

29 July 2025

## **The Rivers Trust response: “Reforming our approach to floods funding” consultation**

The Rivers Trust, and signatory member Rivers Trusts, welcome this opportunity to respond to Defra’s consultation on “Reforming our approach to floods funding”. We warmly welcome consultation proposals that expect to increase funding for Natural Flood Management (NFM), Sustainable Drainage Systems (SuDS), and Property Flood Resilience (PFR) from 1%, as it currently stands, to 18% of the FCERM budget.

The Rivers Trust is clear that we must take a more integrated, systems-based approach to building national flood resilience, in the face of a rapidly changing climate, significant population growth, and ongoing biodiversity crisis. NFM is an essential tool to help us meet these challenges, as it is effective at reducing and delaying flood peaks, helps improve wider catchment resilience, enhances the performance of existing hard flood defences, and provides broader benefits to people and nature, such as improving water quality, building drought resilience, boosting biodiversity, and increasing nature access. The Rivers Trust urges the Government to take forward proposals to bolster projects using NFM in the formula.

The Rivers Trust also strongly supports the proposal to allow non-RMAs to apply for FCERM funding. Environmental groups such as local Rivers Trusts have been delivering NFM for decades, putting us in a strong position to effectively deliver NFM. However, non-RMAs face additional barriers that must be addressed if we are to meaningfully participate in the FCERM process. Critically, FCERM funding must cover overheads and timelines for engagement must be realistic; funding to cover staff resourcing will be essential to enable charities to participate.

While we welcome many of the proposed changes to the flood funding formula, The Rivers Trust has identified several critical areas that lack detail in the consultation and must be addressed by the Government if their ambition around NFM is to be realised:

### **1. Project appraisal must be proportionate and fit-for-purpose**

The Rivers Trust supports the proposal to use a standardised approach to assessing NFM. This should prevent NFM projects being rendered unviable due to requirements for high-cost, bespoke modelling for flood risk benefits. Additionally, an updated flood risk benefit assessment must move away from the current risk band metric and the limitation to only count benefits within 5km of an intervention, as these approaches are unnecessarily rigid and exclude

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NFM. The Rivers Trust is clear that the appraisal process must take a pragmatic, proportionate approach, which recognises, values, and tracks the multiple benefits delivered by NFM.

## **2. Maintenance of NFM measures must be properly funded**

The Rivers Trust urges the Government to provide greater clarity around how NFM assets will be maintained and refurbished as part of the proposed approach. It is essential that these critical assets for flood resilience are recorded, managed, and monitored in the same way that engineered solutions are; the value of this approach is demonstrated by the NFM Hub, which currently tracks 6,000+ NFM assets in its database.

Currently, maintenance for NFM is largely paid for through ELMs, which is beset with uncertainty, as evidenced by the sudden closure of SFI this year. Uncertainties around ELMs have significantly undermined delivery of NFM projects across the Rivers Trust Movement. There is a mission critical question here that the Government must answer around how it expects long-term maintenance of NFM to be funded; landowners must be properly resourced to carry out this long-term management. The Rivers Trust urges the Government to consider how this could be integrated into the main FCERM budget and/or ensure that ELMs is more formally integrated into the FCERM process.

## **3. Planning system must adapt to facilitate instead of blocking NFM**

Inconsistencies and overly onerous processes across the planning system are slowing down, or blocking, NFM delivery. The Government must take steps to ensure the planning sector is upskilled on nature-based solutions and that there are the right guiding frameworks in place to ensure consistent treatment of NFM, for example producing a planning policy statement for NbS/NFM to guide practice in this area.

## **4. Wider soil and land management must be part of our flood resilience toolbox**

The Rivers Trust is clear that we must invest in building long-term, landscape-scale resilience to flooding in the face of increasingly extreme weather driven by climate change. One of the key tools we have to achieve this is our soils, which, when managed well, are extremely effective at increasing flood resilience, while simultaneously increasing drought resilience, biodiversity, and biosecurity.

However, soil management requires regular maintenance supported by long-term funding not one-off capital spend; this has typically been paid for through agri-environment schemes, but

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this funding is beset with uncertainty. The Rivers Trust urges the Government to clarify how wider soil management will form part of our approach to increasing national flood resilience and how this will be funded, through the FCERM budget directly and/or through formal integration of ELMs with the FCERM process.

## **5. Flooding must be integrated with wider water systems planning**

The Rivers Trust is clear that flood risk management planning and funding must be built into the water systems planning approach recommended by the Water Commission and reflecting our proposal for an integrated catchment governance framework. This will ensure that flood risk management better reflects local priorities, is strategically targeted, and is integrated with other environmental, social, and economic outcomes.

As part of this water systems planning approach, The Rivers Trust strongly recommends creating more formal integration between Regional Flood and Coastal Committees (RFCCs) and Catchment Based Approach (CaBA) Catchment Partnerships, for example by installing a properly resourced CaBA area representative as part of each RFCC. This formal integration is essential to ensure that flood risk is managed holistically and in alignment with water quality, biodiversity, and climate resilience goals.

We would be happy to discuss any of our answers in further detail.

### **The Rivers Trust's response is supported by:**

- Westcountry Rivers Trust
- Yorkshire Dales Rivers Trust
- Trent Rivers Trust
- Don Catchment Rivers Trust
- Norfolk Rivers Trust
- River Thames Conservation Trust
- South East Rivers Trust

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## Consultation: Reforming our approach to floods funding

**Name:** Kezia Saunders

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**Type of organisation:** Environmental group – The Rivers Trust

**Confidential:** No, we do not request for our response to be confidential

### Question 7. To what extent do you agree with our overall proposed approach to funding FCERM projects as set out in Part 3?

- Strongly Agree
- **Agree**
- Neutral
- Disagree
- Strongly Disagree
- Don't know

### Question 8. Please explain your answer to Question 7.

The Rivers Trust supports the key proposals for: a Contribution Free Allowance, a 90% flat rate of Defra funding for all projects, and full funding for refurbishment (as long as that includes NFM refurbishment as well).

#### Enabling non-RMAs to apply:

We strongly support the proposal to allow non-risk management authorities to apply for funding: environmental groups such as local Rivers Trusts have been delivering NFM for decades, have a wealth of experience and expertise, and have built trusted relationships with local communities and partners, putting us in a strong position to effectively deliver NFM. Evidence gathered through The Rivers Trust's National Landscape Recovery Test & Trial clearly found that 'honest brokers' from the third sector and/or independent organisations are favoured by land managers to provide advice and support, especially around access to complex schemes and agreements.

However, non-RMAs face further barriers that must be addressed to enable them to deliver FCERM projects. Funding must cover overhead recovery (at a minimum of 20%), so that financial risk is not placed on environmental charities. Funding to cover staff resourcing will be particularly critical; RMAs have funded staff to manage projects and therefore these costs are

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often overlooked, despite being critical to enabling charities to participate. For example, the 2018-2021 Defra NFM fund overly focused on intervention costs and not on staff costs.

Additionally, timelines around programme application, budget allocation, and project implementation must be made clear and realistic for all parties. Ideally, these timeframes should align with other associated funding streams to enable partnership, cross-sector funding. This consideration has not been factored into other public funding streams, which has significantly undermined delivery. For example, the Water Environment Investment Fund suffers from onerous and lengthy administrative processes that can give NGOs as little as 2 months to deliver annual programmes of work and therefore places too much risk and cost on NGO delivery partners.

