

Annex F

Funding Strategy

Annex

- F.1 Introduction**
- F.2 General principles**
 - F.2.1 Funding over the longer term
 - F.2.2 Warm connections
 - F.2.3 Delivery Framework
 - F.2.4 Fundraising Mix
 - F.2.5 Funding Action Plan
 - F.2.6 Reviews
 - F.2.7 Non – financial gains
- F.3 Discussion of potential funding sources**
 - F.3.1 Dedicated flood risk management funding sources
 - F.3.2 Lead Local Flood Authority (LLFA) grant for new responsibilities
 - F.3.3 Local Authority Capital & Revenue Funding
 - F.3.4 Funding sources relating to development and regeneration
 - F.3.5 Regional Growth Fund
 - F.3.6 Private beneficiary funding
 - F.3.7 Private sector finance (PPP/PFI)
 - F.3.8 Non-Government Organisations (NGOs) and charitable trusts
 - F.3.9 Community Fundraising and Events
 - F.3.10 Public Appeals
 - F.3.11 Lottery
 - F.3.12 European Union (EU)
 - F.3.13 Defra grants & pilots
 - F.3.14 Landfill Tax
 - F.3.15 Volunteering
- F.4 Proposed approach**
- F.5 Next Steps**
- F.6 Examples of different partnership funding approaches**

F.1 Introduction

- F.1.1.1.1 Successful delivery of LFRM measures will require innovative ways of working and funding, based on teamwork and trust. Collaborative working and joint funding across partner organisations will be key to maximising the return on investment in flood risk management. Defra's introduction in 2011 of the partnership funding approach means that the ability of LLFAs to leverage contributions (both financial and in kind) from local partners could make the difference between locally important projects going ahead or not. Successful fundraising is dependent on relationships, timing and effort. Understanding what types of outputs and outcomes are needed to qualify for various funding sources is critical in order to persuade potential funders to commit to a project. The qualifying benefits for dedicated flood risk funding sources are typically well understood but it may also be possible, with slight modifications or additions to a flood risk project (or even just a different way of 'selling' the benefits), to meet the requirements of funders outside the flood risk industry and access additional funding in this way.
- F.1.1.1.2 Whilst it may be possible to fully fund some projects using only the mainstream dedicated flood risk funding sources such as Flood Defence Grant in Aid (FDGiA), there will be others that require a range of funding sources to make up the total sum needed. Some projects may attract only limited funding of any kind and it is important that fundraising opportunities are maximised for more 'attractive' projects: in this way any shortfall on less attractive projects can be compensated by leveraging more than 100% funding on the higher profile ones.
- F.1.1.1.3 The suitability of potential funding sources depends on a number of factors:
- Total sum required
 - Total fund available
 - Effort / investment required (number of applications, match funding, etc)
 - Qualifying benefits required
 - Frequency of availability (e.g. annual)
 - Longevity
 - Level of competition
- F.1.1.1.4 For Hampshire County Council's LFRMS we anticipate that the majority of funding will come from dedicated flood risk management sources, supplemented by contributions from alternative sources wherever sufficient qualifying outputs/outcomes are identified to ensure that the benefit-cost ratio of pursuing these is supportable. We will also aim to leverage more than 100% contributions on projects with the highest funding potential (i.e. those likely to attract the greatest amount of contributions), in order to help meet any shortfall in funding for the overall programme of measures.

F.2 General principles

F.2.1 Funding over the longer term

F.2.1.1.1 It should be borne in mind that whilst this strategy is in support of the current LFRMS programme of measures, there will be an on-going requirement to fund work identified in future reviews of the LFRMS which may require different funding approaches. Funding should therefore be seen as a long term endeavour, and short term gains should always be considered against the potential for greater returns in the longer term.

F.2.1.1.2 This is particularly pertinent in relationships with third sector funders, individuals and corporate supporters as well as those affected by the 'beneficiary pays' concept.

F.2.2 Warm connections

F.2.2.1.1 For all types of fundraising, warm connections (i.e.: people who are known to HCC already or to partners working on the projects and existing supporters) are most likely to lead to success. This principle of developing connections and relationships underpins many areas of the strategy and is a key role of the Partnership. However, in the event that no connections can be found, within a reasonable space of time, then "cold calling" will be necessary.

F.2.2.1.2 Warm approaches lead to greater results in a shorter time span for less effort; cold approaches conversely take longer, do not guarantee the same level of return and generally require a much greater investment of time and effort.

