be able to proceed to delivery.

A 90% government funding rate above £3 million would still attract meaningful contributions on large projects where it is worth investing Risk Management Authority staff time in doing so, while being an achievable enough contribution rate for approximately 90% of replacement projects to secure enough contributions to proceed.

Figure 3.5. Worked example of the flat rate principle (principle 2)

Worked example A: An engineered, traditional flood defence with a total project cost of £5 million.

Funding eligibility for Project A would include:

- The first £3 million of the project costs would be secured without the need to secure partnership funding contributions under the Contribution Free Allowance.
- A flat rate of 90% Defra funding would then be applied on the remaining £2 million, providing a further £1,800,000 of Defra funding.

Project A would therefore be eligible for **£4,800,000** of its total project cost of £5 million. It would need to secure **£200,000** from alternative sources.

Worked example B: A natural flood management project with a total project cost of £2.5 million.

- The project would receive up to £3 million without the need to secure partnership funding contributions under the Contribution Free Allowance. This would meet the full project costs.
- Principle 2 would not apply to this project as it does not have project costs above £3 million.

Project B would be eligible for **full Defra funding**.

Table 3.4: An example of how some of the outcomes could vary depending on Defra's flat rate of funding, under Principle 2*. '*No change*' represents a 5% or less change; '*Small decrease/increase*' represents a 5-25% change; and '*Large increase/decrease*' represents a more than 25% change.

	Proposed approach with flat rate funding of 90%	Impact on proposed approach if flat rate is decreased to 85%	Impact on proposed approach if flat rate is increased to 95%
Residential properties	105,000	Small decrease	No change
Non-residential properties	15,500	Small decrease	No change
Benefit cost ratio	7.0	No change	No change
Spend in the 20% most deprived communities	£200 million	Small decrease	No change
External (non-government) contributions needed (%)	4%	Large increase	Large decrease
Percentage of natural flood management projects that would struggle to secure enough external contributions to proceed	0%	No change	No change
Percentage of capital maintenance projects that would struggle to secure enough external contributions to proceed	5%	Small increase	No change
Agricultural land benefitting (hectares)	46,000	Small decrease	No change

* The outcomes set out in this table are indicative only and do not reflect actual projected quantum of delivery. They are expressed for the first £1 billion of government expenditure.

Principle 2 (a flat rate of 90% Defra funding is applied to costs above £3 million) would have the following advantages:

- All types of floods risk mitigation projects would be eligible for the same minimum level of funding, which introduces flexibility on the right balance of investment between new or improved assets – ensuring we invest in the most effective resilience approach for each individual community.
- This simplified approach would be easier for Risk Management Authorities to understand and deliver, offering transparency to stakeholders and communities.
- It would significantly streamline the current approach, helping to speed up project development and therefore delivery.

Principle 2 would have the following disadvantages:

- Despite being far more generous than the current approach, some communities may still find it difficult to find the remaining funding for their project through partnership funding contributions.
- Similar to the current approach, it would discourage projects from bringing in larger funding contributions above the basic requirement.
- If the flat rate of Defra funding is higher than the current average Defra funding at the programme-level, fewer projects would be able to receive a Defra funding contribution.

Principle 3: All FCERM refurbishment projects are fully funded

There is growing pressure on the existing flood defence assets which communities depend upon. However, Risk Management Authorities have found that it more challenging to secure external contributions for existing defence assets. We are therefore proposing that all FCERM refurbishment works are fully funded. By way of example, Table 3.5 sets out how some of the outcomes could vary if refurbishment projects were not fully funded but still receive the £3 million Contribution Free Allowance.

FCERM capital refurbishment projects restore existing flood defence assets that have fallen below designed levels of operation. These projects can often target several assets that form part of a system of flood defences that work together to provide flood protection to a community. Examples of this include major repairs to a section of an embankment or flood wall. It does not include:

- Replacement projects that would be subject to proposed principles 1 and 2.
- Routine maintenance activities or minor repairs such as clearing blockages or repointing brickwork – this work would be part of the separate maintenance programme and is not within the scope of this consultation.

Principle 3 (fully funding all FCERM refurbishment projects) would have the following advantages:

- Providing funding certainty for capital refurbishment projects to operate as required will ensure they are delivered more efficiently and achieve better value for money.
- Providing longer-term risk management to communities which already benefit from flood risk mitigation schemes.
- It supports the government's priority to fix the foundations of the nation's flood defences.

Principle 3 would have the following disadvantages:

- The greater the number of FCERM projects that are fully funded by government, which will be increased through Principle 3, the less funding will be available for

partially funding other FCERM projects – including new projects for communities that are currently under protected from flood risk.

Table 3.5: An example of how some of the outcomes could vary if refurbishment projects were not fully funded but still receives a £3 million Contribution Free Allowance*. '*No change*' represents a 5% or less change; '*Small decrease/increase*' represents a 5-25% change; and '*Large increase/decrease*' represents a more than 25% change.

	Impact on proposed approach of not fully funding FCERM refurbishment
Residential properties	Small decrease
Non-residential properties	Small decrease
Benefit cost ratio	No change
Spend in the 20% most deprived communities	Small decrease
External (non-government) contributions needed (%)	Large increase
Percentage of natural flood management projects that would struggle to secure enough external contributions to proceed	No change
Percentage of capital maintenance projects that would struggle to secure enough external contributions to proceed	Large increase – twice as many capital maintenance projects would fail to secure contributions
Agricultural land benefitting	Small decrease

* The outcomes set out in this table are indicative only and do not reflect actual projected quantum of delivery. They are expressed for the first £1 billion of government expenditure.

Other considerations

In addition to the principles outlined above we are also considering:

Boosting investment in natural flood management

We want natural flood management (NFM) to be a key part of our approach. Our proposed approach includes elements that will encourage delivery of NFM, including:

- All FCERM projects would have the first £3 million of their project costs funded by government without the need for external funding contributions (principle 1). This is expected to fully fund most NFM schemes by government.
- Removing the requirement for FCERM projects to demonstrate that properties would move from one risk band to a lower risk band to qualify for government funding. Whilst the current risk bands approach works well for traditional solutions

which protect land to a designed standard, for smaller projects like NFM, the costs associated with determining benefits can be disproportionate to the overall project costs. This can hinder the building of long-term resilience.

In addition to these proposals, we are considering:

1. **Allowing non-risk management authorities to apply for flood investment to deliver natural flood management and sustainable drainage projects**. Under the current system, only risk management authorities can apply for government funding for FCERM projects. This means that organisations that have often shown to be best placed to deliver natural flood management, such as environmental non-governmental organisations, community groups and landowners, are unable to apply. We are considering removing this requirement to enable other organisations to deliver natural flood management and sustainable drainage projects. The Environment Agency is trialling a new mechanism to give government funding to non-Risk Management Authorities through the £25 million NFM Programme. This uses the Environment Agency's grant making powers under Section 16 of the Flood and Water Management Act 2010. The Environment Agency is seeking to mainstream this approach to enable more NFM projects to be led by environmental non-governmental organisations, community groups and landowners where appropriate.
2. **Updating the assessment and appraisal process for NFM to make it easier and simpler to determine the flood and wider environmental benefits of a project.** The Environment Agency is exploring a standardised approach to benefits assessment that reflects learning from the £25 million NFM programme.

Considering our approach to property floods resilience measures

In our investment programmes, property flood resilience (PFR) schemes such as flood barriers, flood doors, self-closing air bricks, sump pumps and waterproof sealants have been used where community-wide resilience approaches are not viable. The current funding rules on PFR have meant that the places where PFR can be considered are limited (to only properties at the highest risk of flooding) and a proportionally high level of partnership funding contributions are generally required for PFR schemes.