Planning and regulatory barriers that are impacting delivery by NGOs must be addressed to enable non-RMA participation. The RT Movement has been clear that our delivery efforts are often impeded, if not blocked, by overly onerous, disjointed, and contradictory planning processes. There needs to be greater use of pre-approved templates and guidance for NFM to fast-track and standardise the process. For example, funding for NGOs could come with a planning derogation similar to that afforded to the EA and LLFAs whereby they can deliver certain schemes under permitted development. At the same time, EA Flood Risk Activity Permits face excessive delays and other regulatory requirements heap time and costs, sometimes rendering projects unviable. The full range of barriers and suggested enablers are set out in Trent Rivers Trust's [report](#) from the Soar Nature-based Solutions Project.

#### Appraisal of flood risk benefit and value for money:

We strongly support the proposal to update the assessment and appraisal process for NFM. The appraisal process must take a pragmatic, proportionate approach that recognises the full array of benefits and wider catchment resilience delivered by NFM.

We welcome proposals to use a standardised approach to assessing NFM benefits built on learnings from the £25m NFM programme; this should support non-RMAs such as eNGOs to avoid the hugely disproportionate costs of bespoke modelling. Critically, an updated flood risk benefit assessment must move away from the current risk band metric and the limitation to only count benefits within 5km of an intervention, as these approaches are unnecessarily rigid and exclude NFM, which is often located further up in the catchment.

Additionally, the approach to assessing value for money must also be updated and made fit-for-purpose. The Rivers Trust has been clear that the current process is not adequate; for

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example, Yorkshire Dales Rivers Trust reports that it is currently very difficult to make cost/benefit stack up for NFM projects in North Yorkshire on property numbers alone, but wider benefits (such as biodiversity, carbon reduction, and protection for existing engineered flood infrastructure) are currently capped at no more than 20%. Building on this point, NFM's value for enhancing the performance of existing flood defences must be accounted for in the process. The Aire Resilience Company, developed by Aire Rivers Trust and The Rivers Trust, the Environment Agency and Leeds City Council, alongside others, will use NFM to provide an extra 3% of protection by 2069 to the Leeds LFAS 2 scheme.

An updated approach must recognise, value, and track the multiple benefits delivered by NFM. The [Mainstreaming Nature-based Solutions programme](#) is developing a Common Value Framework that evaluates the co-benefits of NFM; this approach should be adopted in the FCERM process. If not, this will continue to undermine NFM delivery and fail to recognise the many environmental, social, and economic needs that can be met holistically and more cost effectively.

#### Revenue funding for maintenance and management:

The Rivers Trust also urges the Government to provide greater clarity around how NFM assets will be maintained and refurbished as part of the proposed approach; this is a critical piece of the puzzle to ensure that the outcomes from public funding are secured for the long-term. The Government has already supported the development of the [NFM Hub](#), which treats natural assets in a similar way to conventional grey infrastructure and allows the RMA to track the delivery and maintenance of NFM. The Hub includes a record of inspections as required by the Environment Agency, which means we currently have a mechanism for recording inspections and maintenance, but lack a mechanism to fund this work.

It is unclear in the consultation document how maintenance and refurbishment of NFM assets will be paid for. The consultation document proposes that refurbishment projects will be fully funded by Defra and also highlights that routine maintenance of existing FCERM assets is funded and managed under a separate programme; there is no explicit mention of NFM assets in relation to these funding streams, but NFM must be included.

Currently, maintenance for NFM is largely paid for through ELMs, which is unfortunately a highly uncertain revenue stream, as evidenced by the sudden closure of SFI earlier this year. Uncertainties around ELMs have significantly undermined delivery of NFM projects, for example, River Waveney Trust's NFM projects have been thrown into uncertainty due to the sudden closure of SFI which has been funding maintenance and hosting. Similarly, West

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Cumbria Rivers Trust's NFM project with Cumberland Council, which secured FCERM funding this year, has been partly discontinued because the landowner cannot access ongoing revenue payments through ELMs.

There is a mission critical question here that the Government must answer around where the funding for maintenance and long-term management for flood resilience will come from. Land managers must be adequately resourced to carry out this activity that is critical to national flood resilience. The Rivers Trust urges the Government to consider how this could be integrated into the main FCERM budget and/or ensure that ELMs is more formally integrated into the FCERM process e.g. is there potential to incentivise uptake of ELMs schemes that support FCERM funded projects? This is necessary to ensure NFM assets are maintained and also to recognise and fund the flood resilience benefits of wider land management activities e.g. soil management.

**Question 9. Are there any other approaches to funding flood projects you feel would be effective?**

The Rivers Trust has consistently made it clear that funding for capital projects will not deliver the long-term, landscape-scale resilience to flooding that is urgently needed in the face of a rapidly changing climate and other pressures such as increased development. We urge the Government to look at ways to increase revenue funding, to pay for the hosting and maintenance of NFM assets (as set out in response to Question 8), and to pay for wider catchment management approaches, such as healthy soil management, that are proven to effectively build overall flood risk resilience.

The evidence is clear that land management is key to managing flood risk, with soil health being critical to the sponginess of our catchments. The EA has published a [report](#) stating that 4 million ha of farmland is at risk from compaction and is therefore not allowing water to infiltrate. Research from across the Rivers Trust Movement also shows how effective improved soil management is for reducing flood risk. Modelling commissioned by Trent Rivers Trust and The Rivers Trust found that the average peak flow reduction from a combination of runoff attenuation features and wider soil management was 17% in the furthest downstream catchment, and up to 28% in the furthest upstream catchment. In another area, the Wye and Usk Foundation's research has found that soil can be used to lag 100s-1000s of ML of peak flow, demonstrating how fundamental land management is to flood resilience. By increasing the overall sponginess of our landscape, so that more water infiltrates rather than running off the land, flood defence assets will face less pressure and will be able to play a critical role as a "last line of defence" in the face of more extreme weather events.

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Soil management requires regular maintenance and monitoring supported by long-term funding not one-off capital spend. Typically, this management activity is paid for through agri-environment schemes, but this funding is beset with uncertainty. Therefore, The Rivers Trust encourages the Government to consider integrating this into the main FCERM budget, recognising that soil management is critical to flood risk outcomes. The Rivers Trust is also clear that ELMs must be far more integrated into the FCERM approach and budget, recognising that agri-environment schemes are providing essential funding to improve overall catchment resilience.

The private sector can and should be driven to pay for the ecosystem services it benefits from, such as increased flood resilience provided by sustainably managed soils. Examples, such as the Wyre NFM project, demonstrate how private buyers of ecosystem services can be drawn in to fund longer-term management of the land. To enable greater private sector contribution, the Government must clarify rules on additionality and stacking of ecosystem services benefits.

On a separate point, The Rivers Trust would like to see greater transparency around the use of FCERM funding by Internal Drainage Boards. IDBs receive a significant amount of funding and there is currently a lack of transparency around how this is spent, how IDBs align with local or national FCERM policy and how they are ensuring that their operations are sustainable. The Foss IDB is a good example of a more sustainable approach to managing lowland drainage in an environmentally sensitive way.

**Question 10. You will now be asked about the three principles in turn.**

**To what extent do you agree that Principle 1 - the first £3 million of eligible project costs to be notionally provided by Defra through a Contribution Free Allowance - described in Part 3 is an appropriate way to fund FCERM projects? As set out in Part 3, the allocation of funding to a project using these principles would be confirmed once the project has passed through the programme prioritisation step (see Part 4).**

- Strongly Agree
- **Agree**
- Neutral
- Disagree
- Strongly Disagree
- Don't know

**Question 11. Please explain your answer to Question 10.**

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The Rivers Trust supports the proposal to create a £3million Contribution Free Allowance. This will allow smaller, cost-efficient projects – such as smaller NFM or projects in smaller communities - to go ahead without needing to secure partnership funding, which can be a time- and resource-intensive process, disproportionate to the size of the proposed scheme.