F.2.3 Delivery Framework

F.2.3.1.1 The two main ways in which fundraising can be undertaken are described below. The choice of approach will depend upon the size of projects, level of effort required (number and complexity of applications), and in-house capacity. The benefit-cost ratio (investment vs. return) will be a key determining factor.

F.2.3.1.2 Structured: Specialist fundraiser appointed to write a fundraising action plan and deliver the fundraising, thus providing a more flexible and pro-active approach to seeking and responding to funding opportunities. This is the more expensive option but with the potential of greater reward.

F.2.3.1.3 Unstructured: Fundraising action plan written by specialist at the start, with key targets identified. Delivery is then absorbed into a project management role, and promoted on a more reactionary basis.

F.2.4 Fundraising Mix

F.2.4.1.1 The areas of fundraising identified for the best mix are partly chosen because they fit well together and so that the "sum of the whole is greater than the sum of the parts". There also will (and should be) overlap between the various areas of

fundraising. During the planning of each fundraising activity, it should be considered whether it would be beneficial for other areas to be promoted at the same time (without compromising either area).

F.2.4.1.2 Following our analysis, no one area of fundraising was very strong, and so at least initially, our strategy seeks to engage a range of audiences using a number of different fundraising techniques. The fundraising mix is based on our research into what we feel is the maximum likely levels of funding to be gained from each source – with a reasonable amount of effort and return on investment (ROI).

F.2.5 Funding Action Plan

F.2.5.1.1 In order to facilitate fundraising efforts a specific funding action plan should be developed. This will entail research, Strength Weaknesses Opportunities and Threats (SWOT) analysis, review of contacts and experience, and discussions with partners, funders and others to better understand what potential there is for funding identified projects.

F.2.5.1.2 The funding action plan should identify what warm targets exist, who is best placed to lead the approach or application and where it will be necessary to seek new, cold, support.

F.2.5.1.3 Through the consultation process and utilising a range of fundraising databases such as Grant Finder¹, a detailed action plan of key targets should be constructed. This funding action plan will identify:

- Funder details - name, address etc
- Required approach – application, one to one etc
- Deadlines – when applications are accepted
- Timeframe – anticipated time between initial approach and final decision
- Identified project
- Suggested grant request size
- Any geographical constraints

¹ www.grantfinder.co.uk

UK based grants and policy database including details of over 7,000 funding opportunities

F.2.6 Reviews

- F.2.6.1.1 This funding strategy will be realigned against the LFRMS objectives and action plan each time these are reviewed and updated, and the suggested mix is not set in stone. The funding mix is likely to need adjusting over time to take advantage of new opportunities; building on strong/successful areas and taking unsuccessful areas out of the mix, or reducing time spent on them.

F.2.7 Non – financial gains

- F.2.7.1.1 The fundraising strategy will have a positive impact on other areas of the LFRMS, in terms of promoting interventions, raising awareness and reaching new audiences. Opportunities should be exploited wherever possible to use the fundraising to promote the LFRMS and ways in which local communities can get involved.

F.3 Discussion of potential funding sources

F.3.1 Dedicated flood risk management funding sources

- F.3.1.1.1 These should make up the majority of the funding mix for delivering the LFRMS measures, supported by other alternative sources of funding identified as being potentially suitable based on the type of measure, anticipated outputs/outcomes, and the size of the funding gap (i.e. the element of a project's cost which cannot be funded through one or more of these dedicated sources).
- F.3.1.1.2 In relation to flood risk management, capital funding from Government is provided through **Flood Defence Grant-in-Aid (FDGiA)**. This is provided by Defra and administered and managed by the Environment Agency, although funding approvals are also subject to the consent of the relevant Regional Flood and Coastal Committee² (RFCC) and overall availability of funding from all potential sources. FDGiA is available to projects relating to all sources of flooding, and has historically been the most important source of funding for flood risk management and coastal erosion schemes. Defined 'Outcome Measures' (see list below) are used to determine which applications will receive funding, and how much.

² Hampshire straddles three RFCC areas: Wessex, Thames and Southern.