PFR is an appropriate intervention to include in the toolkit of FCERM – where a community could benefit from government funding for flood resilience but a community-wide defence project is not possible. Our proposed approach to funding flood schemes is expected to remove many of the funding barriers currently experienced for PFR schemes:

- PFR can be considered holistically and where appropriate as part of a community-wide scheme rather than only being limited to those properties at the highest risk of flooding.

- Proposed principles 1 and 2 would address the partnership funding barriers by fully funding the first £3 million of projects and applying a flat rate of 90% of Defra funding to costs above £3 million.

It will be necessary that where a PFR option is being considered:

- It aligns with similar benefits other communities receive, i.e. it is relevant for a community, and is not expected to be applied to single properties only.
- It must still demonstrate good value for money in line with other FCERM projects.
- It provides appropriate resistance measures, such as temporary flood barriers fitted to external doors and air brick covers (those that reduce the risk of flood water entering a property). We consider it inconsistent with other interventions within the investment programme to include recoverability measures, such as raised electrics and waterproof plaster.

The 2012 Rule

Under the current funding policy, benefits for properties built after 2012 do not count towards a project's partnership funding score. The rule aims to discourage inappropriate development in flood risk areas.

Outside of the funding formula, flood risk is already an important consideration in the planning system. The National Planning Policy Framework is clear that inappropriate development in areas at risk of flooding should be avoided by directing development away from areas at highest risk. Where development is necessary, and where there are no suitable sites available in areas with a lower risk of flooding, development should be appropriately flood resilient and resistant, safe for its users for the development's lifetime and will not increase flood risk overall.

Climate change may mean that some of these existing communities may now be facing a risk that was not identified pre-2012. The government welcomes evidence where this may be the case and views on whether a similar provision to the 2012 rule should remain in place within the new proposed funding approach.

Questions: Part 3 – Changing our approach to funding flood and coastal erosion projects

Question 7. To what extent do you agree with our overall proposed approach to funding FCERM projects as set out in Part 3?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree
- Don’t know

Question 8. Please explain your answer to Question 7.

Question 9. Are there any other approaches to funding flood projects you feel would be effective?

Question 10. You will now be asked about the three principles in turn.

To what extent do you agree that Principle 1 - the first £3 million of eligible project costs to be notionally provided by Defra through a Contribution Free Allowance - described in Part 3 is an appropriate way to fund FCERM projects? As set out in Part 3, the allocation of funding to a project using these principles would be confirmed once the project has passed through the programme prioritisation step (see Part 4).

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree
- Don’t know

Question 11. Please explain your answer to Question 10.

Question 12. To what extent do you agree that Principle 2 - a single basic rate of Defra funding to be ‘notionally’ applied to all new FCERM project costs above the £3 million Contribution Free Allowance, regardless of their outcomes - described in Part 3 is an appropriate way to fund FCERM projects? As set out in Part 3, the allocation of funding to a project using these principles would be confirmed once the project has passed through the programme prioritisation step (see Part 4).

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

- Don’t know

Question 13. Please explain your answer to Question 12.

Question 14. To what extent do you agree that Principle 3 - All FCERM refurbishment projects are fully funded (refurbishment projects are those that restore existing assets that have fallen below designed levels of operation or are at the end of their design life) - described in Part 3 is an appropriate way to fund FCERM projects? As set out in Part 3, the allocation of funding to a project using these principles would be confirmed once the project has passed through the programme prioritisation step (see Part 4).

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree
- Don’t know

Question 15. Please explain your answer to Question 14.

Question 16. Do you agree Property Flood Resilience (PFR) (resistance measures), as described under ‘Other considerations’ in Part 3, is an appropriate option to include in government funded flood risk mitigation?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree
- Don’t know

Question 17. Please explain your answer to Question 16.

Question 18. Do you think that the overall proposals for funding flood and coastal erosion projects will support the right amount of natural flood management? Are there other proposals you think we should consider?

- Agree
- Disagree
- Don’t know

Question 19. Please explain your answer to Question 18.

Question 20. Do you believe there are any benefits and/or challenges of the current 2012 rule that have not been identified in Part 3?

Question 21. Do you think a similar provision to the ‘2012 rule’ remains necessary under the new approach?

Question 22. Please outline any potential effects of the proposals outlined in Part 3 on groups with a protected characteristic.

Part 4: Changing our approach to prioritising the delivery of flood and coastal erosion projects

This part of the consultation considers how FCERM investment projects should be prioritised within the new Floods Investment Framework.

How are flood and coastal erosion projects currently prioritised for delivery?

As set out in Part 3 of this consultation, FCERM investment projects are currently funded in accordance with the Partnership Funding policy. There are two steps to funding a FCERM project (Figure 4.1). Part 3 of this consultation sets out the current approach and our proposed reforms to the first step – how much government funding a project is notionally eligible for. Once a project team has completed this first step, and they have secured any other required funding contributions, they can proceed to Step Two – programme prioritisation.

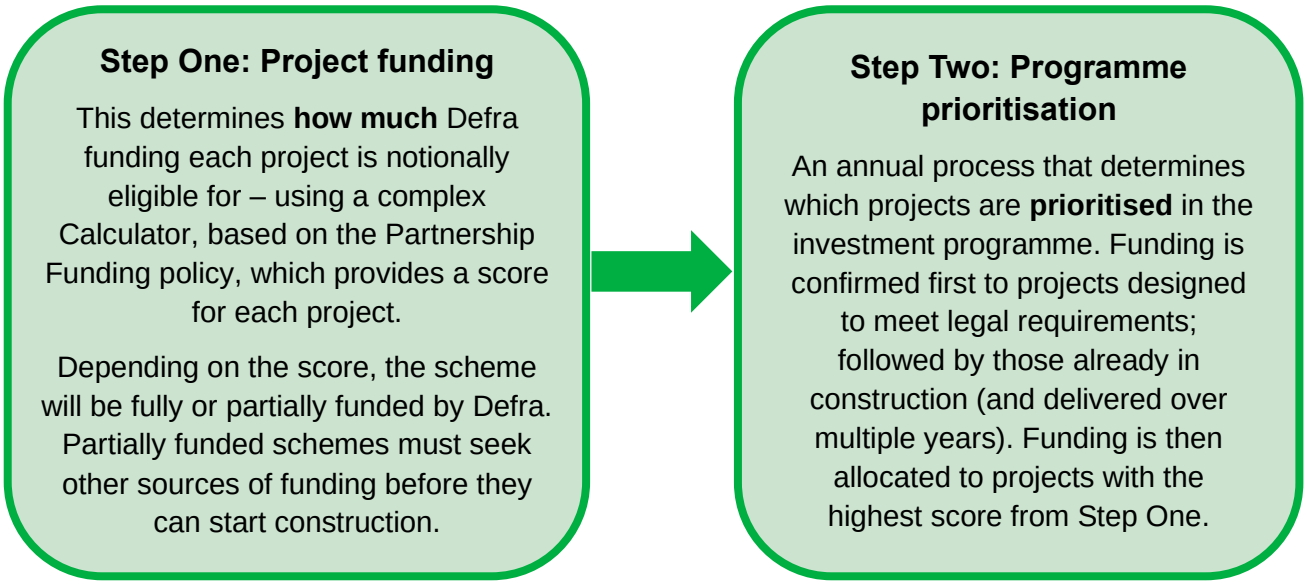
Prioritisation is important because the call on government funding from all eligible FCERM projects that have their full notional funding in place typically exceeds the total amount of funding available from the government. It will be particularly important in future because we expect more projects to be eligible for full funding via Step One compared with previously.

The programme is currently prioritised by allocating funding to projects in the following order:

1. Projects that meet legal and health and safety requirements.
2. Projects in construction that are delivered over multiple years.
3. Projects with the highest score derived from the calculator used in Step One of the current Partnership Funding policy.

