



Department
for Environment
Food & Rural Affairs

Central Government Funding for Flood and Coastal Erosion Risk Management in England

March 2022

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Introduction

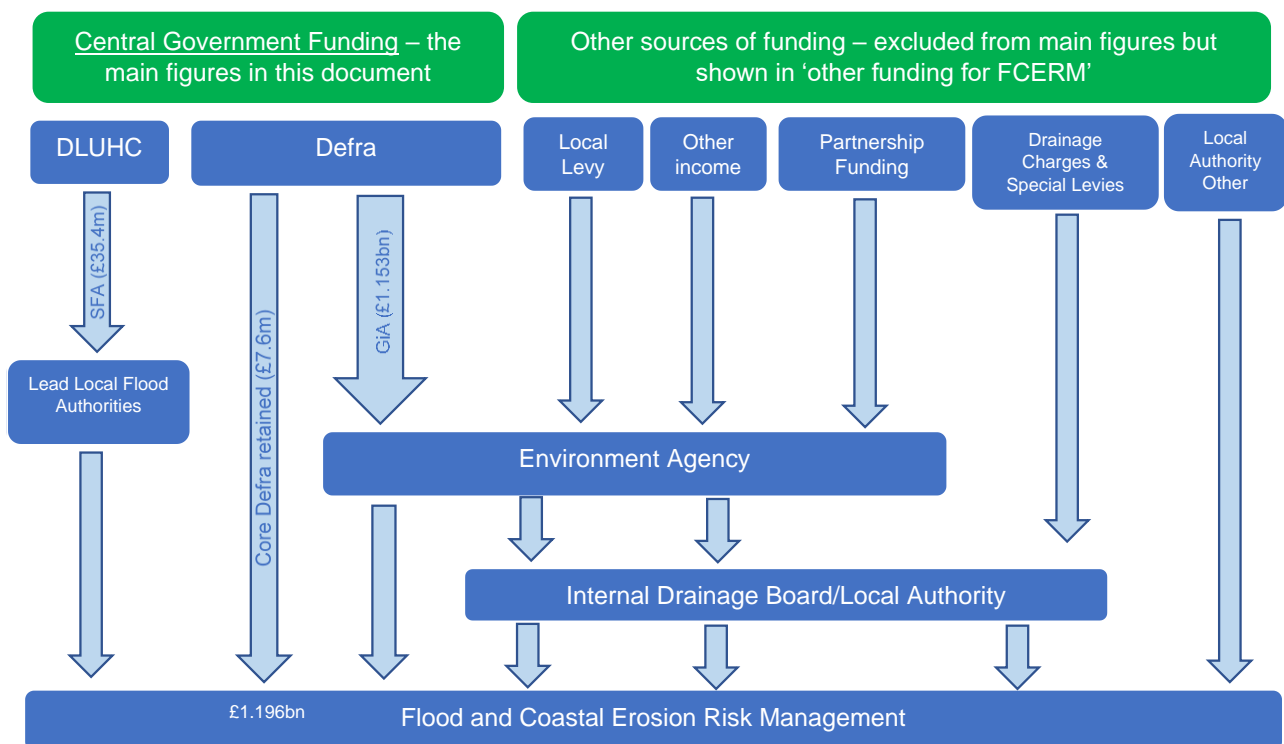
This document sets out historic central government funding for Flood and Coastal Erosion Risk Management (FCERM) in England, for the year 2020/21, and the allocation for 2021/22. The figures are taken from Defra and Environment Agency (EA) accounting systems and historical management information. Total annual figures are shown with and without the effects of inflation.

Funding for FCERM is administered through Defra, the EA and the Department for Levelling Up, Housing and Communities (DLUHC) (formerly Ministry of Housing, Communities and Local Government - MHCLG). Other sources of funding are excluded from the main figures because they are raised locally, but some details can be found in the section '[Other funding for flood and coastal erosion risk management](#)'.

Explanation of funding sources

Figure 1 – Diagram of Flood and Coastal Erosion Risk Management funding

The figures included in this diagram are the 2021/22 budget allocations, as per [Table 1](#) on page 4.