F.3.1.1.3 To receive an element of FDGiA projects will need to meet strict criteria and, as a minimum in every case, demonstrate that in present value terms the expected whole-life benefits exceed the whole-life costs of the scheme. There are four categories under which projects can attract FDGiA. These are:

- All benefits arising as a result of the investment, less those valued under the other outcome measures (Outcome Measure 1)
- Households moved from one category of flood risk to a lower category (Outcome Measure 2)
- Households better protected against coastal erosion (Outcome Measure 3)
- Statutory environmental obligations met through flood and coastal erosion risk management (Outcome Measure 4)

F.3.1.1.4 The maximum amount of funding available for each project will be based on the value of qualifying benefits under Outcome Measures 1, 2 and 3, plus the number of environmental outcomes achieved under Outcome Measure 4, each multiplied by the relevant payment rate. The total is then divided by the whole life costs of the project and expressed as a percentage score; the 'Raw OM Score'. Contributions from other sources³ can be added into the Partnership Funding Calculator⁴ to allow the raw score to be translated into a Partnership Funding score representing the percentage of project costs that has been secured (and therefore the size of any funding gap), with all projects requiring a score of at least 100% to qualify for any FDGiA. Each year, the initial priority of projects for national funding is ranked according to their Partnership Funding scores, to produce an affordable national programme. The minimum score needed to qualify for FDGiA is not fixed because of annual differences in the number and cost of schemes and in the total budget available. In recent years the amount of national funding available has been significantly lower than the amount needed to fund all the schemes scoring 100% or more. Given the current economic circumstances and the number of cost beneficial

³ Further information on alternative funding sources for flood risk management is available in the following publications:

- Securing alternative sources of funding for flood and coastal erosion risk management (Local Government Association, February 2011)
- Partnership funding and collaborative delivery of local flood risk management: a practical resource for LLFAs (Defra, March 2012)
-

⁴ Available from the Environment Agency's website

schemes in the pipeline, the threshold score is expected to remain significantly above 100% for the foreseeable future.

Thames RFCC has stated that: “*Nationally, (FD)GiA is largely committed on projects already in progress and there will be limited opportunity to fund new starts in the 2013/14 programme. The early indications are that next year’s threshold for central funding will exceed this year’s at 120%, and our assumption for detailed planning purposes is based on a national view that the RPF score threshold for (FD)GiA funding will be nearer to 200%.*”

F.3.1.1.5 To secure FDGiA, therefore, projects will need to develop a strong partnership base and investigate all possible benefits to help leverage contributions from alternative sources, looking beyond any capital construction to outcomes that touch on access, health, education, environment and ways of tackling the various forms of deprivation that exist.

F.3.1.1.6 Detailed explanatory notes and a spreadsheet calculator tool are available to guide practitioners through the FDGiA application process. Up to date information, including a full table of the outcome measures (OMs) and benefits under each that will qualify for national funding is available at:
<http://archive.defra.gov.uk/environment/flooding/funding/documents/flood-coastal-resilience-policy-statement.pdf>

F.3.1.1.7 **Local Levy** is raised by the RFCC by way of a levy (precept) on County and Metropolitan Councils, Unitary Authorities and London Boroughs. Funds raised using this existing RFCC local levy will count as a local contribution in terms of the FDGiA process, even though the levy is supported by funding through the Department of Communities and Local Government. Local Levy funding can be used to support flood risk management projects that do not attract 100% national funding through Flood Defence Grant in Aid (FDGiA), thus enabling locally important projects to be undertaken to reduce the risk of flooding within the RFCC area. Not all locally strategic areas are viewed as regionally strategic. Aligning the outcomes of local schemes to help meet regional priorities wherever possible will increase the likelihood of accessing Local Levy. Sometimes it can take persistence and lateral thinking to make the case for regional prioritisation. Engaging proactively with the RFCC and gaining the support of your local RFCC representative will be key to success.

F.3.2 [Lead Local Flood Authority \(LLFA\) grant for new responsibilities](#)

F.3.2.1.1 In December 2010 Defra announced £21million worth of grants to provide additional funding specifically to support to councils with LLFA status (in addition to existing Formula Grant arrangements) to perform new roles and duties under the Flood and Water Management Act and Flood Risk Regulations. Once allocated, these funds are un-ring-fenced so in order to access them it is important to raise awareness of flood risk and keep it near the top of the local political agenda. Hampshire has been allocated £552,600 per year for 2012/13 – 2014/15.