Prioritisation takes place on an annual basis led by the Environment Agency. The Environment Agency engages with local authorities and stakeholders in the selection of projects for the programme. Regional Flood and Coastal Committees include locally elected members and other key stakeholders. They play a critical role in this prioritisation process – they take into account local priorities and opportunities, and are required by law to consent the programme of investment in FCERM projects each year. The final programme is approved each year by the Environment Agency Board.

Figure 4.1. The two steps involved in funding FCERM projects



Alternative approaches to prioritising FCERM projects for delivery

Prioritising projects within the programme will be a key part of delivering our future vision for flood resilience investment. It is particularly important given the proposals in Part 3 would generate a higher number of projects that are fully funded and therefore able to proceed to prioritisation.

We think projects should be prioritised based on value for money and risk, which is where the benefits exceed the costs and where the benefits are in the places of greatest flood risk. This approach is simple, transparent and represents good use of public money for the taxpayer. There may be a case to adjust this approach to accommodate key outcomes, in a limited number of areas.

This simple approach would replace the current complex calculator in the current Partnership Funding policy with its associated adjustments (see Part 3).

We have developed alternatives to prioritising projects for delivery:

1. By value for money and flood risk.
2. By value for money and flood risk with additional priority given to bolster specific policy outcomes.
3. Providing additional priority to projects which raise additional partnership funding beyond their required amount (this could be done alongside approaches 1 or 2).

Under our new approach, the Environment Agency and RFCCs would continue to prioritise FCERM projects annually within the available budget. RFCCs play an important role providing the voice of local communities through their locally elected members. They help

ensure that local choice and priorities are considered through their work with local communities, and through their role in consenting the flood investment programme.

Approach 1: Prioritising projects by value for money and flood risk

This approach would ensure public resources are used in the most efficient way, **maximising flood risk reduction and return on taxpayers' investment by focusing on communities at the highest risk.**

The Environment Agency has undertaken an assessment of potential pipeline opportunities for future investment using the latest risk evidence from:

- The new National Assessment of Flood Risk
- The updated National Coastal Erosion Risk Map
- Information on the condition of existing flood and coastal defences
- The latest Shoreline Management Plans

These sources of evidence have been developed in close collaboration and using the best available information from both inland and coastal local authorities across England.

Alongside the flood and coastal benefits, this value for money approach will also achieve wider economic, environmental and social benefits. These include supporting deprived areas, enabling economic growth and regeneration of brownfield sites, nature recovery as well as agricultural land benefits. Some of these wider benefits are highlighted in Table 3.2. Calculating the wider benefits of investing in flooding is consistent with HM Treasury's Green Book and programme business case guidance for appraising and evaluating policies, programmes and projects in central government.

Table 3.2 sets out some of the expected outcomes that would be delivered under our proposed approach to funding FCERM projects (Step One) where their delivery is prioritised by value for money and flood risk.

Approach 2: Prioritising FCERM projects by value for money and flood risk whilst also bolstering specific policy outcomes

Relying solely on value for money and flood risk may not necessarily prioritise delivery of some of the government's key objectives and outcomes, such as encouraging innovative approaches to flood resilience including natural flood management and sustainable drainage or helping to kickstart economic growth.

We could therefore prioritise certain policy outcomes on top of the value for money approach (Approach 1). To ensure transparency with communities and the taxpayer, this approach would only be effective and maintain simplicity where the benefits are easily quantifiable and measurable. It is also important to ensure that flood investment primarily delivers flood risk benefit.

Five potential outcome groupings that could be prioritised are summarised in Table 4.1, from which one or more, or alternative, specific outcomes could ultimately be used. If outcomes are prioritised, we propose that only a limited number are used to maintain a simple prioritisation approach that is clear and fair. These outcomes could be flexed over the duration of future investment programmes to promote a framework that responds to changes in government priorities, or to the make-up of schemes in the pipeline in any given year.

Prioritising policy outcomes could have disadvantages. The greater the number of outcomes that are prioritised, the more complex the prioritisation process becomes. Greater complexity also means less public transparency of the prioritisation process. The more the programme moves away from a simple prioritisation based on value for money and the highest risk areas, the less efficient the process becomes in spending public resources to achieve the greatest flood risk outcomes.

Table 4.1. Potential outcomes that could be prioritised in addition to value for money and flood risk in the investment programme

Outcome	Description
i) Supporting economic growth and the wider economy	Economic growth is the number one mission of the government. Improved flood resilience increases investor confidence in new developments, the viability of businesses, and reduces disruption to infrastructure and tourism. Including a prioritisation towards economic growth (for instance, prioritising flood defences in highest growth areas) could support local and national resilience whilst also underpinning the government's number one mission.
ii) Deprived areas	Deprived areas find it harder to recover from the impacts of flooding. Evidence gathered in 2014 also showed that deprived areas were disproportionately at risk from flooding. Further analysis undertaken in 2024 indicates that the most deprived areas are now at a lower risk of flooding from all sources except surface water flooding. However, where there is risk of flooding deprived areas still struggle to attract sufficient partnership contributions and continue to need additional support from Defra funding. For surface water flooding, the level of risk is relatively equal between deprived and less deprived areas. To maintain a reduced or comparative level of risk between deprived and less deprived areas, prioritisation could be added to projects that improve the resilience of our most deprived communities.
iii) Specific types of flood resilience interventions	As set out in our bold strategic vision for flood resilience investment, we want to encourage a better spread of resilience actions including more innovative approaches such as natural flood management and sustainable drainage in addition to property flood resilience schemes.

Outcome	Description
	Adding a preference for these types of interventions in appropriate locations could help to prioritise their delivery.
iv) Specific types of communities	Some communities can struggle to demonstrate the benefits of their scheme because there are fewer properties and businesses in their area than in larger communities. They can also find it difficult to secure funding contributions. Prioritisation could be provided for specific types of communities which could face barriers to having their scheme delivered given the cost of building flood defences compared to the size of the community that would benefit or its outcomes. These could include rural, agricultural, coastal, or frequently flooded communities.
v) Local Choice	In some cases, the ideal project for an area may not be immediately prioritised by value for money alone. For example, frequently flooded areas, coastal communities, and projects protecting agricultural land may not immediately get prioritised using the national framework. There may be an option to give RFCCs the ability to give additional preference to such projects.

By way of example, Table 4.2 sets out the outcomes that would be delivered under two options for prioritised policy outcomes:

- Additional bolstering for natural flood management schemes (outcome iii in Table 4.1).
- Additional bolstering for projects in deprived areas (outcome ii in Table 4.1).

A worked example of how a natural flood management project would be bolstered under an approach where projects are prioritised by value for money and flood risk, and a policy outcome for natural flood management compared to an approach just prioritised by value for money is set out in Figure 4.3.

Table 4.2 An example of how bolstering specific outcomes may affect the programme*. '*No change*' represents a 5% or less change; '*Small decrease/increase*' represents a 5-25% change; and '*Large increase/decrease*' represents a more than 25% change.

	Impact of further bolstering NFM projects	**Impact of further bolstering outcomes in deprived communities**
Residential properties benefitting from the first £1 billion of government expenditure	No change	Small decrease
Non-residential properties benefitting from the first £1 billion of government expenditure	No change	Small decrease
Benefit cost ratio	No change	Small decrease
Spend in the 20% most deprived communities from the first £1 billion of government expenditure	No change	Large increase
External (non-government) contributions needed (%)	No change	No change
Amount of natural flood management expenditure which is prioritised into the first £1 billion of government expenditure	Large increase	Large decrease
Amount of capital maintenance expenditure which is prioritised into the first £1 billion of government expenditure	No change	No change
Agricultural land benefitting from the first £1 billion of government expenditure (hectares)	No change	Large increase

* The outcomes set out in this table are indicative only and do not reflect actual projected quantum of delivery

Under these examples, projects would only benefit from an uplift once – for example, a project in a deprived community would not benefit from two uplifts, but one.

