

Funding challenges and opportunities for Flood Risk Management in the BFI study area

This document is based on a high-level assessment of funding, undertaken during the early programme works for the BFI in **2020**. It is based on the data and information available, and the Flood Risk Management funding policy at that time. A funding strategy will be produced as part of the BFI Plan (expected 2028) and will incorporate the latest information, guidance, and government policy.

1. Funding requirement assessment

Scale of investment needed

The Broadland Futures Initiative (BFI) faces a substantial funding challenge for long-term flood risk management. Based on the 2016 High Level Review for the Broads Climate Partnership, the estimated costs are significant:

- Total Project Costs: £400-500 million over the next 50 years for maintaining current flood risk management structures across the entire area.
- Partnership Funding Requirement: £120-206 million in Present Value terms, which could translate to over £300 million in non-discounted cash value depending on the timing of works.
- Annual Context: This represents an average annual expenditure of £10 million over 50 years, compared to current maintenance spending of approximately £6-8 million per year by the Environment Agency and Internal Drainage Boards combined at that time.

A key objective for the BFI is to develop a strong funding partnership. This is an essential requirement of any project where contributions are needed to achieve Flood Risk Management (FRM) outcomes. The BFI partnership recognises that funding and adaptive flood management strategies are mutually dependent on one another.

Funding context and challenges in Broadland

The funding requirement must be viewed against several contextual factors that make Broadland particularly challenging from a funding perspective. With the exception of Great Yarmouth, the predominantly rural, dispersed nature of the area means there are fewer major beneficiaries compared to urban flood schemes, resulting in a relatively low benefit-to-cost ratio compared to other major projects elsewhere. Additionally, sea level rise means increasingly expensive infrastructure will be needed to maintain current protection levels, essentially requiring more investment to "stand still" unless adaptive approaches are adopted.

The costs presented are high-level approximations based on broad assumptions rather than detailed calculations. More precise figures will only be available once design work progresses, recognising that option development, appraisal and funding are interlinked elements in an iterative process throughout the project lifecycle.

2. Benefits supporting partnership funding

Economic benefits

The economic case for flood risk management in the Broadland area is substantial. The economic benefits of protecting land and properties from flood risk are estimated to have a present value of

£900 million to £1.2 billion. Additionally, tourism generates approximately £632 million of revenue across the area annually, representing a significant economic asset requiring protection.

The area contains diverse economic assets including:

- 13,000 residential properties within the benefit area
- Over 1,000 manufacturing, office and warehouse buildings
- Extensive agricultural land with over three-quarters being good to excellent quality, supporting over 80 agricultural buildings
- 300+ holiday accommodation assets supporting the vital tourism sector
- Significant marine industry with around 700 people permanently employed in boat hire and manufacture

Infrastructure and social benefits

Critical infrastructure protection includes:

- Transportation networks: Major road links including the A47, plus 90km of railways and 8 stations
- Utility infrastructure: Extensive electricity networks with 6 large and almost 500 small substations, plus gas, water and telecommunications infrastructure
- Community facilities: Schools, care homes and other public services that benefit from reduced disruption and emergency response costs

Environmental and heritage value

The Broads' unique environmental and heritage assets provide significant benefits that, while challenging to quantify in traditional economic terms, offer substantial value for partnership funding. These include nationally important environmental habitats, heritage features, and recreational opportunities that could generate new revenue streams through enhanced amenity provision.

Data gaps and evidence requirements

Several critical data gaps have been identified that need addressing to strengthen the funding case:

- Quantification of utility infrastructure benefits requiring detailed engagement with infrastructure providers
- Natural capital valuations to unlock emerging funding streams
- Detailed emergency management cost savings from reduced flood events
- Tourism impact assessments to demonstrate the full economic value at risk
- Insurance premium reduction potential for residents and businesses

3. Funding Sources Analysis

3.1 Strategic level funding sources

Public Sector partners

- Local Authorities offer the strongest potential for strategic-scale contributions. Norfolk County Council and local district councils benefit from reduced road network disruption, protection of public assets, and lower emergency response costs. However, competing budget pressures remain a significant constraint.

Infrastructure and Utilities

- Major infrastructure providers including Network Rail, UK Power Networks, gas suppliers, and Anglian Water benefit from flood protection.
- Anglian Water may be able to provide direct contributions through their Asset Management Programme or benefits in kind.
- Utility companies may provide more support when their assets face direct flood risk.