**Question 12. To what extent do you agree that Principle 2 - a single basic rate of Defra funding to be ‘notionally’ applied to all new FCERM project costs above the £3 million Contribution Free Allowance, regardless of their outcomes - described in Part 3 is an appropriate way to fund FCERM projects? As set out in Part 3, the allocation of funding to a project using these principles would be confirmed once the project has passed through the programme prioritisation step (see Part 4).**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree
- Don't know

**Question 13. Please explain your answer to Question 12.**

The Rivers Trust supports the proposal to establish a single base rate of 90% Defra funding. Ensuring that all successful projects receive a flat rate of 90% funding above the £3 million CFA means that high-quality and necessary projects are not sidelined simply due to inability to secure partnership funding.

Securing partnership funding is time- and resource-intensive, which disadvantages smaller schemes and would inhibit delivery by non-RMAs like eNGOs and landowners, and it is also highly dependent on external market forces, e.g. local business demand, creating an uneven playing field across geographies and socioeconomic groups.

Additionally, setting a flat rate that does not hinge on calculated flood risk benefits/value for money will enable more NFM projects to be funded, as these projects – with their long-term, broader benefits for catchment and climate resilience – do not perform as well through rigid benefit calculations as traditional engineered solutions, which are designed to deliver on narrow, highly technical requirements.

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Finally, setting a flat rate of Defra funding has the potential to encourage greater cross-sector collaboration, as it increases market confidence and encourages discussion between different beneficiaries, e.g. with water companies, National Highways, Network Rail, etc.

**Question 14. To what extent do you agree that Principle 3 - All FCERM refurbishment projects are fully funded (refurbishment projects are those that restore existing assets that have fallen below designed levels of operation or are at the end of their design life) - described in Part 3 is an appropriate way to fund FCERM projects? As set out in Part 3, the allocation of funding to a project using these principles would be confirmed once the project has passed through the programme prioritisation step (see Part 4).**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree
- Don't know

**Question 15. Please explain your answer to Question 14.**

The Rivers Trust agrees with the proposal to fully fund refurbishment projects, recognising how critical it is that existing assets continue to perform as intended. Recent reports of current asset health are highly concerning, with the latest NAO assessment finding that DEFRA “capital funding is forecast to deliver protection to far fewer properties by 2027 than was promised”; the proportion of flood resilience assets in adequate condition now stands at just 92.6%, compared with 97.9% in 2018-19 and significantly lower than the optimal level of 98%. This is unacceptable, putting communities, businesses, critical infrastructure and the environment at risk, and undermining the value of previous public investment.

The Rivers Trust is clear that refurbishment must cover NFM assets as well as traditional engineered assets, especially as the proposals contained in this consultation should result in an increase in NFM overall. We urge the Government to clarify that this will be the case and ensure that the processes and staff involved are very clear on what refurbishment looks like for NFM.

NFM assets must be recorded, monitored, maintained, and refurbished in the same way that engineered assets require. The NFM Hub was set up to put this into practice, treating nature-based solutions with the same respect as grey infrastructure. The Hub has around 6,000 NFM

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assets in its database, allowing the RMA to track the delivery and maintenance of NFM. It is essential that, as changes to the flood funding formula increase uptake of NFM schemes, the process for monitoring, maintaining, and refurbishing these assets is made fit for purpose.

**Question 16. Do you agree Property Flood Resilience (PFR) (resistance measures), as described under ‘Other considerations’ in Part 3, is an appropriate option to include in government funded flood risk mitigation?**

- **Strongly Agree**
- **Agree**
- **Neutral**
- **Disagree**
- **Strongly Disagree**
- **Don’t know**

The Rivers Trust agrees that Property Flood Resilience (PFR) is an appropriate option to include. PFR along with other community resilience measures such as Flood Action Groups, better flood planning and flood warning systems are critical to supporting smaller communities where large capital investment is less accessible/justifiable. It is essential that these communities are able to access flood resilience measures and find support; local resilience forums and Catchment Partnerships do provide some support/coordination, but this is currently under-resourced despite the significant social benefits it delivers.

**Question 17. Please explain your answer to Question 16.**

**Question 18. Do you think that the overall proposals for funding flood and coastal erosion projects will support the right amount of natural flood management? Are there other proposals you think we should consider?**

- **Agree**
- **Disagree**
- **Don’t know**

**Question 19. Please explain your answer to Question 18.**

The Rivers Trust welcomes that consultation proposals have the potential to increase funding for NFM; the Government is expecting investment in NFM, PFR and SuDS to increase from 1% under the current system to 18% under the proposed new system.

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While it is difficult to say what the “right amount” of NFM is, catchment-scale modelling projects that The Rivers Trust has been involved in have typically found that around 10% of the flood funding budget could effectively be invested in NFM interventions. On this basis, it seems that proposals could support an appropriate amount of NFM going forward. We do however caution that there is a risk that more expensive SuDS projects could claim a disproportionate amount of the funding compared to NFM.

That being said, The Rivers Trust would like to see NFM approaches, including individual schemes as well as changes to land management practices, firmly embedded at the core of flood risk management moving forward, so we do not want to cap ambition around NFM. Ultimately, we need NFM wherever it can reduce flood risk and build catchment resilience. Given the degraded state of our catchments and watercourses, there is an urgent need to harness the potential of NFM to restore habitats and soil health, and thereby meet the challenges of climate change, population growth, and the biodiversity crisis. Using NFM, restoring habitats can work in tandem with food production and other land uses, and bring multiple benefits over and above the reduction in flood risk, such as carbon storage, drought resilience, biodiversity, biosecurity and enhanced yields for farmers.

Due to the wide array of benefits and cost-effectiveness of NFM, all projects that aim to increase flood resilience and receive public money for doing so should consider NFM as part of their approach.

- As standalone or part of a hybrid approach to flood management, NFM delivers multiple public benefits, such as increasing biodiversity, which supports progress towards the Government’s Environment Act 2021 targets.
- NFM provides good value for money, especially when considering the additional multiple social and environmental benefits realised; NFM was found to deliver £10 of benefits for every £1 invested over 30 years, according to research from The Wildlife Trusts.
- NFM can improve the effectiveness, longer-term durability, and climate resilience of hard defences (e.g. if more water is stored naturally upstream of flood defences, these defences can retain a standard of protection for longer);
- Hard engineered flood defences should be designed with their interaction with the wider landscape in mind. Additionally, hard flood defences should be subject to mandatory BNG, the requirements for which could potentially be met as part of a complementary NFM project.

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While The Rivers Trust welcomes the fact that the proposals in this consultation are expected to significantly increase the number of NFM projects funded, we are clear that further barriers to delivery must be addressed to turn this into reality.

As set out in our response to Question 8, non-RMAs must be enabled to deliver by allowing for overhead recovery (at a minimum of 20%), ensuring the application process is efficient and transparent, and tackling key barriers such as inconsistent and overly onerous planning and regulatory processes.

Wider barriers to NFM delivery must also be tackled to ensure the “right amount” of NFM can materialise. There is an urgent need to improve consistency and upskill around NFM among planning authorities; lack of training and awareness of NFM and lack of a planning policy statement for NFM to guide practice have resulted in inconsistent approaches that create delays, complexity, and increase cost. For example, Don Catchment Rivers Trust has found that two neighbouring planning authorities take entirely different approaches to permitting small scrapes, with one needing no permission and the other requiring full planning permission. In some planning authority areas, ponds can be delivered under Permitted Development, in others this is not the case. There is also inconsistency in how applications for Ordinary Watercourse Consents are issued; in some LLFAs one OWC will cover a whole project, in others, an OWC is required for each individual leaky barrier in a scheme.