Figure 4.3. Worked example of prioritising projects by value for money and flood risk with additional bolstering given to natural flood management

Worked example: A natural flood management project with a total project cost of £2.5 million with a Benefit Cost Ratio (BCR) of 1.1. The project would be eligible for full Defra funding (Step One) and would proceed to Step Two – programme prioritisation.

Prioritisation under Approach 1: Prioritisation by value for money and flood risk

Under this approach, all projects that had secured their nominal full funding would be delivered in the order of their BCR. With a BCR of 1.1, this natural flood management project is unlikely to be prioritised against flood interventions with higher BCRs.

Prioritisation under Approach 2: Prioritisation by value for money and flood risk with an additional weighting for natural flood management projects

Under this approach, all projects that had secured their nominal full funding would still be delivered in the order of their BCR. However, with additional prioritisation towards natural flood management projects, this scheme could be prioritised above some other projects which deliver higher value for money.

An alternative approach to delivering some of these outcomes would be to explore ways to give RFCCs more discretion over prioritisation as part of the Environment Agency's annual allocation process (see Part 7). For example, as they consider local priorities and consent the programme, RFCCs could choose to prioritise one or more, or alternative, specific outcomes alongside the value for money and flood risk approach.

Approach 3: Prioritising projects by value for money and flood risk with additional preference for projects which raise additional partnership funding beyond their required amount

Under our proposed approach to funding FCERM projects (Step One), projects will either be fully funded or be required to secure some partnership funding contributions. One of the drawbacks of prioritising by value for money and risk (Step Two) is that projects with lower benefit cost ratios could face delays in their delivery. It could also discourage projects from bringing in larger funding contributions above their basic requirement, where they are able to do so.

Projects could be incentivised to voluntarily secure higher levels of partnership funding if it means they are more likely to be prioritised for delivery. This could release government funding which could be directed towards schemes that are unable to secure their funding contributions. This will help government funding to go further.

Introducing this incentive could have disadvantages. It could mean lower value for money projects are prioritised over higher value for money projects which also meet other government priorities – we would need to guard against large amounts of Defra funding being given to projects which represent lower value for money. It could also put at a disadvantage those projects in deprived communities or other areas which struggle or are unable to secure partnership funding contributions. It could therefore be implemented in conjunction with Approach 2 where disadvantaged projects are also given a prioritisation weighting.

Questions: Part Four – Changing our approach to prioritising the delivery of FCERM projects

Question 23. Which of these options do you think that FCERM projects should be prioritised for delivery (select one)?

1. Overall FCERM project value for money and flood risk (approach 1)
2. Bolstering projects that achieve priority outcomes (approach 2)
3. Incentives to secure additional partnership funding contributions (approach 3)
4. None of the above
5. Other

Question 24. Please explain your answer to Question 23.

Question 25. Please rank in order of preference the 5 potential outcomes that could be prioritised through prioritisation Approach 2 (with 1 being the highest preference and 5 being the lowest preference):

1. Supporting economic growth and the wider economy
2. Deprived areas
3. Specific types of flood resilience intervention, such as natural flood management
4. Specific types of communities, e.g. rural or coastal communities
5. Local choice

Question 26. Please explain your rankings in Question 25.

Question 27. Are there any other outcomes we should consider prioritising through prioritisation Approach 2?

Question 28. Please outline any potential effects of the proposals outlined in Part 4 on groups with a protected characteristic.

Part 5: Transition arrangements

Most projects in delivery from April 2026 will use the new funding rules

We will launch our new approach to flood resilience investment in April 2026 alongside the new Floods Investment Framework.

We expect all projects in delivery from April 2026 and that do not have contractual commitments in place for construction to move onto the new funding and prioritisation rules. This will benefit most projects given the more generous funding offer of the proposed approach. In applying the new rules, sponsors may wish to review their schemes and bring in wider benefits to support delivery of the new approach to flood resilience investment. The Environment Agency will help streamline the transition to the new funding rules.

However, projects that have contractual commitments for construction would stay on the existing funding rules. Moving these projects to the new approach to funding could mean agreements have to be amended which could significantly increase costs and slow down delivery.

Finalising the new funding rules

Once the consultation has closed, we will consider all responses before finalising our new approach to flood resilience investment. We will then announce the new approach before delivery of schemes using the new approach begins, in April 2026. The Environment Agency will update the relevant guidance documents on how to develop FCERM projects.

Questions: Part 5 – Transition arrangements

Question 29. How confident are you that the transition arrangements described are sufficient to ensure continued delivery of projects nearing construction and/or projects already under construction?

- Very Confident
- Confident
- Neutral
- Not confident
- Not confident at all
- Don’t know

Question 30. Please explain your answer to Question 29.

Question 31. Please outline any potential effects of the proposals outlined in Part 5 on groups with a protected characteristic.

Part 6: Call for evidence on alternative sources of funding for flood risk management

Flood Risk is increasing, and so is investment need.

As set out in Part 3, flood and coastal erosion risk management is funded through Defra grant-in-aid which in some cases needs to be topped up with contributions from beneficiaries to fully fund schemes. These contributions are voluntary and made towards specific schemes. They can come from various sources, including the private sector, but for the most part they are provided by public bodies, such as local authorities and other Government departments. The Environment Agency estimates that businesses incur between 27% and 57% of all economic costs arising from flood damage[5] - yet only £28 million (8.8%) of all Partnership Funding contributions secured in the 2021-2026 programme to date are from the private sector (see Table 3.1). There is an opportunity to increase contributions from the private sector to make public funding go further. to make public funding go further.

As we know from the current investment programme, bringing in voluntary contributions to flood schemes is often time-consuming, challenging and unreliable. Whilst the proposed reforms to the Partnership Funding model would address some of these issues, we still need to identify other, more sustainable and reliable funding sources that will complement Partnership Funding contributions and allow investment to keep pace with future pressures including climate change and urban growth.

There is an opportunity for us to identify alternative sources of funding that will make public money go further, allowing us to invest in more projects. Our vision is for a system that would use a mix of public and private money to fund the benefits of managing flood risk, one that would drive efficiencies, achieving better outcomes for more stakeholders for less money.

The four principles guiding this work are:

1. **Viability:** this takes into account practical delivery and fit with wider Government priorities e.g. housebuilding targets.
2. **Fairness:** potential to reduce inequality and increase private contributions.
3. **Sustainability:** systematising contributions to achieve a predictable long-term funding stream and streamline project development.
4. **Efficiency:** maximising outcomes for every £ spent.

[5] National Audit Office: Resilience to Flooding. Link: Resilience to flooding. Accessed February 2025

Using these principles, we want to explore five areas:

1. Insurance sector

It is difficult to put the benefits of flood risk reduction for an individual household or business into precise monetary terms, as they depend on a variety of factors (e.g. the level of risk exposure before and after a flood risk measure was put in place) and some are non-financial (e.g. benefits to biodiversity). One way of making these benefits more tangible in financial terms could be to consider the impact of flood protection on insurance premiums and claims.

According to analysis by the Association of British Insurers (ABI), insurers paid out £585 million for claims relating to weather-related damage to people's homes and possessions in 2024, which is £77 million more than the previous record in 2022.[6] With climate change leading to more frequent and severe weather events, property insurers can expect to see more claims in the future.

We will also see an increasing number of properties at high risk of flooding. The Environment Agency's updated National Flood Risk Assessment shows that the number of properties at high risk of flooding could increase by 73% between 2036 and 2069[7]– potentially making flood insurance increasingly unaffordable for those in high flood risk areas.