1. Central Government Funding

Defra provides the majority of its funding for FCERM to the EA as **Grant-in-Aid (GiA)**, which is the mechanism for financing Non-Departmental Public Bodies (NDPB), such as the EA. The EA spends this funding directly on managing flood risk, but it also passes some of this funding on as capital grants for flood or coastal erosion defence improvements to **local authorities** or **Internal Drainage Boards** – local public authorities established in areas of special drainage need which manage water levels within their respective drainage districts.

Until 2015/16, Defra transferred some of its FCERM funding to **Lead Local Flood Authorities** (LLFAs) via the DLUHC. [The Flood and Water Management Act 2010](#) defined LLFAs for specific areas and gave those authorities the role of managing local flood risk. The Funding made available by the Act enabled LLFA's to carry out their new duties (introduced by the Act), but it is not ring-fenced. Such duties include the duty to develop and apply a local flood risk strategy. In 2013, Defra transferred budget cover for a proportion of this funding to DLUHC; the remaining budget was transferred to DLUHC in 2016. Between 2013 and 2016, LLFAs therefore received part of their funding from Defra and part of their funding from DLUHC. The Defra component was paid via DLUHC's **Local Services Support Grant** (LSSG), which is one of the mechanisms for central government to give funding to local authorities. The DLUHC component is now provided to LLFAs through the overall **Settlement Funding Assessment** (SFA) for local authorities.

Finally, Defra retains a small proportion of its funding for FCERM for ad-hoc programmes, such as the **Community Pathfinder** projects, a two-year scheme which ran from 2013-15, covering property-level protection; flood resilience groups; and volunteer flood wardens. The element retained of the central government funding is referred to in this document as **Core Defra Retained**.

2. Other Sources of Funding

As well as the central government funding there are a number of other funding sources for FCERM. These include a levy on local authorities (local levy) raised by the EA. EA levies are subject to approval of the relevant Regional Flood and Coastal Committee (RFCC). RFCCs are composed of a chair appointed by the Secretary of State, a majority of members appointed by LLFAs and independent members with relevant experience appointed by the EA. Their roles are to ensure that there are coherent plans for managing flood and coastal erosion risks across catchments and shorelines; encourage efficient, targeted and risk-based investment; and to provide a link between the EA, LLFAs, and other relevant bodies to build understanding of flood and coastal erosion risks in their regions.

Another source of funding is raised through the [partnership funding](#) approach, which allows central government to contribute to a range of flood schemes rather than meeting the full costs of a limited number of schemes. Under this mechanism, local communities raise funding towards a scheme and either channel it through the EA or use it directly on FCERM projects, with central government also contributing. This ensures total investment in defence improvements is not restricted to what central government alone can afford over any period.

As well as receiving funding from the EA, internal drainage boards raise funds from **Drainage Charges** and **Special Levies** on properties in their areas. The EA also raises **other income** from outside of central government including through internal drainage board precepts; General Drainage Charges; and the sale of assets.

Finally, local authorities (district authorities in county council areas and unitary authorities) retain powers to carry out flood risk management works on ordinary watercourses under the [Land Drainage Act 1991](#) as amended by the [Flood and Water Management Act 2010](#). They can also use their general funding provided by DLUHC through the Settlement Funding Assessment for flood management. This is in addition to the element of the Settlement Funding Assessment which is provided to LLFAs specifically to meet their roles and responsibilities required under the Flood and Water Management Act 2010.

Financial Terminology

Total central government spending is split between **Departmental Expenditure Limits** (DEL) and **Annually Managed Expenditure** (AME). DEL is the amount that HM Treasury has allocated to departments to spend within a specified period i.e. within a financial year. AME covers unforeseen or uncontrollable expenditure that fall outside the ambit of the normal budgetary control, such as a government department exercise e.g.

welfare, pensions and the cost of responding to disasters etc. All figures in this publication relate to DEL and exclude AME.

Money within DEL is further split into **Resource** funding and **Capital** funding.

Resource funding is money that is spent on day to day resources and administration costs. Amongst other things, it covers spending on routine **maintenance** of defences; **evidence** (information used to support sound decisions in developing, implementing, and evaluating policy); and **depreciation** (the current cost associated with the ownership of assets).