Environmental and heritage organisations

- The RSPB, Norfolk Wildlife Trust, and similar groups strongly support the environmental benefits but typically cannot provide large-scale funding. However, they play crucial roles in developing evidence bases and accessing specialist funding streams. Heritage Lottery Funding has previously supported Broads projects, including £2.6 million for the Water, Mills and Marshes project.

3.2 Local funding opportunities

Community and business contributions

While individual contributions are typically small, collective approaches can be significant. Business Improvement Districts (BIDs) and the Norfolk Business Rates Pool have successfully funded coastal protection projects. However, the dispersed nature of businesses across the Broads area presents challenges for organised contribution schemes.

Development-related funding

Section 106 agreements from new developments could contribute to flood risk mitigation, though significant new development opportunities in flood-benefit areas are currently limited. Community Infrastructure Levy (CIL) offers potential, though Great Yarmouth Borough Council doesn't currently implement CIL.

Innovative funding models

The Broadland area offers opportunities for revenue generation through enhanced infrastructure, new moorings, recreational facilities, and potential energy generation. Natural capital approaches, including payments for ecosystem services, present emerging opportunities.

3.3 Alternative funding models

Several successful models demonstrate potential approaches:

- Private Finance Initiative (PFI): Precedent exists with the Broadland Flood Alleviation Project (£143 million, 20-year partnership that ended in 2021)
- Community Interest Companies: Successful model demonstrated in The Wash area for coastal protection
- Comprehensive Levy Systems: Somerset Fens model combining national Grant in Aid with local levy systems

3.4 Innovation opportunities

The Broads offers unique opportunities for innovative funding through:

- Enhanced infrastructure providing moorings, cycle ways, walking paths etc
- Enhanced ecotourism potential
- Energy generation potential from flood management infrastructure
- Natural capital approaches including payments for ecosystem services
- Green financing mechanisms aligned with government environmental strategies

4. Partnership funding outlook and next steps

Overall assessment

The funding outlook for flood risk management in Broadland presents significant challenges alongside important opportunities. The assessment indicates that securing adequate funding will be difficult due to the scale of investment required and the relatively moderate magnitude of benefits to individual partner organisations. However, the wide range of benefits supported creates diverse funding opportunities from multiple sources.

Key constraints

Financial constraints:

- Benefit-to-cost ratio relatively low compared to urban flood schemes
- Sea level rise requires increasingly expensive solutions
- Competing priorities for limited public resources across multiple authorities

Structural challenges:

- Dispersed rural nature limits major individual beneficiaries
- Infrequent flood events make urgent need harder to demonstrate
- Multiple administrative boundaries complicate coordination
- Long-term adaptive approach requires sustained partnership commitment

Information gaps:

- Lack of clearly defined management options limits funder confidence
- Insufficient quantification of benefits for key stakeholder groups
- Need for detailed natural capital valuations to unlock emerging funding streams

Strategic opportunities

Partnership strengths:

- Strong local and national political support creates valuable political capital
- Wide stakeholder approval through democratic development process
- Existing successful partnerships provide foundation for expansion
- Significant environmental values attract broad organisational support

Funding innovations:

- Potential for systemic, long-term infrastructure value assessment
- Opportunities to demonstrate cost savings through adaptive asset management
- Integration of multiple benefit types to unlock diverse funding streams
- Early integration of funding considerations into project development

Next steps for the BFI in developing its funding strategy

Creating strong partnerships:

- Maintain register of all actual and potential funding partners
- Focused strategic engagement with local authorities requiring compelling benefits cases
- Strategic engagement with utility providers to understand resilience priorities and appetite for investment

Clearly defining roles:

- Define lead responsibilities for each funding partnership role
- Develop appropriate governance structures reflecting project value and risk
- Establish funding programme and activity calendar aligned with partner investment cycles
- Create detailed engagement and negotiation plans for external organisations

Securing and managing contributions:

- Fill critical benefit information gaps through stakeholder engagement
- Quantify estimates of potential contributions including fair value of in-kind support
- Develop project-specific funding plans as options develop
- Undertake financial and risk modelling for different funding scenarios
- Review commercial delivery options and alternative business models
- Develop exit strategies for scenarios where anticipated funding isn't secured

The BFI's adaptive management approach provides time to identify and coordinate funding activities, recognising that many funding sources require significant development time, particularly those requiring political and community buy-in. This timeline advantage should be leveraged to develop innovative funding mechanisms that maximise the multiple values created by flood risk management in this nationally important area.