F.3.3 Local Authority Capital & Revenue Funding

- F.3.3.1.1 In addition to funding specifically available to local authorities in their flood risk management roles these authorities have their own funding for capital projects and revenue programmes which may also be used for flood risk management purposes. This is particularly relevant where measures or schemes can be identified which create multiple benefits across a number of council duties. For example SuDS can perform a variety of functions not only as a means of attenuating water flows and reducing the risk of flooding but can also create benefits in terms of visual amenity, flora and fauna, bio-diversity, recreation and so on. Creative use of local authority capital and revenue funding can be used to lever in other sources of funding specifically allocated for flood risk management to deliver multiple benefits. An overview of the sources most likely to be applicable for flood risk management measures is provided here.
- F.3.3.1.2 Subject to limits on overall budgets and the need for investment on other priorities, local authorities (whether an LLFA or not) may choose to invest in local flood alleviation schemes out of income generated from **council tax** fees. This revenue may fund the capital and operational expenditure required to realise a LFRM scheme. Precepts can be applied at the parish, town, district and/or county level to fund specific requirements, including flood risk management.
- F.3.3.1.3 Council tax makes up on average only around 25% of a local authority's annual income. Their main income comes from central government (DCLG) in the form of **Formula Grant**. Formula Grant is a blanket term for the main sources of general Government funding for English local authorities. A portion of the Formula Grant is allocated to flood risk; however, this is not ring-fenced and subject to limits on overall budgets and the need for investment on other priorities, local authorities may choose to invest more or less in local flood alleviation schemes out of their total budgets. Local authorities have a wide range of responsibilities and funding allocated for other purposes may also be accessible for LFRM, if it can be demonstrated that flood risk management scheme outcomes would help to serve those purposes. One particular example of this is that local authorities have been able to use their **well-being power** (Section 2 of the Local Government Act 2000) to support partnership activity, including local flood risk management, with commercial, private, and third sector partners as well as other public organisations. Flood risk management measures have significant potential to meet many of the criteria needed to justify providing funds under well-being powers, which focus on promoting the economic, social and environmental well-being of an area. Examples could be providing new (or regenerating existing) water-based leisure facilities or improving access to open spaces for residents of a deprived area as part of a wider flood risk scheme.
- F.3.3.1.4 Upper tier local authorities have a power to levy a local **Business Rate Supplement** and to retain the proceeds for investment in that area. Proceeds must be spent on projects which contribute to the economic development of the local area, so in areas where businesses are at risk from flooding this could offer a route to collect contributions toward flood risk management measures to reduce the risk (and hence potential costs) to the local economy.

- F.3.3.1.5 **A Business Improvement District** is a defined area within which businesses pay an additional tax or fee in order to fund improvements within the district's boundaries. Flood risk management schemes could potentially access funding from this source if they could be demonstrated to provide specific benefits to businesses within the area.
- F.3.3.1.6 Local authorities also have access to a range of loan and finance arrangements which they could potentially use for flood defence measures. These include: Public Works Loan Board, Asset Backed Financing, and potentially in the future Tax Increment Funding (not yet implemented in the UK).

F.3.4 [Funding sources relating to development and regeneration](#)

- F.3.4.1.1 **Section 106 agreements** can be used to support the provision of services and infrastructure, including flood risk management measures. The agreements provide a means to ensure that a proposed development contributes to the creation of a sustainable environment, particularly by securing contributions towards the provision of infrastructure and facilities. Site viability is key to a developer's willingness to contribute to this type of agreement. The earlier any LFRM costs associated with a site are identified the better, therefore, since developers can then factor these costs into the price of the land and make better informed decisions as to the overall viability of the site.
- F.3.4.1.2 **Community Infrastructure Levy (CIL)** is a new 'tariff' style charge which local authorities in England and Wales are empowered, but not required, to charge on all new houses (and other buildings / extensions to buildings of more than 100m²), to be spent on local and sub-regional infrastructure to support the development of the area.
- F.3.4.1.3 The **New Homes Bonus** match funds the additional council tax raised for new homes and properties brought back into use, with an additional amount for affordable homes. It is intended to remove the disincentive to development posed by increased strain on public services and reduced amenities by providing local authorities with the means to mitigate the strain the increased population causes. This income is not ring-fenced so its allocation within a local authority will depend upon local political priorities. To access this funding source flood risk management measures would need to demonstrate that they meet a number of local priorities, as demand is likely to be extremely high. Hampshire has been allocated a total of £2,377,237 for 2012/13.

F.3.5 [Regional Growth Fund](#)

- F.3.5.1.1 The Regional Growth Fund (RGF) is a £2.4bn fund operating across England from 2011 to 2015. It supports projects and programmes that lever private sector investment to create economic growth and sustainable employment. Private sector companies and public/private partnerships are eligible to bid. The minimum threshold for bids is £1m. Although in theory this funding source could be suitable for local flood risk management measures, the first 2 rounds of RGF bidding were massively oversubscribed and the high level of demand makes it unlikely to offer a realistic source of funding for most LFRM schemes.