Furthermore, The Rivers Trust is concerned by the lack of clarity around how NFM assets will be maintained and how that will be funded. For the moment, payments to land managers for hosting and maintaining NFM assets largely stem from ELMs. However, as it stands, ELMs is a highly unreliable source of funding and is not adequately integrated with FCERM to ensure maintenance is properly resourced long-term. We urgently call for clarity on this point, as NFM assets will require maintenance, in the same way that traditional engineered infrastructure does, if we are to ensure public funding is invested in long-term outcomes.

Finally, and building on the point above, we are clear that the FCERM’s focus on capital spend is not fit for the future, as we must be urgently building wider catchment resilience in the face of a rapidly changing climate, population growth, and other socioeconomic pressures. The NFM approach is wider than installing individual assets in the landscape; The Rivers Trust wants to see our ambition around NFM extending to larger, catchment-scale projects, and to wider soil management practices that improve flood risk at a landscape-scale. The detail of our position is set out in response to Question 9, but the critical points are:

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- Management of our soils so that they soak up water rather than letting it run off across the surface, is absolutely critical to improving our resilience to flooding. Evidence from the EA and Rivers Trusts shows how impactful healthy soils are for reducing flood peaks, although we recognise the need for more research in this area as we believe current EA data underestimates potential benefits
- Soil management requires regular maintenance and monitoring supported by longer-term funding not one-off capital spend, which is why it is typically funded by agricultural-environment schemes. However, this type of funding is beset with uncertainty and is disconnected from FCERM funding.
- Therefore, The Rivers Trust strongly urges the Government to bring wider land management activities into scope for FCERM funding and ensure better integration between ELMs and FCERM policy and funding, so that soil and land management activities are properly resourced and recognised as delivering critical flood resilience benefits.

**Question 23. Which of these options do you think that FCERM projects should be prioritised for delivery (select one)?**

1. Overall FCERM project value for money and flood risk (approach 1)
2. **Bolstering projects that achieve priority outcomes (approach 2)**
3. Incentives to secure additional partnership funding contributions (approach 3)
4. None of the above
5. Other

**Question 24. Please explain your answer to Question 23.**

The Rivers Trust urges the Government to pursue Approach 2, as it ensures that FCERM funding continues to protect communities, businesses, and the environment from the devastating impacts of floods, while also harnessing opportunities to make the funding go further for people and nature. By incorporating priority outcomes into project prioritisation, more projects will be designed to deliver these outcomes.

The Rivers Trust strongly recognises that FCERM funding is for flood risk management and protecting vulnerable communities. Therefore, we agree with proposed Approach 2 that still prioritises primarily on the basis of value for money and flood risk.

The Rivers Trust is clear however that the current approach, that only assesses projects on value for money and flood risk, is too narrow and rigid, and does not enable the kind of long-

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term, climate-resilient, and whole-of-society approach that is needed. As the consultation document recognises, the current approach favours traditional engineered schemes that secure shorter-term results but are vulnerable to longer-term climatic shifts, and favours schemes in certain geographic and socioeconomic areas, with the potential to further entrench social disparities. Proposed Approach 2 would address some of these shortcomings.

The Rivers Trust supports Approach 2, as we should be seeking to bolster other public priority outcomes where they strengthen our flood risk management approach. We should be bolstering the use of NFM as this will build long-term climate resilience; NFM that targets areas with the worst predicted peak flow increases in the future should be able to access public funding for flood resilience.

Conversely, proposed Approach 3, which only bolsters projects with additional partnership funding, would potentially create an unfair system, as there are a lot of factors beyond the control of projects which ultimately determine whether, and how much, private funding can be secured. This could replicate existing issues with the current system, whereby lower-income or non-residential areas struggle to compete.

It is absolutely critical however that the new prioritisation process is transparent and efficient. As recognised by the consultation document, the more public priority outcomes that are weighed up, the more complex and less transparent the process becomes. Additionally, as the process becomes more complex it is likely to become slower/more resource intensive, which could further entrench issues of heaping admin and cashflow issues onto applicants and partner organisations. Therefore, it is essential that an appropriate balance is found, and that proactive effort is made to ensure that the updated process is adequately explained and transparent.

**Question 25. Please rank in order of preference the 5 potential outcomes that could be prioritised through prioritisation Approach 2 (with 1 being the highest preference and 5 being the lowest preference):**

**Specific types of flood resilience intervention, such as NFM** – ranked first

**Local choice** – unranked

**Specific types of communities, e.g. rural or coastal communities** - unranked

**Deprived areas** - unranked

**Supporting economic growth and the wider economy** - unranked

**Question 26. Please explain your rankings in Question 25.**

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Outcome: Specific types of flood resilience intervention, such as natural flood management

The Rivers Trust has prioritised “Specific types of flood resilience intervention, such as natural flood management”. We are choosing not to rank the other outcomes, as we do not have the specific expertise necessary to rank them against each other. However, “Supporting economic growth and the wider economy” should not be ranked above the other outcomes.

The Rivers Trust is clear that there is a pressing need to increase the amount of FCERM funding going to NFM schemes, due to the fact that they deliver longer-term climate resilience, wider benefits for people and nature, and are cost-effective. These natural solutions often do not perform well in rigid assessments of value for money and flood risk benefits, which have been designed with traditional engineered flood defence in mind. This is why The Rivers Trust sees real value in giving these solutions extra weight in the prioritisation process.

Evidence is growing to demonstrate the effectiveness of NFM at managing flood risk. The Environment Agency’s updated “Working with natural processes evidence directory” finds general agreement across new literature that NFM can reduce flood risk and delivers wider benefits. In particular, the EA’s review is confident that river restoration, woodland creation, and run-off management measures reduce peak flows and can slow the conveyance of water downstream, particularly for smaller catchments and smaller, more frequent flood events.

The Rivers Trust Movement sees evidence of this across many of our project sites. For example, River Waveney Trust and Norfolk Trust, working in collaboration with WWF and Aviva, installed NFM interventions to protect the village Gissing following flooding in December 2020 that caused property damage. Since the NFM measures were installed, no flooding has been reported despite the arrival of 8 named storms in the area, including Storm Babet. This site along with a couple of others in North Norfolk were [assessed](#) by Aviva to have effectively protected 24 homes and provided a 17:1 return on their investment from the cost of restoring flood-damaged homes.

Modelling has shown the potential of NFM to mitigate the impacts of flooding if implemented more widely across a catchment. Trent Rivers Trust and The Rivers Trust commissioned JBA Consulting to conduct [modelling](#) to understand the potential economic benefits of NFM implemented across the Soar catchment, including run-off attenuation features, riparian zone interventions, and wider soil management. The modelling showed that the average economic benefit of run-off attenuation features and wider soil management across the Soar would amount to nearly £2million per year in damage avoided.

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Not only does NFM provide clear flood risk mitigation benefits, but these kinds of solutions can also improve water quality, build resilience to drought, boost biodiversity, and increase public access to nature. When taking into account the wide range of benefits delivered, NFM was found to deliver £10 of benefits for every £1 invested over 30 years, according to research from The Wildlife Trusts. It is therefore vital that these NFM solutions, that have so much to offer people and nature, are brought into the mainstream by giving them some extra weight in the flood funding formula.

Furthermore, by enabling greater use of NFM, FCERM funding will reach a greater diversity of communities and areas, including those that have been historically disadvantaged in the current approach to flood funding allocation. Namely, NFM is likely to protect rural and generally less-populated areas, and is effective at enhancing the effectiveness and longevity of engineered flood defences that protect urban areas.

#### Outcome: Local choice

The Rivers Trust recognises the value of enabling greater local decision-making in order to achieve more locally appropriate and targeted solutions. However, local choice for flood risk management in its current form through RFCCs is not fit-for-purpose, as it lacks integration with other partnerships (e.g. Catchment Partnerships) and transparency in designing schemes, especially in provisioning for NFM.