By boosting our investment in flood risk reduction and other resilience measures, we can lower risk exposures for property insurers and, consequently, costs for policy holders - ensuring more people can access affordable insurance for their homes and businesses, and that the market for home insurance remains competitive.

We want to work with insurance companies to understand if and how the benefits of flood risk reduction in respect of insurance cost could be captured and put to use to increase resilience to flood risk, creating win-win solutions that benefit all.

2. Water and sewerage companies:

Water and sewerage companies have a statutory duty to provide, improve and maintain a public sewer system to effectually drain their areas. Lead Local Flood Authorities are

---

[6] The ABI: More action needed to protect properties as adverse weather takes record toll on insurance claims in 2024 | ABI. Accessed April 2025

[7] National assessment of flood and coastal erosion risk in England 2024. Accessed March 2025.

responsible for managing local flood risks from surface water, groundwater and ordinary watercourses.

Surface water flooding occurs where rainfall is so heavy that it cannot be drained away quickly enough, often because drainage networks are at capacity. More frequent and heavier rainfall in the future will put drainage networks under greater pressure. Water and sewerage companies and local authorities therefore have a shared interest in reducing surface water flooding, but current rainwater management is often short-term, reactive and siloed between local authorities and water companies. What's more, the current funding formula is skewed towards traditional engineered (grey) flood defences and disadvantages alternative approaches such as sustainable drainage systems and property flood resilience that can help to address surface water flood risk. The aim of the funding reform is to address this imbalance, but there is more we can do to unlock efficient and joined-up working between the private and public sector on addressing surface water flooding, ensuring taxpayer money and water customer bills are put to the most efficient use. There already are some excellent examples of such collaboration (see figure 6.1) – we want to see them become the norm, not be the exception.

3. Land and property value uplift

Flood alleviation schemes increase the resilience of the areas they protect, this can increase demand for the land. Investments made in schemes such as natural flood management (NFM) may also increase the desirability of an area which can also increase demand, and thus result in financial benefits for the landowner. This is not currently being captured in a systematic way. We want to explore how we could capture it and how this could then be used to help cover the costs of the flood defences that create the benefits.

4. Local funding

The government is deepening devolution across England, which creates opportunities to strengthen local funding and revenue raising powers for flood and coastal erosion risk management. Some possible options for mayors to raise funding are outlined in the English Devolution White Paper. As these options are developed, we are keen to explore opportunities for how mayors could use these powers to support flood risk management alongside local growth.

Figure 6.1. Case studies of water company – local authority collaboration to reduce surface water flood risk (not an exhaustive list)

Case studies of water company – local authority collaboration

Mansfield Sustainable Flood Resilience project

Severn Trent, Mansfield District Council and Nottinghamshire County Council are working together to install a range of Sustainable Drainage systems across Mansfield. The aim is to store over 30 million litres of surface water through the scheme, which will reduce the flood risk for 90,000 people and create 390 jobs locally. (Mansfield sustainable flood resilience | Green recovery | Wonderful on Tap | Severn Trent Water)

Northumbria Integrated Drainage Partnership

Risk Management Authorities in the Northumbria River Basin District, including Northumbrian Water Group and Lead Local Flood Authorities, have formed the NIDP to jointly tackle flooding from various sources. (https://communities.ciwem.org/node/91)

Herne Hill & Dulwich

Thames Water, Southwark Council and the Environment Agency worked together on a joint scheme at Herne Hill & Dulwich that tackled surface water flooding as well as sewer flooding whilst providing wider benefits to the community and the environment, e.g. through the creation of new habitats. (Herne-Hill-Dulwich-FAS-2015.pdf)

5. Building on the existing system

There are also some options that would work to enhance existing arrangements. The Partnership Funding model already brings in funding by beneficiaries, including the private sector. There is more we can do to understand where private investment is already happening, what is making it attractive as an investment opportunity, and how we can create more of these opportunities to maximise Partnership Funding contributions.

Questions: Part 6 – Call for evidence on alternative sources of funding for flood risk management

We are interested in views on how national funding for flood and coastal erosion risk management can be bolstered and how more local funding can be raised. With this Call for Evidence, we want to gauge initial views on the broad areas we're proposing to investigate to identify alternative sources of funding for flood and coastal erosion schemes. We are also seeking views on the principles that should underpin any option that is taken forward. We are not yet asking about views on specific policy proposals. Following this call for evidence, and subject to the views received, we plan to open a further consultation with more concrete proposals.

Question 32. To what extent do you agree with the four proposed principles guiding our work on alternative sources of funding (outlined in Part 6) – viability, fairness, sustainability and efficiency?

- Strongly agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Strongly disagree
- Don't know

Question 33. If you disagree with any of the proposed principles in Question 32, please explain why.

Question 34. To what extent do you agree with the five areas we are planning to explore to identify alternative sources of funding (outlined in Part 6) – insurance sector, water and sewerage companies, land and property value uplift, local funding and building on the existing system?

- Strongly agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Strongly disagree
- Don't know

Question 35. If you disagree with any of the proposed areas in Question 34, please explain why.

Question 36. Are there any areas that you feel we are missing? Please explain your answer.

Question 37. Please provide any further feedback on our proposed areas for alternative sources of funding (insurance sector, water and sewerage companies, land and property

value uplift, local funding and building on the existing system), including any additional evidence you would like us to consider in support of your answers.

Question 38. Please outline any potential effects of the alternative sources of funding work on groups with a protected characteristic.

Part 7: Call for evidence on local choice, English devolution and opportunities for flood risk management

Introduction

Local choice is embedded in the way flood and coastal erosion risk is managed and funded in England. There are opportunities to build on the strengths of the current system to enhance local choice and better align flood risk management with local growth priorities to deliver wider benefits for communities.

The government has committed to expand and deepen English devolution to more areas, encouraging local authorities to come together and take on new powers. The English devolution white paper ("the white paper"), published in December 2024, included a commitment to explore opportunities for English devolution and partnership working on flood resilience. The government is therefore seeking evidence and views on ways to:

- Build on the strengths of the existing system to deliver more **local choice** in flood risk management decisions and achieve wider benefits.
- Explore the potential for **English devolution** (e.g. regional mayors) to support flood risk management, boost local resilience and align with local growth priorities.

There are no plans to make changes in April 2026 at the start of the new funding and programme approach. Evidence received will inform long term policy decisions and support the impact of wider changes to flood funding rules and English devolution.

Local choice

Lead Local Flood authorities (LLFAs) (county or unitary local authorities) are responsible for managing local flood risk in England. This includes surface water flood risk. In doing so they work closely with other flood risk management authorities, including water and sewerage companies and the Environment Agency. Lead Local Flood Authorities receive revenue funding through the Local Government Settlement which can be used to deliver local services, including local flood risk management.

The government recognises the scale of challenge facing local government, with demand and cost for services increasing significantly in recent years. **The government has committed to implement long-awaited reforms through a multi-year settlement in 2026-27 as part of a comprehensive set of reforms for public services to fix the foundations of local government, including through an ongoing programme of local government reorganisation to be delivered by the end of this Parliament.** The

ambition is to replace two-tier authorities with suitably sized unitary councils to create simpler structures, strengthen disjointed services and help councils pursue efficiencies.

The Environment Agency supports LLFAs including through its strategic overview role for all sources of flood risk. For example, the recently updated National Flood Risk Assessment provides a single picture of current and future flood risk from rivers and the sea, and from surface water. It includes the potential impact of climate change on flood risk, based on UK Climate Projections (UKCP18) and provides much higher resolution maps to support local decision making.