F.3.6 Private beneficiary funding

F.3.6.1.1 Defra's partnership funding approach emphasises the "beneficiary pays" philosophy for flood risk management. This typically relates to the **private individuals or companies** who stand to benefit the most from a proposed measure, such as a **major landowner** whose land or property would be better protected as a result. In addition, some organisations (or philanthropic individuals) may choose to contribute for other reasons.

F.3.6.1.2 **Corporate bodies** may be persuaded to contribute to flood risk management measures. There are a number of ways to approach corporate giving. The guiding rule though is that they do not give away as much money as the public believes; they are a successful business for a reason, and all approaches need to be made with this in mind. For every penny that they provide they need to see a clear commercial benefit be it in terms of marketing, promotion, training, or reduction in flood risk.

- Employee Volunteering: Brings in very little financial support but can provide good PR and will boost volunteer numbers.
- Sponsorship: Generally provides low level support, averaging around a few thousand. It is normally used to raise the profile of the company in the local community so needs to be high profile.
- Beneficiary Contributions: If the business case can be made then this can be the most time and cost effective way of securing financial support. Halcrow, working in support of Partnerships, have been able to identify prospects and develop a successful case on a number of LFRM projects nationally.

F.3.7 Private sector finance (PPP/PFI)

F.3.7.1.1 Public Private Partnerships are alliances between private companies and either public bodies, local authorities or central government, set up to deliver a public project or service and typically involve the joint ownership of a special purpose vehicle established under company law to deliver a particular project. Private Finance Initiatives (PFI) represent a more formal approach to Public Private Partnerships in which the public sector contracts to purchase services on a long-term basis so as to take advantage of private sector management skills (incentivised by having private finance at risk). The private sector partner takes on responsibility for providing a public service, including maintaining, enhancing or constructing the necessary infrastructure and the public sector specifies a level of service in return for an annual payment, called a unitary charge.

F.3.7.1.2 These arrangements have some key disadvantages, the most notable of which is the high initial cost of establishing the various alliances. In addition, private sector investors are likely to want to see a return in the short to medium term. Investment cycles may also vary for each organisation and business sector involved. The timing and management of investment returns needs to be carefully considered to ensure that the benefits outweigh the costs.

F.3.7.1.3 The 20 year Broadland Flood Alleviation Project, which is a £140m contract that began in 2001, is an excellent example of where a flood alleviation scheme is being

successfully delivered using a Public Private Partnership funding approach. This scheme provides a range of flood defence improvement, maintenance and emergency response services in the Norfolk Broads.

F.3.8 Non-Government Organisations (NGOs) and charitable trusts

- F.3.8.1.1 Many LFRM projects are on a fairly small, localised scale and may struggle to access, or attract funding from, sources outlined here. In these instances grants or donations from sources such as **Non-Government Organisations** (NGOs) or charities can provide an additional/alternative route for funding. NGOs are non-profit, voluntary citizens' groups organised on a local, national or international level. They tend to be task-oriented, driven by people with a common interest, and may be organized to provide analysis and expertise around specific issues. For example, local citizens with a common interest in protecting their town against flood risk could form an NGO, and/or potentially establish a trust fund, to undertake necessary works (such as implementation of SUDS measures to reduce surface water flooding, or ongoing maintenance of local flood defences, for example).
- F.3.8.1.2 There are thousands of **grant making trusts**. They range from small family run outfits who give away a few hundred pounds to professional concerns making multi-million pound grants. For every concern or section of society that you can think of, there will be a trust set up to support it. Some trusts exist to support heritage, others wildlife, many are concerned with community level interventions to address poverty, education, access and so on.
- F.3.8.1.3 Applicants usually need to be a registered charity. Application is usually by a simple application form or a two page project summary. Most trusts, but not all, favour outcome led projects so this needs to be borne in mind when packaging up projects. Trusts are unlikely to fund a bridge for example but they may want to fund a programme of education that takes school children out of the class room and onto site to learn about flooding as part of a wider project looking at increasing the child's awareness of their impact on the environment.
- F.3.8.1.4 Trusts tend to need a tailored, personal approach. Once made, these relationships can last for years and can be very fruitful but they can be quite labour intensive to start with, requiring some effort for an uncertain reward.
- F.3.8.1.5 Broadly speaking it takes 6 months from application to decision; the decision will not necessarily be a straightforward yes or no, they may part fund or request certain amendments.