The consultation document proposes that local choice would be achieved through further empowering RFCCs to identify projects for prioritisation. However, there would need to be changes made to the set-up of RFCCs so that they are more equipped to take an overtly integrated approach; the benefits go well beyond flooding but, currently, partnership funding rarely goes beyond funds from other Risk Management Authorities. The Rivers Trust strongly urges greater formal integration between RFCCs and Catchment Based Approach (CaBA) Catchment Partnerships. This could be achieved by, for example, installing a properly resourced CaBA area representative as part of each RFCC to articulate opportunities and choices both upwards and downwards. This formal integration is essential to ensure that flood risk is managed holistically and in alignment with water quality, biodiversity, and climate resilience goals. Without this integration and the involvement of river catchment experts, it is likely that natural flood management approaches will continue to be overlooked and marginalised against purely flood funded opportunities.

Additionally, there needs to be a far greater level of transparency around RFCCs, in the way that they are run and their decision-making process; this is critical if they take on a greater role

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around local choice. This needs to go beyond the data available on the government websites about membership but include Environmental Sub Groups (which some RFCC's already have) to ensure scrutiny of NFM and OM4s).

There are significant opportunities on the horizon to integrate flood risk with wider environmental, social and economic outcomes and strengthen local choice overall. The English Devolution White Paper sets out Government plans for significant changes that aim to decentralise decision-making and give local areas the powers to plan for and fund local priorities. Most recently, the Water Commission's final report made clear recommendations on the need for regional water system planning that is underpinned by strong, properly resourced catchment partnerships, and highlighted that Local Authorities will have a formal role to play, especially regarding flood risk. The Rivers Trust is clear that the Government must move swiftly to act on these recommendations and put these robust integrated systems in place. Flood risk management must be part of this systems approach; The Rivers Trust sees potential for this new framework to enable greater local choice in all areas, including flood risk management.

#### Outcome: Economic growth:

The Rivers Trust has significant concerns around the proposal to include "Economic growth" as one of the outcomes to bolster in the prioritisation section of the FCERM funding formula.

Firstly, we are not sure that this is necessary, as financial considerations are firmly built into the process; value for money is a core part of the assessment for projects alongside flood risk. Similarly, projects will continue to be primarily assessed on flood risk benefits as is currently the case, wherein Outcome Measure 1 for FCERM projects includes damage avoided to businesses and critical infrastructure, which will ensure that the risk to businesses is firmly built into the prioritisation process.

Secondly, The Rivers Trust is clear that public funding for flood risk management must be directed towards at-risk communities and areas that need it most. Therefore, we are concerned by this proposal and the consultation document's explanation that bolstering economic growth in the formula could result in "prioritising flood defences in highest growth areas". We would not support a revised formula that directs funding towards high growth areas, which may be artificially chosen and enabled by wider government policy, away from at-risk communities and landscapes.

#### **Question 27. Are there any other outcomes we should consider prioritising through prioritisation Approach 2?**

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No – The Rivers Trust urges the Government to focus on bolstering NFM in the prioritisation stage.

**Question 28. Please outline any potential effects of the proposals outlined in Part 4 on groups with a protected characteristic.**

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## Call for evidence on alternative sources of funding for flood risk management

**Question 32. To what extent do you agree with the four proposed principles guiding our work on alternative sources of funding (outlined in Part 6) – viability, fairness, sustainability and efficiency?**

- Strongly agree
- **Somewhat agree**
- Neutral
- Somewhat disagree
- Strongly disagree
- Don't know

**Question 33. If you disagree with any of the proposed principles in Question 32, please explain why.**

The Rivers Trust somewhat agrees with the proposed principles to guide work on alternative sources of funding for flood risk management. We largely agree with the direction of and intent behind the proposed principles. We urge the Government to consider including a principle of resilience, recognising the critical and increasing need to strengthen the resilience of our environment, communities, businesses and infrastructure in the face of a changing climate and volatile geopolitical context.

We would like to see these proposed principles align with those being considered by Defra as part of its Call for Evidence on private finance for nature recovery. Both this consultation and Defra's call for evidence stress the importance of certainty and consistency to increase the flow of private finance; it is essential that the principles themselves are consistent. The Rivers Trust would also encourage these principles to align with the National Adaptation Plan principles, specifically those on transparency, coherence, science-based and traditional knowledge, and integration, as these are well-established, rigorous, and are specifically geared towards climate adaptation.

Notwithstanding the fact that we strongly urge Defra to align proposed principles for alternative and private sector funding, The Rivers Trust would like to see clarifications and changes made to the principles proposed in this consultation, and would like to highlight key policy levers that will be necessary to put these principles into practice.

On the principle of "viability":

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The Rivers Trust agrees that the approach taken to alternative sources of funding must be viable, and the funding raised must be viable/fit-for-purpose.

We have highlighted issues with existing funding streams, involving both public and private funds, that have undermined their viability, e.g. water company price review process does not allow adequate time for partnership engagement and project development, ELMs schemes are highly complex and untargeted, stacking and bundling of private and public funds is largely unworkable, and the majority of Government funds do not allow for overhead recovery which is a serious barrier to partnership delivery. It is essential that these kinds of issues are addressed head-on and proactively managed during scheme development so that delivery bodies, including environmental charities, are not forced to take on unacceptable levels of risk. This is a key challenge for the “viability” of this policy area.

Pioneering examples of projects using private finance for nature-based solutions, such as Wyre NFM and the recently launched Aire Resilience Company, are being developed without any template or exemplar, which makes project development a lot more challenging, expensive, and time-consuming than the model will be once embedded. Government has a critical role to play in supporting early projects through the development process (e.g. NEIRF funding to get the Wyre NFM project to investment readiness was crucial) and increasing the visibility of the model so that it is easier for businesses to understand and engage.

We agree that this work will need to fit with wider Government priorities and stress that Government’s legally binding environmental and climate targets, as well as their commitment to cleaning up our rivers, lakes and seas, must be explicitly included in a definition of “viability”.

The Rivers Trust is clear that a principle of “viability” must be underpinned by:

- Consultation with a variety of stakeholders, in particular businesses and delivery partners including eNGOs, that are best placed to decide what “viability” means in practice.
- Clarity from Government on the stacking and bundling of ecosystem services benefits. Currently, the lack of clarity in this area is resulting in missed opportunities to attract private finance and pursue blended finance schemes. This was a key barrier picked up in GFI’s “Financing NFM” report.
- Ensuring that there is an appropriate mix of funding types e.g. capital, revenue, and overhead recovery, to enable effective partnership delivery (by paying for project development and staffing) and the ongoing maintenance of NFM measures.

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- Embedding properly resourced and mandated Catchment Plans at the heart of this work. Catchment Plans are viable, evidence-based plans for how to best manage flood risk, alongside other risks and opportunities in the area. Given long-term, adequate funding, as recommended by the Independent Water Commission, these Plans would provide a ready-made, viable business case through which alternative funding can be targeted.

On the principle of “fairness”:

The Rivers Trust suggests that a principle of “fair-share” is more fit-for-purpose, as it explicitly recognises the benefits that many businesses receive from increased flood risk management and establishes the expectation that all beneficiaries should be contributing to the costs. This is not currently the case, with public funding paying for the vast majority of flood risk reduction. For example, the Resilient Glenderamackin Landscape Recovery project will produce NFM benefits that will benefit local companies, such as the local water company, but the project is currently being paid for by public money, with no requirement or push for beneficiary private sectors to contribute. It is essential that work to enable alternative sources of funding takes a “fair-share” approach to flood risk management costs.