Capital funding is money that is spent on investment and things that will create growth in the future.

The figures in this document **exclude** Core Defra Retained Administration costs; spend on evidence; and depreciation.

The totals in Tables 2 and 3 of this document are shown with and without the effects of inflation based on 2020/21 prices where applicable. Inflation rates are taken from HM Treasury's [Gross Domestic Product \(GDP\) Deflator](#), which is a measure of general inflation in the domestic economy. This provides an indication of the "real terms" value of the funding in 2020/21 prices for the purpose of comparison.

Budget Allocations

Table 1 – Budgets for Flood and Coastal Erosion Risk Management 2021/22 (£m)

Financial Year	Core Defra Retained		DLUHC	EA		Total
	Resource	Capital	Resource - Paid to LLFAs	Resource	Capital	
2021/22	4.6	3.0	35.4	269.6	883.5	1196.1

Table 1 details the capital and resources budgets that have been allocated for the 21/22 financial year. These figures are allocations only and actual expenditure for 21/22 will be detailed in the subsequent floods funding publication. The definitions of “[Resource](#)” and “[Capital](#)” and the allocations paid to LLFA by DLUHC are explained in the section on [Financial Terminology](#).

In March 2020 government announced it would double its investment in FCERM to £5.2bn for the next 6 year programme which will run from April 2021 to March 2027. The Spending Review 2021 reaffirmed our investment of £5.2 billion in this programme’. The year 21/22 is the first year of the £5.2bn FCERM 6 year capital programme. Resource figures have been confirmed for 21/22 only.

Initial allocations and final expenditure can differ for various reasons, for example government response to a flood incident or other in-year funding allocations due to a change in resource need.

Historical Expenditure

Table 2 – Expenditure on Flood and Coastal Erosion Risk Management, 2005/06 to 2020/21 (£m)

Financial Year	Core Defra Retained			DCLG	EA		Total	Total - Real Terms ¹
	Resource	Resource - Paid to LLFA's	Capital	Resource - Paid to LLFAs	Resource	Capital		
2005/06	0.1		63.5		228.3	216.8	508.7	707.3
2006/07	-		67.2		232.63	207.0 2	506.9	685.2
2007/08	1.1		39.3		240.2	219.2	499.8	657.2
2008/09	0.9		1.1		249.6	316	567.6	726.7
2009/10	11.2		1.8		260	360.1	633.1	797.9
2010/11	13.6		4.9		291.6	360	670.1	829.2
2011/12	3.4	21	-		287.81	260.7	572.9	698.4
2012/13	3.2	36	-		268.02	269.1	576.3	688.5
2013/14	4.3	15	-	21	250.6	315.3	606.2	711.3
2014/15	6.0	15	11.6	20.7	282.6	466.7	802.6	929.0
2015/16	2.6	10	12.4	20.6	274.5	390.7	710.8	816.1
2016/17	2.4		- 0.1	31.1	314.6	446.9	794.9	890.6
2017/18	2.5		0.8	32.4	338.2	403.1	777.0	855.5
2018/19	2.3		-	32.3	304.8	453	792.4	852.5
2019/20	2.5		0.5	33.0	329.5	501.3	866.7	912.0
2020/21	3.4		2.5	33.1	413.4	610.4	1,062. 8	1,052.0

¹ Real terms figures are shown in 20/21 prices, using HM Treasury's GDP Deflator (June 2021 publication).

Table 2 provides a summary of Defra spending on FCERM from 2005/6 until 2020/21. The totals are shown with and without the effects of inflation to give an indication of the “real term” value of funding in today’s prices.