F.3.9 Community Fundraising and Events

- F.3.9.1.1 Community fundraising means raising money via the community through a series of volunteer run events, sponsorship, and via established local groups. It usually requires a specialist community fundraiser who can set up the mechanisms needed and provide support to the community champions leading the events. It is a time consuming way of raising small sums of money, but a great way to deliver community engagement and ownership which can in itself help a project to qualify for other sources of funding. This mechanism works to great success with emotive

causes that potentially touch everyone, think of cancer coffee mornings, Race for Life and so on. The connection for participant and donor needs to be immediate, obvious and usually altruistic. A lighter touch approach would include setting up a schedule of talks to groups such as the Rotary or Women's Institute to promote engagement and understanding.

F.3.10 Public Appeals

F.3.10.1.1 Closely allied with community fundraising, public appeals tend to be cost heavy. A well targeted warm appeal can command a rate of return of around 1 in 4 where one pound is spent to raise four, more typical is the 1 in 2 rate which reflects a more mixed target audience. The best public appeals tap into an established community need or awareness and can be run via the local media and the internet. A 'friends of' scheme is often a good way to get this type of mechanism kick-started.

F.3.11 Lottery

F.3.11.1.1 All the major lottery funding providers (Heritage Lottery Fund, Big Lottery, Arts Council) have clear guidelines and funding streams. Each of these operates on slightly different timescales and has various specific requirements. Grants from a few hundred to several million (depending on the type and scale of project) are awarded to sport, heritage and community activities and projects that make a positive contribution towards education, health and the environment in local communities. Flood risk management projects may be eligible if they can demonstrate that they do this, for example by improving social cohesion through volunteering to clean up local waterways. One example is Awards for All, which provides grants for projects that will help to improve the lives of individuals, boost creativity or encourage more people to get involved in local communities.

F.3.11.1.2 The lottery funding providers accept a range of applicants from registered charities to Local Authorities and informal partnerships. An online funding search is available (<http://www.lotteryfunding.org.uk/uk/funding-internet-search.htm>) to help applicants identify the types of lottery funding that may be suitable for a specific project.

F.3.11.1.3 Application timeframes vary considerably; the smaller applications can take three months from submission to award with larger ones taking up to three years. They usually require match funding of up to 25%. The application process is quite complex and specialist funding advice may be required.

F.3.12 European Union (EU)

F.3.12.1.1 EU funding is a complex and specialist field. Some authorities have invested proactively in this area of fundraising and are experienced in obtaining funds through this route; for example Cornwall and the Isles of Scilly prepared a detailed evidence base to bid for Convergence status in 2005 and thereby gained access to funding through this European economic regeneration programme.

F.3.12.1.2 Funding from the EU generally needs to be for projects which are innovative. Applicants need to be in a partnership that includes at least four other projects

spread across the EU and they need to demonstrate the transference of learning across the areas.

F.3.12.1.3 Grants tend to be in the region of a few million spread across all participants. The administrative burden on the main applicant can be considerable and needs to be considered when budgeting for EU fundraising.

F.3.13 Defra grants & pilots

F.3.13.1.1 Defra occasionally makes funding available through one-off grants and pilot projects. Risk management authorities should bear this in mind and be prepared to grasp appropriate opportunities if and when they arise.

F.3.14 Landfill Tax

F.3.14.1.1 If the project site is within a certain distance of a landfill site funding can be sought from a range of landfill operators. There are a range of criteria that govern these grants but they look at supporting:

- Remediation of polluted land
- Reduction, prevention or mitigation of effects of pollution
- Provision of a public park or amenity
- Conservation of a specific species or habitat
- Repair or maintenance of a place of worship or of historical significance

F.3.14.1.2 Each landfill operator then applies its own criteria. Applications are by a published form to set deadlines. Depending on the size of the landfill operator grants can range from a few thousand to 250 thousand pounds.

F.3.15 Volunteering

F.3.15.1.1 Well run, high quality volunteering actually costs money, but by incorporating structured volunteering opportunities the project increases its community engagement and develops a sense of ownership in both the problem and solution. Volunteering can be used to bring in funding by counting as match funding. By enhancing a volunteer project with structured training funding can be obtained from back to work schemes and government initiatives to tackle the growing number of people not in education, employment or training (NEETS).

F.4 Proposed approach

F.4.1.1.1 At this stage of project development it is suggested that best funding mix would take in a cross section of the funding sources outlined above.

F.4.1.1.2 Dedicated flood risk funding should be secured first, at least in outline. This is likely to come in large part from FDGiA and Local Levy, supplemented by LLFA, local authority and/or development-related sources depending on local circumstances. The amount of FDGiA a project may qualify for can be estimated in advance using

Defra's Partnership Funding Calculator, which will enable the likely size of the funding gap to be determined. One of the factors affecting FDGiA eligibility is the amount of other contributions obtained, so it helps to have some understanding of the likely availability of local contributions as early as possible and the process will be iterative.

