

**Proposed Decision to be taken by the
Portfolio Holder for Transport and Environment
on or after 20 October 2017**

**Approval to Apply for Flood Alleviation Flood Defence
Grant in Aid and Local Levy Grants**

Recommendation

That the Portfolio Holder authorise the Joint Managing Director (Communities) to:

- 1) seek the inclusion of projects in the Environment Agency's current six year flood alleviation programme (ending in 2021) provided that any match funding payable by the County Council is available for the purpose from an existing budget;
- 2) submit a business case for Flood Defence Grant in Aid and/or Local Levy and to seek any other external funding available for such a project provided that no legally binding commitment is made before the relevant Portfolio Holder has agreed to an addition to the Capital Programme.

1.0 Key Issues

- 1.1 Significant areas of Warwickshire are subject to flood risk, with around one in fifteen residential properties and one in seven commercial properties being at risk of flooding from rivers or surface water.
- 1.2 Warwickshire County Council's (WCC) Local Flood Risk Management Strategy provides the structure for how it assesses flood risk in Warwickshire. The associated Surface Water Management Plan provides the prioritised ranking of communities most at risk from flooding and the focus for the Flood Risk Management Team's planned work.
- 1.3 The Flood Risk Management Team (FRM) develops flood mitigation solutions in a way that is consistent with these strategic objectives and plans.
- 1.4 There are two principal funding routes for capital investment in flood alleviation works as follows.

- **The Environment Agency's Flood Defence Grant in Aid (FDGiA)**

Central Government policy on flooding is implemented by Defra and

administered through the Environment Agency (EA). Defra make available funding for capital investment for flood defence projects which is allocated by the EA on a competitive and targeted basis through the FDGiA process.

- **Regional Flood and Coastal Committees' Local Levy Grants**

In addition to the Central Government grants, there are a number of other sources of funding. This includes a levy on local authorities (Local Levy) raised by the EA's Regional Flood and Coastal Committees (RFCCs). These committees bring together members appointed by Lead Local Flood Authorities, such as ourselves, and independent members with relevant experience, to ensure there are coherent plans for managing flood and coastal erosion risks across catchments and shorelines. They also encourage efficient, targeted and risk-based investment. WCC have representation on two RFCCs, namely the Trent RFCC and the English Severn and Wye RFCC. Local Levy provides a valuable source of grant funding to supplement FDGiA.

- 1.5 FDGiA and Local Levy enable significant external funding to facilitate delivery of protection to properties at risk from flooding. FDGiA often requires 'partnership' (or match) funding for schemes to progress. Sources of partnership funding can include Local Levy, local residents and businesses and WCC and its partners. The process for applying for funding from FDGiA and Local Levy is competitive and complex.
- 1.6 In February 2014 the County Council approved £1.1 million additional funding for flood alleviation work between April 2014 and March 2018. This funding enables this 'partnership' and match funding for schemes and has been a catalyst for successful applications for funding from other sources. For example, Warwickshire County Council has been successful in obtaining £2 million funding from the EA for a scheme in Snitterfield, £121,000 funding from the Coventry and Warwickshire Local Enterprise Partnership and £48,000 for the catchment upstream of Fillongley to implement Natural Flood Management.
- 1.7 Warwickshire County Council's constitution requires approval is given for the FRM team to apply for Flood Defence Grant in Aid and Local Levy grants.
- 1.8 This paper seeks approval in principle to apply for FDGiA and Local Levy grants. All schemes will be fully funded with funding secured from a combination of external grants and the additional funding for flood alleviation referred to in paragraph 1.6 above. This is not a request for any additional funding or resources.
- 1.9 We will seek separate and individual approval for each scheme to be added to WCC's capital programme.
- 1.10 It is proposed that this approval is proposed to cover the EA's current six year programme, ending March 2021.

2.0 The Benefits Derived from FDGiA and Local Levy Grants

- 2.1 Relatively small contributions from WCC have attracted significant external funding. Typically every £1 invested by WCC has resulted in £7 direct investment into the County from capital grants and other contributions. Since 2014, £300,000 investment from WCC to schemes in Aston Cantlow, Snitterfield, Eathorpe, Bulkington and Grendon has yielded over £2,200,000 in external grant funding resulting in better protection to 72 properties from flooding.
- 2.2 We have estimated that every £1 we invest in flood protection provides £35 in wider benefits taking into account the cost of damage avoided through the protection provided.
- 2.3 WCC have a further 10 schemes in the EA's six-year programme. We have budgeted that £356,000 of contributions from the County Council's existing budget will leverage at least £940,000 in FDGiA and Local Levy funding enabling better protection to over 110 properties from flooding. Three of these projects are joint strategic schemes with Staffordshire County Council, seeking to maximise benefits of partnership working.
- 2.4 There are further schemes in the pipeline and opportunities in the EA's annual programme refresh to introduce new schemes.

3.0 Risks Associated with Accepting FDGiA and Local Levy Grants

- 3.1 The County Council's obligations in accepting FDGiA or Local Levy grants are set out in the 'Memorandum relating to Capital Grants for Local Authorities and Internal Drainage Boards in England under the Flood and Water Management Act 2010, Coast Protections Act 1949 and Land Drainage Act 1991', often just referred to as 'The Grant Memorandum'.
- 3.2 In essence, the risks surrounding our obligations are low and fall into two broad categories.
 - **Process Risks** The Grant Memorandum sets out the process WCC need to follow: how to apply for these capital grants; what it can be used for, the forms and paperwork to be used and project management requirements.
 - **Limitations on the liability of the EA (and Defra)** It is WCC's responsibility to obtain the necessary approvals, consents and clearances for any work we propose, and In the event of the funded work being defective, then the liability would not fall to the EA or Defra.

Sanctions seem to be limited to the EA taking any deficiencies ‘into account when assessing future applications’, and so poor performances may limit our ability to attract future funding.

4.0 Risks Associated with not Approving WCC FRM’s Continued Applications for FDGiA and Local Levy Grants

- 4.1 No positive or proactive plan to address flood risk through capital investment.
- 4.2 Reputational risk to the County Council if our risk assessment work, prioritisation, Strategy and Surface Water Management Plan do not lead to any tangible action, and Government funding is not taken advantage of.
- 4.3 Reputational risk to WCC if we need to stop schemes which are currently being developed as part of the EA’s six year programme.
- 4.4 Places at risk our current good relationship with flood risk management partners and partnership schemes such as our joint programme of work with Staffordshire County Council.
- 4.5 Places at risk our current good relationship with communities at risk of flooding such as the Shipston Flood Group who have just been successful at attracting FDGiA investment of £110,000 and who currently rely on us to claim this grant funding on their behalf because EA governance does not permit them to pay directly to community groups.

Supporting Papers

None

Background Papers

None

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The report was circulated to the following members prior to publication:

Local members: n/a

Other Councillors Western, Fradgley, Horner, Shilton and Clarke