A “fair-share” principle would clarify that the Government is looking to sectors and businesses that, through their operations, have an ability to increase or reduce risks of flooding and therefore can be expected to work in partnership to reduce flood risks (e.g. housebuilders, by incorporating sustainable drainage systems, can reduce the amount of rainwater in mains drainage systems; wastewater companies can divert rainwater from entering mains sewage systems to reduce the volume of water in the sewage system, and civil engineering companies can work with permeable materials and green-blue infrastructure design to reduce flooding hot spots).

On the principle of “sustainability”:

Ensuring a predictable, long-term funding stream is absolutely critical to enabling alternative funding for flood risk management, particularly for NFM. These schemes require ongoing maintenance and management, but this has been de-prioritised or entirely overlooked in both private and public funding streams. Therefore, The Rivers Trust strongly supports this principle.

For NFM measures, the lack of clear and reliable revenue funding has undermined project delivery, e.g. River Waveney Trust’s NFM projects have been thrown into uncertainty due to the sudden closure of SFI . Uncertainties around the farming/agri-environment budget must be

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addressed to ensure NFM delivery is viable, however there is also a key role for private finance to play in supporting long-term revenue streams.

As well as resourcing for maintenance, there is an urgent need to increase resourcing for project development, particularly where deliver partners such as eNGOs are involved, so as to not heap financial risk on these groups.

For this principle to work in practice, there will need to be:

- Clear direction from the Government for businesses to plan and budget for flood resilience contributions – this should fall out from a national flood resilience target, as recommended by the National Infrastructure Commission, Climate Change Committee, and the National Flood Forum. We suggest that the Government uses the sustainability principle to drive contributions from sectors that are able to long-term plan, e.g. businesses that manage critical national infrastructure, which could be required to hold an asset resilience budget specifically for funding flood risk reduction projects.
- Action to address the bias towards capital expenditure across sectors that is limiting the flow of available revenue streams; e.g. the water sector must be incentivised to take a Totex approach, that optimises both Capex and Opex expenditure over the lifecycle of NFM assets, so that it is directing funding towards the ecological management and adaptive maintenance of NFM assets.
- As above, clarity from Government on the stacking and bundling of ecosystem services benefits is needed to attract a wider variety of systematic contributions from across sectors that can pay for the creation and maintenance of NFM measures. The Wyre NFM project has shown how payments for various ecosystem services can support the hosting and maintenance of NFM measures; in this project, different businesses will pay for different ecosystem services e.g. United Utilities and Flood Re will pay for flood resilience and Sainburys will pay for water quality.
- A strong integrated catchment governance framework, as proposed by The Rivers Trust and recommended by the Independent Water Commission, to align different sectors, identify strategic solutions, and develop a pipeline of projects to attract sustainable funding.

On the principle of “efficiency”:

The Rivers Trust agrees that policy in this area must be efficient; it must enable multifunctional solutions that harness synergies to maximise value for money, minimise land use, maximise

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beneficial outputs and enable collaborative working. We would like to see the Land Use Framework principle of multifunctionality explicitly reflected in these complementary principles.

It is however essential that value for money assessments take account of the full range of benefits, rather than returning to the narrow approach taken in the current flood funding formula. NFM schemes can deliver increased biodiversity, improved water quality, enhanced nature access; these diverse benefits must be accounted for in “efficiency” assessments. The Mainstreaming Nature Based Solutions programme is developing a Common Value Framework, which would take a standardised approach to assessing the full range of benefits of nature-based solutions.

“Efficiency” will require a strong integrated catchment governance framework that can bring multiple sources of funding together into multi-benefit schemes and ensure that these schemes are plugged into local plans, e.g. Catchment Plans and LNRSs. The Rivers Trust will urge the Government to act quickly on the Independent Water Commission’s recommendations for regional water systems planning, which will play a key role in enabling this integrated approach.

#### A proposed principle of “resilience:

The Rivers Trust would like to see a principle of “resilience” included, as resilience is key to business and economic security and growth, in the face of climate change and geopolitical volatility. The importance of resilience is a recurring theme that comes up in our engagement with the private sector, for example amongst our water stewardship corporate partners; this is a fundamental driving factor behind the need to enhance private sector contribution to flood risk management, so it should be recognised among the principles.

A principle of “resilience” should explicitly recognise the fact that resilient natural systems underpin all businesses, critical infrastructure, communities, and the wider economy. Putting resilience at the heart of the approach to engaging with the private sector is critical and should help to:

- Raise greater awareness of business dependencies on natural resources and systems;
- Integrate environmental spending into core business planning;
- Drive more long-term, holistic approaches to improving flood resilience and wider nature recovery, e.g. supporting improved soil management to increase long-term catchment resilience to flooding.

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Recognising resilience as an underpinning principle should incentivise more long-term policy- and decision-making in this area, building on other proposed principles of sustainability and viability.

**Question 34. To what extent do you agree with the five areas we are planning to explore to identify alternative sources of funding (outlined in Part 6) – insurance sector, water and sewerage companies, land and property value uplift, local funding and building on the existing system?**

- Strongly agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Strongly disagree
- Don't know

**Question 35. If you disagree with any of the proposed areas in Question 34, please explain why.**

Building on existing system:

The Rivers Trust agrees that it would be helpful to understand from the existing system where private investment is already happening, what is making it attractive, and how we can create more of these opportunities. However, we are clear that the existing system is not delivering the scale of finance for flood risk management and long-term resilience that is needed. We need to make significant changes to the way that we generate alternative funding. Therefore, building on the existing system will have some benefits but should not be where ambition ends.

We know that voluntary contributions to flood risk projects are not to be relied on and will not go far enough. We also know that companies are examining flood risks to their business and seeking to protect themselves from risk exposure by adjusting how they operate. For example, mortgage lenders are capping loans on properties considered at flood risk (to reduce their own exposure to the loan not being repaid), banks and building societies are reviewing portfolios against climate risks. Other businesses pass risk directly on to the consumer where they can e.g. insurers. For large businesses, they can perhaps absorb losses at one site affected by flooding if they operate in other areas without this risk, meaning their view on risk is very different to a business with a strategic or only operation in a high flood risk area.

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In the current system, companies continue to prioritise managing their flood risk individually, as there is little to no incentive for collaboration. However, flooding, when it affects communities and whole city regions, is a shared challenge and requires collective action if the risks are to be mitigated for a whole area. Where companies have collaborated (e.g. on shared commitment to reducing water impacts) the collaboration has been enabled by organisations with convening power and legitimacy. WWF's [report](#) on “Unpacking collective action in water stewardship” is clear about the role and importance of organisations that can convene stakeholders as part of enabling collective action and highlights that convening organisations have tended to be civil society organisations. This further demonstrates the importance of establishing a catchment governance framework whereby collective action can be developed and delivered and also highlights that voluntary contributions drawn in on a project-by-project basis will always be limited due to the challenges inherent in this process.

**Question 36. Are there any areas that you feel we are missing? Please explain your answer.**

As mentioned in response to Question 33, a principle of fair-share could guide which business type is asked to financially contribute to future flood risk reduction schemes.

Critical infrastructure providers:

All businesses that are responsible for operating and maintaining critical infrastructure such as power networks, waste and water services, telecommunication networks and transport networks already have a business case to reduce climate risk to their assets; flooding and overheating pose a significant risk to these assets. Water companies are just one example of a broader category of critical infrastructure providers that the Government must work with on funding future flood risk reduction projects.

Developers:

Developers provide critical infrastructure by adding to the country's housing stock, but they also add to the extent of impermeable surface, which can increase the risks of flooding if not designed with permeable features that allow water to drain more slowly. Developers, through how they develop land, can either reduce or increase future flood risk. Therefore, Government must ensure that developers play a role in funding flood risk reduction projects. For developers, the biodiversity co-benefits that NFM projects deliver are an example of how this type of flood funding scheme could also deliver BNG credits if the Government clarified and better operationalised stacking rules. A straightforward and widely-recommended first step in this

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direction would be to finally implement Schedule 3 FWMA 2010 to mandate SuDS in all new development; this has most recently been recommended by the Independent Water Commission.