Regional Flood and Coastal Committees

Regional Flood and Coastal Committees (RFCCs) are statutory bodies which provide a forum for local and national stakeholders to come together to inform flood risk management across a region. **There are 12 RFCCs covering the whole of England which are at the heart of influencing local priorities for flood and coastal risk management - they:**

- **Approve the programmes of work to better protect communities from flooding**. The Environment Agency must consult RFCCs about flood and coastal risk management work in their region and take their comments into consideration. RFCCs approve the annual programme of flood and coastal erosion risk management work in their region and set the local levy that funds flood and coastal erosion risk management activities within the region that are a local priority.
- **Help create local partnerships to pay for, build and manage the projects** in these programmes. RFCCs are able to raise funding through a local levy on LLFAs. This enables them to fund local flood and coastal risk management priorities, and provides a forum to attract wider funding.
- **Reflect local choice.** RFCCs work with and support communities and other organisations to manage local flood risk effectively. Their purpose is to encourage efficient, targeted and risk-based investment that represents value for money and benefits local communities, and to provide a link between relevant bodies to build understanding of flood and coastal erosion risks in its area.
- **Adopt a catchment view** because their boundaries are informed by water catchments and align with river basin districts. This is important because they are able to work across administrative boundaries to plan at scale. Some schemes, like natural flood management (NFM) for example, can have a greater impact on flood risk reduction when deployed across a catchment.

RFCCs consist of an independent chair appointed by ministers, LLFA -appointed members, and independent members appointed by the Environment Agency who cover specific topics (e.g. farming, coastal management). Their membership has evolved over time, and now often includes senior representatives from water companies as they have an important role in managing water resources and drainage.

Current flood funding rules mean that the number of projects which are viable each year is limited due to funding gaps for some projects. This means that RFCCs' consenting role does not consistently deliver meaningful local choice over the direction of flood investment across a place.

The changes to flood funding rules proposed in Part 3 would result in more projects being eligible for Defra funding. This creates improved opportunities for RFCCs, through the annual consenting role, to have a greater say in which projects are approved.

As English devolution is expanded to more places, we will continue to refresh RFCC membership to ensure they remain representative of the areas they cover, and reflect the views of their local Strategic Authority or mayor.

The government is committed to designing the new approach to flood funding allocation to empower RFCCs to deliver greater local choice in the flood investment programme. We welcome views on potential changes to ways of working to achieve this. The benefits of greater local choice include the potential for flood investment to better align with local growth priorities and wider place-based regeneration. This could optimise value for money and deliver wider benefits for local communities.

English devolution

The English Devolution white paper sets out the government's ambition to strengthen devolution across England. Devolution enables coordinated action across a place, with more decisions made by those who know their areas best. In turn, this can deliver better outcomes and greater efficiency.

Mayors are uniquely placed to use their mandate for change to take the difficult decisions needed to drive growth. Their standing and power can convene local partners to tackle shared problems and tackle obstacles to growth that require a regional approach. Mayors can attract inward investment and provide communities with a greater say in decisions that affect them.

English devolution can also drive innovation and foster a culture of learning to deliver better outcomes. Actions and investments can be tailored to local circumstances based on local knowledge and a deep understanding of England's regional economies.

The English Devolution white paper is clear that Mayoral powers should be designed to bolster, not detract from, the functions and role of other public bodies, such as the Environment Agency or Local Authorities.

The government is committed to exploring how we can unlock this potential and support and enable Mayors to bolster resilience to flood risk right across England.

Partnership

The government has already taken steps to recognise the leadership and role of Mayors in supporting flood resilience through representation on the Floods Resilience Taskforce. This underlines the government's commitment to strengthen ways of working between local, regional and national government. Mayors are also working closely with RFCCs, supporting their important role to inform flood risk management choices across a region.

The government wants to explore how we can further support and enable Mayors to work in partnership with other organisations to increase flood resilience and unlock barriers to local growth.

Local flood risk management planning

Strategic plans to manage flood risk are key to improving local resilience. The development of a flood plan supports better understanding of local risk. It provides a forum to convene key local partners, businesses, individuals and flood action groups to develop meaningful plans which deliver action to manage flood risk. Planning enables communities to set shared objectives, prioritise actions and ensure accountability for delivery.

However, there are a broad range of flood plans or strategies in England. In recent years, the Environment, Food and Rural Affairs Select Committee, Public Accounts Committee, National Infrastructure Commission and National Audit Office have recommended that government reform the approach to local flood risk management planning.

Figure 7.1. Current flood planning framework

Current flood planning framework

The existing statutory framework for strategic flood risk management planning covers the national, regional and local scale.

- **National**: National Flood and Coastal Erosion Risk Management Strategy. The Environment Agency is required to develop, maintain, apply and monitor a strategy for flood and coastal erosion risk management in England.
- **Regional:** Flood Risk Management Plans. There are 10 plans covering river basin districts across England which cover the period to 2027. The previous government repealed future requirements to prepare Flood Risk Management Plans, citing duplication with local strategies.
- **Local:** Local Flood Risk Management Strategies. Each Lead Local Flood Authority in England (i.e. county or unitary authority) must have a local strategy to understand and manage local flood risk. Local strategies must be consistent with the National Strategy.

In addition, there are a number of non-statutory plans, including Mayoral led strategies, which provide either a regional strategic view or provide more technical and granular detail to tackle specific risks (e.g. Surface Water Management Plans).

Duplication and misalignment in the current framework can create confusion and frustration for those on the ground, resulting in inefficient use of resources and inconsistent approaches. There are missed opportunities to create a more aligned and integrated framework. The reforms to flood funding will improve access to national flood funding for local authorities.

Figure 7.2. Challenges of the current framework

Challenges of the current framework

- Too many different flood plans make it difficult for partners to engage
- Lack of long-term vision which considers climate change impacts
- Weak links to funding mechanisms which impacts delivery
- Limited evidence of join-up with wider plans to deliver joint working
- Unclear if governance arrangements are effective
- Inconsistent approach to regional level planning

The government recognises the emerging leadership of Mayors in working with others to develop flood risk management partnerships, plans and strategies to improve resilience across a place. These arrangements are working alongside the existing statutory framework and address some of the challenges and issues in the current framework.

For example, the Mayor of London established a strategic group to bring together every London borough and key stakeholders to drive delivery of the London's first Surface Water Strategy. Similarly, the South Yorkshire Connected by Water Plan has been developed by a South Yorkshire alliance of organisations including the South Yorkshire Mayoral Combined Authority, the Environment Agency, and Yorkshire Water.

Greater Manchester has used its convening powers to bring together partners through its Integrated Water Management Plan which will better enable water management across the region.

Figure 7.3. Case Study: Greater Manchester Integrated Water Management Plan

Case Study: Greater Manchester Integrated Water Management Plan

The Greater Manchester Combined Authority Integrated Water Management Plan was published in June 2023. The Plan includes the Living Integrated Opportunity Programme which is creating schemes that will bring funding together to realise wider benefits such as flood risk management; reducing storm overflows; river restoration and urban regeneration. GMCA and its partners have:

- Undertaken high level assessment of opportunities to integrate.
- Identified over 100 water investment locations where 3 or more opportunities have the potential to be integrated.
- Identified key components to support the delivery of opportunities, including resource needs.

The Integrated Investment Plan is drawing together programmes of investment developed by partners, with the aim of leveraging wider benefits through partnership working and collaboration. GMCA and its partners have:

- Collated information on investment across Greater Manchester.
- Mapped the allocation of funding across various sectors.
- Collated up-to-date information on investment in flood risk management, sewer overflows and drainage and water management.

The English devolution white paper commits to encourage close working and partnership between Strategic Authorities and the Local Resilience Forums within their areas.

This may provide further opportunities for mayors to support local authorities with emergency flood planning, for example through sharing of best practice.