- F.4.1.1.3 Hampshire County Council has historically taken the approach of supporting individual districts to apply for FDGiA as opposed to applying on its own behalf. For example, Havant Borough Council has been awarded £121,000 reserved FDGiA funding for 2012/13 to progress the Eastoke Beach Management Plan for Hayling Island, and New Forest has £35,000 reserved FDGiA funding for 2012/13 to progress the implementation of the Hurst Spit Beach Management Plan (both also have indicative funding to continue these schemes in future years). In addition, Fareham Borough Council, Hart District Council and Havant Borough Council have a number of schemes which have been awarded indicative FDGiA for 2013/14 (to be confirmed depending upon the development of outcomes, costs and partnership arrangements, considered in the context of national prioritisation). These indicative grants include funding for a surface water run-off management scheme in Hartley Wintney. Given its overarching responsibility for local flood risk management under FWMA, however, HCC plans to use this LFRMS as the evidence base to establish its own programme of FDGiA applications. In order to promote local priorities for FDGiA and Local Levy funding it is crucial that HCC engages proactively with all three RFCCs covering Hampshire. The RFCC representative will therefore be kept fully informed and up to date with the LFRMS and related matters, and will ideally attend (or at least be kept up to date with minutes from) flood risk management partnership meetings.
- F.4.1.1.4 According to the full national published Regional Flood and Coastal Risk Management Programme for 2012/13, between them Eastleigh Borough Council, Fareham Borough Council, Gosport Borough Council, Havant Borough Council and New Forest District Council have 12 schemes totalling in excess of £160m for which FDGiA Funding has been applied but the partnership funding score is not above the threshold for a grant. For these schemes to proceed the at least £6.9m savings must be identified through some combination of: reduced costs, improved outcomes or additional contributions. This demonstrates how important partnership funding can be.
- F.4.1.1.5 Once the funding gap left by the main dedicated flood risk funding sources has been established, the measures proposed in the LFRMS action plan will be individually assessed according to how they meet a range of funders' requirements. This will include identifying any areas that can be delivered by volunteers, investigating how these would be managed and promoted. Key trust applications will be identified, along with warm funding sources within the local business community. Project outcomes will be compared to the current round of lottery and landfill funding themes and a programme of applications drawn up. It is not known at this stage what proportion of LFRMS measures might suit community fundraising or a public appeal, and the work proposed does not at this stage meet the EU requirement for innovation.

- F.4.1.1.6 The goal is to strike a balance between spreading the fundraising risk over a range of funders and fund types without burdening the project with hundreds of funders needing updates and reports, i.e. proportionality of investment versus return.
- F.4.1.1.7 There are many things that will lead to the delivery of successful fundraising plan but at this strategic stage the three main areas are:
- Partnership working, to identify warm opportunities and to share knowledge;
 - Early planning to ensure that deadlines are not missed and that projects are designed with the funder's requirements in mind; and,
 - The development of a good case for support, including benefits to local businesses and communities that go beyond basic flood management.

F.5 Next Steps

- F.5.1.1.1 The next stage will be to develop specific planned interventions, working with the strategic group to explore these and to see how they can best be packaged up to attract financial support.
- F.5.1.1.2 This will then feed into the fundraising action plan which will layout which applications are recommended, when, for what and for how much.
- F.5.1.1.3 The matrix of funding sources and benefits in Figure F1 is designed to help with the initial identification of those funding sources most likely to be suitable based on the anticipated outcomes and outputs of a measure. The top section focuses on the primary benefit of flood risk management measures, i.e. to reduce the risk of flooding to various types of receptor. To use the matrix select the receptor(s) that will benefit from a reduction in flood risk as a result of the measure under consideration and read along the row to identify the funding sources with the highest potential. Next, read down the funding source column to identify other outputs and outcomes which could increase the likelihood of accessing this funding source.
- F.5.1.1.4 The matrix is intended as an initial guide to help direct fundraising efforts. If project or area specific knowledge suggests a funding source may have greater or lesser potential than is suggested by this matrix then such evidence should take precedence.

F.6 Examples of different partnership funding approaches

- F.6.1.1.1 **West Wittering** – The existing flood defence is predicted by the Environment Agency to be at risk of regular overtopping within 25 years and requires improvements to maintain protection for residents of West Wittering. Villagers have raised a substantial financial contribution to help make sure the scheme can be progressed. From various private donations and contributions from from West Wittering Estates (a company set up by local residents to preserve the local area) and the Woodger Trust (a local charitable trust), residents have managed to raise in excess of £650,000 towards the scheme. The remainder will be funded by FDGiA.