Food and drink supply chain:

The food and drink supply chain is highly vulnerable to the impacts of flooding, with both critical natural and built assets at risk, while also having a significant impact on flood risk through its activities on the land. Therefore, big players in this sector should be involved in contributing funding to flood risk management measures.

Other areas to consider include the transport and tourism sectors.

**Question 37. Please provide any further feedback on our proposed areas for alternative sources of funding (insurance sector, water and sewerage companies, land and property value uplift, local funding and building on the existing system), including any additional evidence you would like us to consider in support of your answers.**

The Rivers Trust is clear that we must move from addressing issues in siloes towards delivering multifunctional, multi-benefit solutions. While specific sectors will have their own challenges and opportunities, it is critical that alternative sources of funding are brought together to deliver benefits at the pace and scale required. Projects delivered across the RT Movement demonstrate the potential for creating multi-benefit projects with diverse funders; e.g. Wyre NFM brought together Triodos Bank, Esme Fairbairn Foundation, the EA, United Utilities, FloodRE, Co-op Insurance and Sainsburys, some of which are interested in paying for very different benefits. However, to mainstream this cross-sector delivery, the Government must take urgent action to create facilitating structures and policy clarity.

The Rivers Trust made clear in our proposal for an integrated catchment governance framework that a regional scale of governance is essential to enable the aggregation of alternative sources of funding, with public funding, around a pipeline of investible nature-based projects, including NFM. This approach was identified as an enabler by the GFI in their “Financing NFM” report and is one of the Independent Water Commission’s key recommendations for water systems management. Catchment Plans, at the local scale of the integrated catchment governance framework, would act as strong, ready-made business cases to attract private sector finance; the Government must support this by bolstering CaBA Catchment Partnerships with proper funding and mandate, as recommended by the Independent Water Commission. The Rivers Trust urges the Government to progress with recommendations for improved water systems

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management at pace; we are clear the flood risk management must be fully integrated in this system, alongside other water management issues and wider environmental, social, and economic planning and funding mechanisms.

Another critical step that the Government must take to enable multi-benefit solutions that attract cross-sector finance is to clarify rules on additionality and stacking of ecosystem services benefits. The Rivers Trust Movement has encountered significant barriers as a result of problems with stacking; e.g. Aire Resilience Company, which is focusing on NFM to reduce flood risk around Leeds, has been unable to raise extra finance by selling its biodiversity benefits as BNG units.

To support this catchment governance approach and underpin stacking/additionality rules, the Government must improve the transparency around government-funded schemes and drive comprehensive catchment monitoring. This will help the private sector assess where work is already being delivered and identify opportunities for additional contribution. The Rivers Trust urges the Government to geotag public sector spending and make that data widely available so that it is easier to identify existing work, avoid double-funding, and identify gaps. We also urge the Government to implement [recommendations](#) from the Catchment Systems Thinking Cooperative (CaSTCo) for a unified catchment monitoring and data integration framework that brings together data from a variety of sources, including citizen science, to build a comprehensive picture of our water environment and target effective improvements.

Finally, The Rivers Trust is clear that voluntary contributions will not go far enough to address the flood resilience funding gap; they are unreliable and unpredictable, and they are also not a time- or cost-effective way to raise finance. In some cases, voluntary approaches are for the most part unworkable due to the “free-rider effect”. Additionally, voluntary contributions are more likely an after-thought than an example of a sustainable source of funding. We need to shift the mindset of businesses away from considering investment in nature-based solutions and catchment resilience as optional/nice-to-have/charitable, and towards recognising that this is an essential long-term investment to sustain their supply chain and the wider economy from which they benefit. We will need mandatory contributions from the private sector in recognition that they are beneficiaries of flood risk management. Straightforward examples of mandating contributions from the private sector, including implementing Schedule 3 of the FWMA 2010 to make SuDS mandatory in all new development, have not been acted on by Government, which is unacceptable.

There is an urgent need to drive greater awareness of nature-related dependencies and risks within businesses. Our experience has found that most businesses lack expertise and

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knowledge about nature risks and do not have specific budget for nature or climate resilience. This is borne out when we approach businesses during project development and they are reluctant or unable to engage. It is often highly challenging and resource-intensive to find the right person or team in a business to recognise the environmental and business value of project proposals. The Government has a key role to play in establishing clearer expectations of businesses (for example through a roadmap to delivering their private nature finance target) and communicating this to them; establishing more mandatory contributions would drive the private sector to upskill and formalise processes. One step in this direction would be to mandate ‘Taskforce on Nature Related Financial Disclosures’ reporting requirements to build awareness of nature-related dependencies and risks.

As a general point, The Rivers Trust recommends the Government fully considers the recommendations set out by the GFI in their “Financing NFM” report as part of developing work in this area.

#### Insurance sector:

The Rivers Trust Movement has been involved in a number of projects involving insurance companies, highlighting that there is interest in the sector to engage in NFM. For example, Trent Rivers Trust is engaged with several insurance companies supporting this area of work independently through research and development; their work with Aviva and WWF has produced extremely helpful evidence for the flood resilience benefits of NFM. However, it will be necessary to take a more strategic approach to upscale and mainstream the role of the insurance sector.

Insurance sector contributions face numerous barriers, which the Green Finance Institute set out clearly in their “Financing NFM” report and their “NFM Research Fund” report, including:

- The free rider effect: if a single insurer commits funding to an NFM project, due to the competitive nature of the insurance market, the reduction in risk generated would allow other insurers to price premiums more competitively having not committed funding to the project
- Lack of market incentive for insurers to reduce risk exposure while annual flood risk cover continues to be offered at affordable premium levels
- Concern around certainty of NFM outputs
- Low risk appetite in the sector

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Critically, Government can seek to address some or all of these barriers by establishing collective routes for investment for the insurance sector. Discussion with Aviva and others suggest that there is a need to promote cross-industry collaboration through the Association of British Insurers and to pool insurance investment into a fund that delivers NFM in priority areas.

A proposed insurance sector-financed NFM fund, developed by The Rivers Trust in the GFI's "Financing NFM" report, would aim to enable the insurance sector to contribute to flood risk reduction. The Fund would strengthen the evidence base for NFM and would signal clear support from the insurance sector. The Fund would primarily provide capital or revenue match contributions to eligible NFM projects, in exchange for data and reporting rather than financial returns. Designed to support 15–20 projects over 10 years, the Fund would allow the insurance industry to influence project design, monitoring, and data collection—ultimately reducing claims through tangible flood risk reductions and enhancing the sector's climate resilience credentials. Case studies like Wyre Catchment, Leeds ARC, and Resilient Glenderamackin show how blended finance structures work in practice. A £250k average contribution per project suggests 16 projects could be supported, with the potential to leverage £120m+ from public and private sources. This high-leverage, low-cost model offers the insurance sector a powerful opportunity to shape and de-risk climate-adaptive flood resilience at scale.

#### Water and sewerage companies:

The Rivers Trust urges the Government to consider recommendations provided by the Mainstreaming Nature-based Solutions programme in response to this consultation. This programme involving 23 cross-sector partners can offer valuable insights into the role that the water sector can play in flood risk management and what enabling policy is required for the sector to fulfil this potential.

The consultation document is very focused on surface water management and the combined responsibilities of water and sewerage companies and local authorities in this area. The consultation document rightly highlights the increasing pressure on drainage systems and the increased surface water flood risk (the EA's latest [assessment](#) found a 43% increase in properties at risk of flooding from surface water since the previous assessment). The document sets out that current rainwater management is short-term, reactive, and siloed, and skewed towards grey solutions.