These examples showcase the strengths of mayors in supporting local flood risk management planning. However, strategic authorities vary in size and scale. The level and source of flood risk can also vary across the country. And the challenges and opportunities to manage flood risk in our urban, coastal and rural communities can also differ.

This means that a tailored approach which reflects these differences and enables local places to agree their own set of priorities for flood resilience is required, while supporting the national aims set out in the National Flood and Coastal Erosion Risk Management Strategy for England.

The government wants to explore how English devolution could bring new opportunities to improve the approach to local flood risk management planning – delivering greater local choice and accountability.

Integration

A range of stakeholders have called for a holistic, catchment-based approach to flood and coastal erosion risk management to bring together partners and communities. This could support better efficiency through economies of scale, sharing of technical expertise, and access to a diverse range of funds.

The Independent Water Commission call for evidence, published in February 2025, invited views on the strategic management of water including how to improve and better integrate water planning decisions and investment at a national, regional or catchment level to help overcome siloed decision making. It explored the geographical scale for water planning and governance, and whether changes are needed to help reduce the siloed approach to water management across different sectors.

The government acknowledges that there are currently missed opportunities to achieve better integration between flood strategies and plans which could deliver better outcomes.

The current framework for strategic flood risk planning does not facilitate integrated planning across catchments or across different administrative boundaries. While Lead Local Flood Authorities are required to have a local strategy to manage local flood risk it is unclear if the current framework is effective at driving action, investment or integrated outcomes across a place.

The emerging evidence from Greater Manchester, South Yorkshire and other regions demonstrates the potential benefits of a more integrated approach. Integrated planning can break down silos and deliver projects which provide multiple benefits for flood risk, water quality, carbon reduction, nature recovery and other local priorities. It can facilitate opportunities to join-up funding from different sources to address shared challenges and align action with local growth priorities – allowing funding to go further.

Mayors are well placed to convene a range of partners to facilitate a more integrated and joined-up approach to flood planning – across a broad range of mayoral responsibilities including transport, housing and regeneration. Awareness and understanding of other plans and strategies can facilitate the sharing of evidence and expertise providing opportunities to develop and deliver actions with multiple benefits.

The government welcomes views on potential changes which would enable better integration between strategic flood plans and other place-based plans – including water, housing, nature and transport.

We also welcome views on potential risks and how these could be managed. For example, maintaining clarity over roles and responsibilities and avoiding duplication in the framework. Measures to ensure transparency, oversight and assurance are likely be required to ensure that local flood planning continues to support delivery of the National Flood and Coastal Erosion Risk Management Strategy. This will also support the Environment Agency to effectively deliver its strategic overview role for all sources of flood risk.

Governance

The framework for flood risk management was established by the Flood and Water Management Act 2010 in response to significant events and reports at the time, including the Making Space for Water strategy, the devastating flooding of 2007 and the subsequent recommendations of the Pitt Review. English devolution has developed since 2014 and post-dates the flood management framework.

The emergence of regional mayors and their contribution to flood resilience provides an opportunity to consider the potential for mayors to support improved governance.

The government welcomes views on the potential for Regional mayors to support Lead Local Flood Authorities with their statutory role to develop and maintain a Local Flood Risk Management Strategy.

For example, mayors could provide oversight, assurance and scrutiny of LLFA strategies, ensuring that strategies align, work together across the region and support the National Strategy. In areas with multiple smaller LLFAs, there may be advantages to enabling flexibility for mayors to support LLFAs to develop combined strategies.

Devolved funding

The National Infrastructure Committee's 2022 report found that local authorities would benefit from greater certainty of funding to support long-term plans for reducing flood risk in their areas. To support this, the NIC recommended that government should devolve funding to upper tier local authorities in or containing new flood risk areas, for the purposes of managing local flood risk. Local flood risk means flood risk from surface water, groundwater and ordinary (smaller) watercourses.

The government recognises the potential benefits of devolving some Defra flood funding which could empower places to utilise local knowledge of their communities' unique geographical, environmental, and socio-economic characteristics to prioritise action. It could enable join-up with other functions of local and regional government, allowing funding to go further and delivering benefits for flood risk, biodiversity and carbon reduction, while aligning with local growth priorities.

The government also notes that this approach carries risk, including potentially making it more challenging to ensure a nationally consistent approach in delivering flood resilience and unnecessary complication of the flood funding landscape. There may also be risks to value for money and wider benefits of the flood investment programme, depending on the approach taken.

The government is therefore inviting views on the risks and opportunities associated with the devolution of funding to local or mayoral authorities for local flood risk management over the longer term. Evidence gathered could inform targeted pilots in a small number of locations in the longer term.

Mayoral revenue powers

As set out in Part 1, we propose to retain the core principle of local partnership funding to make government investment go further. Local partners are a key source of partnership funding. The English devolution white paper explores a number of revenue-raising powers for mayors. Government has committed to considering how a new model of business rate retention could better and more consistently support strategic authorities and explore the ability for mayors to introduce a precept on council tax so that mayors can use this power across their full range of functions. Investment in flood risk management can unlock growth in an area by increasing investor and community confidence. Subject to the development of mayoral revenue raising powers, **the government welcomes views on how we can enable and encourage Strategic Authorities and mayors to consider flood risk management when making revenue raising and spending decisions.**

Next steps

The government will consider evidence received in response to this call for evidence carefully to inform long term policy decisions. This will enable the impact of wider changes to flood funding rules, as set out in Parts 3 and 4, and reforms to the English devolution framework and local government sector to inform future policy.

Questions: Part 7 – Call for evidence on local choice, English devolution and opportunities for flood risk management

Question 39. In your opinion, how can Regional Flood and Coastal Committees be empowered to deliver greater local choice in flood investment programme decisions?

Question 40. What changes do you believe are needed to support and enable Regional Mayors to enhance partnership working with other organisations for flood risk management?

Question 41. How do you believe Regional Mayors can enable integrated approaches to strategic flood planning? What changes are needed to achieve this and how can risks be managed?

Question 42. In your opinion, how can Regional Mayors support or enhance governance arrangements for Local Flood Risk Management Strategies? What changes are needed to achieve this and how can risks be managed?

Question 43. In your opinion, what are the risks and opportunities of devolving some of the flood funding budget to either local or mayoral authorities in the longer-term? How could risks be mitigated?

Question 44. What changes do you believe are needed to enable and encourage Regional Mayors to consider flood risk management when making revenue raising and spending decisions?

Question 45. Please outline any potential effects of the local choice, English devolution and opportunities for flood risk management work on groups with a protected characteristic.

Part 8: Consultee feedback on the online survey

Dear Consultee,

Thank you for taking your time to participate in this online survey. It would be appreciated, if you can provide us with an insight into how you view the tool and the area(s) you feel is in need of improvement, by completing our feedback questionnaire.

Question 46. Overall, how satisfied are you with our online consultation tool?

- Very satisfied
- Satisfied
- Neither satisfied nor dissatisfied
- Dissatisfied
- Very dissatisfied
- Don't know

Question 47. Please give us any comments you have on the tool, including suggestions on how we could improve it.

Annex A: Partnership Funding policy summary

A summary of the way the partnership funding calculator currently works

The amount of funding an FCERM project can currently attract depends on the damages it will avoid and the benefits it will deliver. These are assessed through the Partnership Funding Calculator in relation to four **Outcome Measures**. The Outcome Measures are:

1. **Wider economic benefits:** which include benefits to businesses, agriculture, public services, health and infrastructure.
2. **Benefits to households at risk of flooding:** which is measured by households moving from one flood probability category to a lower probability category.
3. **Benefits to households at risk of coastal erosion:** which is measured by households better protected from coastal erosion (by additional years of occupancy).
4. **Environmental benefits:** which include creating or enhancing habitats and enhancing rivers.

