

Department for Environment, Food and Rural Affairs

Defra Funding for Flood and Coastal Erosion Risk Management in England

February 2014

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Budget allocation

Following the announcement on 6 February 2014 of £130 million additional funding, Defra is on course to invest more than £3.1 billion in flood and coastal erosion risk management over the five years of this Government from April 2010 to March 2015. The table below sets out the capital¹ and resource² **budgets** to 2014/15 (£m).

	Defra		FCERM Grant in aid		Additional funding announced on 6 February	Total
	Capital & revenue	*Paid to LLFAs	EA (Revenue)	EA, LA & IDB (Capital)		
2013/14	7.9	36.0	238.9	293.8	30.0	606.6
2014/15	9.2	35.7	226.4	343.8	100.0	715.1

EA = Environment Agency

LA = local authorities

IDB = internal drainage boards

LLFA = Lead Local Flood Authority

* Provided to LLFAs by Defra to support their new roles under the 2010 Flood and Water Management Act. In 2013/14, £21m of this will be paid to LLFAs under the business rates retention scheme, reducing to £20.7m from 2014/15. This allows departmental grants to be paid collectively as an administrative convenience (replacing the 'Area Based Grant').

Going forward, Defra is committed to investing £370m capital in 2015/16 and then the same in real terms each year, rising to over £400m in 2020/21.

¹ Capital expenditure includes expenditure on new and improved defences, major refurbishment as well as other expenditure on assets, plant and equipment related to managing flood and coastal erosion risks.

² Non-capital expenditure (generally referred to as either resource or revenue expenditure) includes routine maintenance of flood defences, emergency planning and response, forecasting and warning services, and other running costs.

Historical expenditure

The table below provides a summary of Defra **spending** on flood and coastal erosion risk management from 2005/6. All figures are provided in £m.

	1	2	3	4	5	6
	Defra (Resource)	Defra (capital)	Defra (paid to LLFAs)	EA (resource)	EA, LAs, IDBs (capital)	total
2005/06	0.1	63.5	-	228.3	216.8	508.7
2006/07	0.0	67.2	-	232.6	207.0	506.9
2007/08	1.1	39.3	-	249.0	210.4	499.8
2008/09	0.9	1.1	-	249.6	316.0	567.6
2009/10	11.2	1.8	-	260.0	360.1	633.1
2010/11	13.6	4.9	-	291.6	360.0	670.1
2011/12	3.4	-	21.0	287.9	260.7	573.0
2012/13	3.2	-	36.0	268.0	269.1	576.3

Defra retains a small proportion of the money it receives from HM Treasury for flood and erosion risk management for schemes such as the Community Pathfinder projects (columns 1 and 2). From 2011/12, funding has also been provided from the Defra budget to lead local flood authorities to support their new roles under the Flood and Water Management Act 2010 (column 3).

Column 4 is expenditure from Defra resource grant in aid (also referred to as revenue) to the Environment Agency for work such as routine maintenance of flood defences, emergency planning and response, forecasting and warning services, and other running costs. Column 5 is Grant in Aid paid as a block grant to the Environment Agency, and then allocated by the Agency to capital projects to improve defences undertaken by the Agency, local authorities and internal drainage boards.

Partnership funding contributions to projects from non-Defra sources are not included in the above figures. Over the four years to 2010/11, £13m was received in external contributions towards flood and coastal erosion risk management projects. For the four year period to 2014/15, the Environment Agency currently expects to realise £148m in external contributions, including in-kind contributions.

Other expenditure on flood risk management

In addition to the above, the Environment Agency's Regional Flood and Coastal Committees raise, in the order of, £30m per year funding through local levy for flood management schemes. This is spent through the Environment Agency but is not included in the tables above, as it is raised locally rather than provided by Government.

Local authorities also receive funding from the Department for Communities and Local Government to support their ongoing flood and coastal erosion risk management responsibilities. Up to March 2013, funding was provided through formula grant. From April 2013, funds have been provided via a combination of retained business rates, and local services support grant. This funding is not ring fenced. Local authorities are free to decide how much to spend in the light of other local priorities. The sums that local authorities pay in local levy to the Environment Agency and the amounts they spent on their own local flood risk management functions are reported on the following webpage:

<https://www.gov.uk/government/publications/local-authority-capital-expenditure-and-receipts-in-england-2012-to-2013-final-outturn>

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PB13900