Coordination of efforts to raise contributions was carried out by residents through the West Wittering Flood Action Group. Further information is available from the West Wittering Parish Council website (<http://www.westwitteringparishcouncil.gov.uk/>). This is a good example of several different routes by which residents can make a strong contribution to the progression of local schemes, as it includes charitable trust, a resident-owned private company and a community flood action group. Although the potential for private contributions may not be the same everywhere, residents can get involved through fundraising and volunteering as well. This should be encouraged as it promotes a sense of local ownership and improves social cohesion, as well as being a key factor in qualifying for some of the wider funding sources (e.g. EU grants, lottery funding and some forms of local authority funding).

- F.6.1.1.2 **Bridgwater** – In September 2009, Sedgemoor District Council formally adopted a supplementary planning document (SPD) that sets out a funding mechanism to deliver strategic flood defences for Bridgwater. Specifically, this sets out the mechanism to seek contributions from new development toward the capital costs of the "Parrett Barrier", a tidal surge barrier that is the preferred long term flood defence solution for the town (estimated cost £25m). The SPD sets out interim policy enabling contributions to be sought from new development in advance of the implementation of a Community Infrastructure Levy Charging Schedule, including a tariff (based on development type, flood vulnerability and flood risk) which is now being applied to all planning proposals put forward for Bridgwater. This example shows how planning authorities can play a key role in accessing contributions for flood risk management projects in areas where they are not the LLFA.
- F.6.1.1.3 **Camborne, Pool and Redruth** – A strategic plan was needed to enable regeneration to take place without requiring significant infrastructure upgrades (including a major investment at the sewage treatment works). Urban regeneration company CPR Regeneration collaborated with the Homes and Communities Agency (HCA) to apply for European convergence funding which provided the necessary up-front investment to progress strategic drainage work, enabling land to be released for development. CPR Regeneration approached Cornwall Council as the most appropriate organisation to project manage the drainage project due to their legislative powers, land drainage responsibilities, expertise in asset management of green open spaces, and responsibilities under the Flood and Water Management Act. The Council has acted as 'gatekeeper' by ensuring that developers comply with the strategy, and the Environment Agency has played a crucial role in driving forward the project and helping Cornwall Council to manage developer compliance through its role as a statutory consultee in the planning process. Cornwall Council provided the additional funding needed to support aspects of the scheme relating to residential development. The buy-in of all these partners was made possible by the range of benefits offered by this strategic scheme: it included biodiversity, water quality, reduced flood risk, public open space, community transport links and a utilities corridor.

Benefits		Funders	Flood Defence Grant in Aid (FDGiA)	Local Levy funding	Revenue Funding for new LLFA	Council tax (including Levies and Precepts)	Local authority Formula Grant	New Homes Bonus	Business Rate Supplement	Business Improvement Districts	Wellbeing funding	Developer based contributions (S106)	Community Infrastructure Levies (CIL)	Public Works Loan Board (PWLb)	Tax Increment Funding	Asset backed financing	Regional Growth Fund	Private beneficiary funding	Private Sector Finance (PPP/PFI)	NGOs & charitable trusts	European Union funding	Defra one-off grants and pilot projects	Water Framework Directive (WFD) funding	Catchment restoration fund	Lottery funding (various)	Landfill Tax		
Reduced risk of flooding	Existing private homes																											
	Existing social housing																											
	Existing businesses																											
	Highways infrastructure																											
	Railway infrastructure																											
	Water / wastewater infrastructure																											
	Gas utility infrastructure																											
	Electricity utility infrastructure																											
	Public infrastructure & assets (e.g. hospitals, schools)																											
	Development land																											
Creates, promotes or enhances	Community education																											
	Urban regeneration																											
	Economic growth																											
	New development																											
	Water quality																											
	Biodiversity																											
	Public amenity																											
	Cultural heritage																											
	Mental health																											
	Physical health																											
	Community cohesion																											
Community resilience ⁽¹⁾																												

Key

- Strong potential
- Modest potential
- Low potential

Note: This matrix is intended as an initial guide to help direct fundraising efforts. If project- or area- specific knowledge suggests a funding source may have greater or lesser potential than is suggested by this matrix then such evidence should take precedence.

(1) *Refers to 'soft' measures which improve a community's ability to respond and recover effectively; for example community flood plans, flood wardens, etc. Structural resilience measures such as individual property protection are included in reduced flood risk to existing homes