Points to note:

- The £2.5m Capital for Core Defra retained is for Property Flood Resilience (PFR) repair grants for payments made in 2020/21.
- The £0.5m Capital for Core Defra retained in 2019/20 is the Defra PFR repair scheme launched following the November 2019 flooding.
- The -£0.1m capital figure in 2016/17 relates to refunds from local authorities under the Repair and Renew Grant Scheme following receipt of their audit reports. The £0.8m capital figure in 2017/18, relates to a Flood Asset Register (FAR) grants scheme.
- The capital figures in 2014/15 and 2015/16 relate to the Repair and Renew Grant scheme, set up following the winter 2013/14 flooding.
- Expenditure by Lead Local Flood Authorities (LLFA), shown in the columns ‘Resource – paid to LLFAs’, began in 2011/12 to support their new roles under the Flood and Water Management Act 2010. In 2013, Defra transferred budget cover for a proportion of this expenditure to Ministry of Housing, Communities and Local Government (MHCLG), with the remainder being transferred in 2016. From 2016/17, Defra no longer fund LLFAs as funding comes directly from MHCLG.
- The resource paid to LLFAs refers to notional allocations set out in the [visible lines of funding](#) publication. These allocations are entirely notional as the core settlement is not ringfenced. The ‘Visible Lines’ do not impact on the settlement distribution or represent an expectation from central government of local expenditure levels.
- The Local Government Finance Settlement for 2022/23 makes available an additional £3.7 billion for councils, an increase in funding for councils of over 4.5% in real terms. The majority of this funding is un-ringfenced. The Settlement includes a new, one-off 2022/23 Services Grant to support all services delivered by councils, worth £822 million. In 2020/21, the most recent year for which final revenue outturn is available, Local Authorities spent over £133 million on flood and coastal erosion risk management.
- Core Defra Retained capital figures to 2010/11 related to expenditure through local authorities to support a limited number of coastal change pathfinder projects. These projects finished in 2010/11

Funding Trends

Table 3 –Total Flood and Coastal Erosion Risk Management Expenditure, 2005/06 to 2020/21 (£m)

Financial Year	Total	Total - Real Terms	Rolling - 5 - Year Average - Real Terms
2005/06	508.7	707.3	n/a

2006/07	506.8	685.2	n/a
2007/08	499.8	657.2	n/a
2008/09	567.6	726.7	n/a
2009/10	633.1	797.9	714.8
2010/11	670.1	829.2	739.2
2011/12	572.9	698.4	741.9
2012/13	576.3	688.5	748.1
2013/14	606.2	711.3	745.1
2014/15	802.6	929.0	771.3
2015/16	710.8	816.1	768.6
2016/17	794.9	890.6	807.1
2017/18	777.0	855.5	840.5
2018/19	792.4	852.5	868.7
2019/20	866.7	912.0	865.3
2020/21	1,062.8	1052.0	912.5

¹ Real terms figures are shown in 20/21 prices, using HM Treasury's GDP Deflator (June 2021 publication).

Government funding varies from year to year. This is partly because the need for work varies including responding to significant flood events. This means that comparing any 2 years in isolation does not give a good indication of trends in spending.

The total funding for 2020/21 in real terms shows funding has increased in the last year, with the last four 5 year averages being consistently over £800m. A 5-year rolling figure is calculated by using the figures for the five years ending on the financial year on which the average is given.

Other Funding for Flood and Coastal Erosion Risk Management

Table 4 – Total Expenditure through central government, 2005/06 to 2020/21 (£m)

Financial Year	Total Central Government	EA Local Levy	EA funding from other sources	Total	Total Real Terms
2005/06	508.70	19.7	41.6	570.00	792.55
2006/07	506.75	26.1	34.5	567.35	767.09
2007/08	499.80	17	25.8	542.60	713.51
2008/09	567.57	33.2	22.1	622.87	797.46
2009/10	633.14	38	18.5	689.64	869.05
2010/11	670.10	30.9	17.1	718.10	888.64
2011/12	572.91	33.7	16.9	623.51	760.07
2012/13	576.32	20.2	27.2	623.72	745.09
2013/14	606.20	29.1	39.4	674.70	791.71
2014/15	802.60	24.1	42.9	869.60	1,006.53
2015/16	710.80	18.2	55.8	784.80	901.02
2016/17	794.90	27.1	55	877.00	982.56
2017/18	777.00	29.3	49.8	856.10	942.55
2018/19	792.35	35.5	42.8	870.65	936.80
2019/20	866.74	38.9	38	943.64	992.95
2020/21	1,062.83	26.6	71	1,160.43	1,148.64

¹ Real terms figures are shown in 20/21 prices, using HM Treasury's GDP Deflator (June 2021 publication).