Each Outcome Measure includes one or more **Payment Rate(s)**. For example, for every £1 of damages avoided to households from flooding (Outcome Measure 2), a project can attract between 20p and 45p of government funding. This rate is then multiplied by the number of benefits delivered, a process which is repeated for each Outcome Measure to calculate an overall government contribution to a FCERM scheme.

Projects in more deprived areas attract more government funding. This is because deprived areas may struggle to secure the required partnership funding contributions and recover from the impacts of flooding. Evidence gathered in 2014 showed that deprived areas were disproportionately at risk from flooding. Further analysis undertaken in 2024 indicates that the most deprived areas are now at a lower risk of flooding from all sources except surface water flooding. For surface water flooding, the level of risk is relatively equal between deprived and less deprived areas.

In our investment programmes, **property flood resilience (PFR) schemes have been used where community-wide resilience approaches are not viable**. The current funding rules on PFR have meant that the places where PFR can be considered are limited and a proportionally high level of partnership funding contributions are generally required for PFR schemes.

Furthermore, under the current funding policy, **properties built after 2012 are not included in the measure of properties benefitting** and therefore do not attract government grant in aid. The rule aims to discourage inappropriate development in flood risk areas.

Annex B: Glossary

Term	Description
Benefit Cost Ratio (BCR)	BCRs are used to score the potential value for money that a floods project may deliver by comparing their costs to the benefits they offer. A project with high costs and low benefits would have a low BCR, whilst one with high benefits and low costs would have a high BCR. Within our investment programme, projects must have a BCR of 1 or greater - which means that for every £1 of costs, they must deliver £1 or more of benefits.
Capital Maintenance and Routine Maintenance	Capital Maintenance includes the replacement and refurbishment of existing assets. Our Investment Programme allows for a set amount of Capital Maintenance spend each year. In contrast, Routine Maintenance is used to make more minor, regular repairs and maintenance to help slow the deterioration of the asset.
Contribution Free Allowance - CFA	A mechanism designed to deliver variation in allocation of Defra funding. Under a CFA, projects would be eligible for a fixed amount of Defra funding without the need to seek partnership funding contributions.
Deprived areas	We use the Index of Multiple Deprivation (IMD) which is compiled by the Ministry of Housing, Communities, and Local Government to measure overall deprivation of particular neighbourhoods. There are 32,844 neighbourhoods in England, and these are then indexed from most deprived deciles to least deprived deciles. Within Defra we use 'deprived areas' to refer to the two most deprived deciles.
Flood and Coastal Erosion Risk Management - FCERM	Flood and Coastal Erosion Risk Management refers to the management of our approach to the risk of flood and coastal erosion. Defra is the policy lead for FCERM in England and The

Term	Description
	Environment Agency has a statutory duty to develop, maintain, apply, and monitor a National FCERM strategy for England which all risk management authorities must have regard to.
FCERM refurbishment	FCERM capital refurbishment projects restore existing flood defence assets that have fallen below designed levels of operation. These projects can often target several assets that form part of a system of flood defences that work together to provide flood protection to a community. Examples of this include major repairs to a section of an embankment or flood wall. It does not include routine maintenance activities or minor repairs such as clearing blockages or repointing brickwork.
Floods Investment Programme	Government investment in flood and coastal erosion risk management in a given period. The current Floods Investment Programme ends in March 2026, with the new Floods Investment Programme launching April 2026.
HMT Green Book	Guidance issued by HM Treasury on how to appraise policies, programmes, and projects. It also provides guidance on the design and use of monitoring and evaluation before, during, and after implementation.
Lead Local Flood Authority - LLFA	Lead Local Flood Authority – have the lead operational role in managing the risk of flooding from surface water and ground water. In areas where there is no district council, they also have the lead role in managing flood risk from 'ordinary watercourses' (e.g., any watercourse that is not a main river).
National Flood Risk Assessment - NAFRA	National Flood Risk Assessment – provides a single picture of future flood risk from rivers, sea, and surface water. The New NAFRA, sometimes referred to as NAFRA2 includes the potential impact of climate change on flood

Term	Description
	risk, and provides much higher resolution maps than the previous NAFRA.
National Coastal Erosion Risk Map - NCERM	National Coastal Erosion Risk Management map – shows the spatial NCERM coastlines. NCERM provides a reliable and up-to-date benchmark data set showing the extent and rate of erosion.
Natural Flood Management - NFM	Natural Flood Management - approaches to flood risk management that use natural processes to protect, restore, and mimic the natural functions of water catchments, floodplains, and the close to slow and store water.
Outcome Measure	A tool which can be used to measure and describe the benefits of a flood risk management scheme. The current partnership funding approach, uses four outcome measures: 1. Economic benefits 2. Properties better protected from flooding 3. Properties better protected from coastal erosion 4. Environmental benefits
Partnership Funding Calculator	The formula we use to calculate the amount of Defra funding a flood risk mitigation scheme is notionally eligible for.
Partnership Funding Score	The score we assign flood risk management schemes based on how well they perform against the partnership funding calculator, and the outcome measures that they deliver.
Partnership Funding	The foundation of our current approach to funding flood risk mitigation projects – the expectation that, where a flood risk mitigation scheme is not eligible for full Defra funding, those who stand to benefit from a scheme contribute towards its costs. Partnership

Term	Description
	funding can be provided by a range of stakeholders including private businesses, Local Authorities, and Local Levy.
Property Flood Resilience - PFR	A set of modifications added to a building to make it more resilient to flooding, reduce damage and speed up recovery. Examples include flood doors/windows and pumps.
Refurbishment	As existing assets such as flood walls and pumps age, they can fall below optimum operational levels. In some instances, ageing assets can be refurbished back to optimum conditions, for example replacing a pump or gate.
Regional Mayors	Directly elected regional officials who lead combined authorities (which are groups of local councils). Combined authorities have specific powers and budgets which are devolved from central government.
Regional Flood and Coastal Committee - RFCC	Regional Flood and Coastal Committee - A committee established by The Environment Agency under the Flood and Water Management Act 2010, that brings together members appointed by Lead Local Flood Authorities and independent members.
Resilience to flood and coastal erosion	The ability to anticipate, assess, prevent, mitigate, respond to, and recover from flood and coastal erosion events.
Risk Management Authority - RMA	Risk Management Authority - include Lead Local Flood Authorities, highway authorities, water and sewerage companies, internal drainage boards and the Environment Agency. RMAs have the duty to cooperate with each other and share data when necessary to better deliver flood risk management.
Sustainable Drainage Systems (SuDS)	Sustainable Drainage Systems are water drainage systems that do not use networks of

Term	Description
	pipes and sewers. They mimic natural drainage systems, lowering flow rates and reducing surface water flooding. Examples include retention ponds, permeable paving and green roofs.
Surface Water Flooding	Surface water flooding is flooding that is caused when the quantity of rainfall is greater than the ability of drainage systems to channel the flow into drains and sewers. It is often more prevalent in urban areas, as the use of concrete and tarmac can reduce runaway of water. Surface water flooding can happen year-round.
Surface Water Management Plans (SWMPs)	Surface Water Management Plans are non-statutory plans that are used to assess the risk of surface water flooding, and to identify and plan delivery of flood risk mitigation actions. They were introduced prior to the introduction of the Flood and Water Management Act 2010.
Value for Money	Value for money is one of the key considerations of any decision involving the use of public funds across government. We use the 'Five Case' model of decision-making, which is recommended by His Majesty's Treasury. This approach considers the total costs of a scheme or project and the value of the benefits it delivers to give a 'benefit cost ratio' (BCR). The higher the BCR, the greater value for money a scheme or project. All schemes and projects must have a BCR of 1 or greater to be eligible for Defra funding.