In addition to the funding provided by central government, the EA's Regional Flood and Coastal Committees raise funding through a local levy for flood management schemes. This is spent through the EA but is not included in [Tables 1, 2, and 3](#), as it is raised locally rather than provided through central government.

The EA also raises other funding for flood and coastal erosion risk management from outside of central government. This includes a proportion of income raised through the partnership funding scheme which comes through the EA; Internal Drainage Board precepts; General Drainage Charges; and the sale of assets.

Table 4 shows all the expenditure by central government, as per [Table 3](#), together with other expenditure by the EA funded from the local levy and the other sources including partnership funding –contributions to EA schemes that are partially funded by Defra.

The table does **not** include partnership funding raised by other risk management authorities, Internal Drainage Board funding raised from drainage charges and special levies, or local authority funding from their Settlement Funding Assessment (SFA) spent on flood or coastal erosion risk management (except the element of SFA given to LLFAs detailed in [Tables 1](#) and [2](#) above). This funding is not reported here because it is a matter for local authorities who are free to set their own priorities and are accountable to local communities for the effectiveness of their spending decisions.

Updates to this document

This document will typically be updated annually following the publication of Defra’s Annual Report and Accounts. The prior financial year’s actual spend will be added, together with the current and future years’ budget figures (where available). For future publications, Defra will look to provide regional level breakdowns of expenditure.

March 2022: Annual update, including replacing 2020/21 budget figures with actual expenditure and adding agreed budget figures for 2021/22.

These statistics have been produced to the high professional standards set out in the Code of Practice for Statistics.

The responsible statistician is Stuart Homann - stuart.homann@environment-agency.gov.uk

More information on the Code of Practice for Statistics can be found at <http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html>

Sources and other relevant publications

The figures in this document have been taken from Defra and EA accounting systems and historical management information.

Other relevant publications:

[Defra Annual Report and Accounts 2020/21](#) – Figures in the Consolidated ARA include Local Levy, Depreciation, AME, Evidence and Core Floods Admin. They exclude the Settlement Funding Assessment element of expenditure by LLFAs and Capital Assets.

[EA Annual Report and Accounts 2020/21](#) – Figures in EA's ARA include local levy and Evidence.

[Introductory Guide to Partnership Funding](#) – Separate Defra guidance on the Partnership Funding scheme.

[Local authority revenue expenditure and financing](#) – Showing local authority budgets in 2021/22 relating to their Settlement Funding Assessment.

[Local authority capital expenditure, receipts and financing](#) – Showing local authority capital expenditure and financing in England: 2021 to 2022 individual local authority data forecast.

[Main Estimates](#) and [Supplementary Estimates](#) – The Main Estimates show the budgets approved by Parliament for a given financial year. The Supplementary Estimates update these amounts in-year. The Estimates have a discreet heading for the EA element of FCERM spend: 'Prepare for and Manage Risk from Environmental Emergencies (NDPB)', whereas Core Defra FCERM spend is wrapped up in the heading 'Prepare for and Manage Risk from Environmental Emergencies'. The Estimates include Local Levy, Depreciation, Evidence and Core Floods Admin. They exclude the Settlement Funding Assessment element of funding to LLFAs and any agreed over/underspends against budget. The Supplementary Estimate differs from the Main Estimate as it includes any agreed in-year budget movements.

[Public Expenditure Statistical Analyses \(PESA\)](#) and [Country and Regional Analysis November 2021](#) – The figures used in these statistical publications cover the EA element of FCERM spend only. These figures are not discreet in the publications, but are wrapped up in the heading 'Environment Protection'. They include Local Levy, Depreciation and Evidence and make additional adjustments, including for grants to and from local government, impairments/revaluation of assets, and profit on disposal of assets. EA spending data is separately identifiable in the [Transparency publications of the OSCAR database](#) which underlies the PESA and CRA publications.

[GDP Deflator 2021](#) - Produced by HM Treasury as a measure of general inflation in the domestic economy.

[Managing Public Money](#) and [Consolidated Budgeting Guidance](#) – HMT guidance on managing and accounting for public funds.



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