The Rivers Trust agrees that water companies must contribute further to coordinated and strategic approaches to surface water management. Recent policy changes to publish SuDS

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standards (although non-statutory) and create a duty on water companies to consider the use of NbS in DWMPs (Water (Special Measures) Act 2025), are positive steps in the right direction.

However, The Rivers Trust and other experts, e.g. CIWEM's [recommendation](#) for a national rainwater strategy, have made clear that it is necessary to take a whole of society/cross-sector approach to managing surface water as close to the source/where rainwater lands as possible. It is essential that we look to water companies but also to developers and infrastructure providers (National Highways, Network Rail). A key step in this area is to mandate SuDS in new development by implementing Sch 3 FWMA as recommended again by Water Commission.

Also, we need to look wider than just drainage systems. As providers of critical infrastructure, water and sewerage companies must be investing in the flood resilience of their assets and supply chains. Companies must be contributing to catchment-scale resilience to flooding.

As it stands, water and sewerage companies are benefiting from flood resilience benefits of various NbS projects without being required to contribute to the cost. E.g. Resilient Glenderamackin Landscape Recovery has faced reluctance from the local water company to contribute funding, despite the fact that flood risk reduction provided by large/catchment-scale NFM will inevitably benefit the company. Government must take action to drive water companies to contribute a fair share to these kinds of catchment flood resilience projects.

Overall, there is an urgent need to mainstream NbS in water company investment as these can provide multiple benefits including flood risk resilience; Mainstreaming NbS programme is working on this and developing Common Value Framework so that full range of benefits, including for flood resilience, delivered by nature-based solutions can be recognised and quantified. To further support the use of NbS that can deliver flood risk benefits and more, there needs to be reform of regulatory approaches, so that they are more outcomes-focused and less prescriptive, and improved flexibility within the water sector's AMP process so that investment plans can change in-AMP to optimise solutions. Additionally, the Capex bias that limits longer-term spending on maintenance and operational costs must be resolved by embedding Totex incentives that optimise Capex and Opex together over the lifecycle of nature-based assets.

Land and property value uplift:

Local funding:

There is a significant amount of change on the horizon regarding devolution and governance in England (ref English Devolution White Paper). The establishment of Mayoral Strategic

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Authorities, with access to consolidated budget in an Integrated Settlement, will be transformative and does offer significant opportunities to deliver for flood risk management and attract further private sector finance. To realise this opportunity, however, environmental and climate resilience, and nature recovery, must be comprehensively integrated into devolved powers, processes, and plans. The Rivers Trust is concerned that the English Devolution White Paper does not adequately consider flood resilience and the critical importance of natural resources and natural infrastructure to underpin devolution priorities such as local housing, transport, growth, and public health.

The Rivers Trust recognises the importance of local decision-making. Catchment Based Approach (CaBA) Catchment Partnerships have played a powerful role in improving land and water management over the last 10+ years, gathering local data, convening cross-sector stakeholders, and creating Catchment Plans for priority local action. It is clear to us that local relationship-building and ensuring locally appropriate solutions is critical to delivering meaningful outcomes.

We are also clear that a higher level of governance is required to drive strategic, cost-effective, multi-benefit solutions. Our proposal for regional-scale governance that is underpinned by more local catchment planning has been picked up in Water Commission's recommendations, so we are eager to push Government to realise the opportunities of this approach as part of their devolution agenda. We have already seen this demonstrated in practice; the Greater Manchester Integrated Water Management Plan shows how important it is to convene regionally around a holistic approach that delivers environmental, social, and economic benefits.

Therefore, we are supportive of increasing mechanisms for local funding to be gathered and directed towards local priorities, but are absolutely clear that we must take an integrated approach rather than continuing to deal with environmental, social, and economic outcomes in siloes. Local funding decisions must be plugged into environmental planning and funding streams e.g. CaBA Catchment Plans and LNRSs must be the blueprint to underpin local spatial planning, transport, growth, and resilience. The creation of Spatial Development Strategies, Local Growth Plans, and plans for housing, transport, supporting infrastructure, and public health, must all account for their reliance and impact on natural systems and the need to improve this resilience as part of an integrated, future-proofed approach.

Building on existing system:

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As set out in our response to Q35 – building on the existing system will have some benefits, particularly in terms of learning lessons and gathering data, but also has significant limitations, based as it is on voluntary contributions gathered on a project-by-project basis.

Partnership Funding needs to be attracting contributions for non-flood benefits delivered by NFM, but this is currently limited. To support this, strong Catchment Plans and LNRs can provide a clear business case and evidence-base.

**Question 38. Please outline any potential effects of the alternative sources of funding work on groups with a protected characteristic.**

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## Call for evidence on local choice, English devolution, and opportunities for flood risk management

### Question 39. In your opinion, how can Regional Flood and Coastal Committees be empowered to deliver greater local choice in flood investment programme decisions?

The Rivers Trust is clear that changes are needed to enable RFCCs to better reflect local choice and integrate decisions with wider local priorities/objectives. In their current form, RFCCs lack integration with other partnerships (e.g. Catchment Partnerships), lack community representation, and lack transparency in designing schemes, especially in provisioning for NFM.

The Rivers Trust strongly urges greater formal integration between RFCCs and Catchment Based Approach (CaBA) Catchment Partnerships. As it stands, RFCCs are not equipped to take an overtly integrated approach; the benefits of FCERM projects go well beyond flooding but, currently, partnership funding rarely goes beyond funds from other Risk Management Authorities. This integration could be achieved by, for example, installing a properly resourced CaBA area representative as part of each RFCC to articulate opportunities and choices both upwards and downwards. This formal integration is essential to ensure that flood risk is managed holistically and in alignment with water quality, biodiversity, and climate resilience goals. Without this integration and the involvement of river catchment experts, it is likely that natural flood management approaches will continue to be overlooked and marginalised against purely flood funded opportunities.

We would also like to see greater community representation in RFCCs. At the moment, these groups are dominated by industry professionals and staff from Government agencies, local government, and national government; while this is important to ensure rigorous and effective use of significant amounts of public funding, it does leave a critical piece of the puzzle missing in terms of local voice. We would encourage the Government to explore how local representation can be empowered to participate in RFCC meetings and decision making.

Finally, there needs to be a far greater level of transparency around RFCCs, in the way that they are run and their decision-making process; this is critical if they take on a greater role around local choice. This needs to go beyond the data available on the government websites about membership but include Environmental Sub Groups (which some RFCC's already have) to ensure scrutiny of NFM and OM4s).

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**Question 40. What changes do you believe are needed to support and enable Regional Mayors to enhance partnership working with other organisations for flood risk management?**

Regional Mayors have legitimate convening power for local and regional interests, meaning that they can play a key role in bringing businesses to the table for partnership working. This would help address barriers faced by existing projects which too often come up against reluctance from businesses to engage; the Aire Resilience Company has often been told that businesses are prioritising action elsewhere or are unwilling to come to the table. Regional Mayors could have the political and social capital to bring more stakeholders to the table.

Regional Mayors must be plugged into integrated governance frameworks to enable them to engage with cross-sector partners and harness opportunities for multi-benefit solutions that draw in wider partnership working/funding. There are many strong examples of where this integration is already working well, so the Government must ensure that we are learning from this good practice and formally embedding learnings moving forward: e.g. Greater Manchester IWMP.

The Rivers Trust's proposal for regional-scale governance has been picked up in Water Commission's recommendations, so we are eager to push Government to realise the opportunities of this approach as part of their devolution agenda. Regional Mayors must be plugged into regional-scale integrated water management, to ensure that regional objectives are advanced in an integrated way, drawing in diverse stakeholders from across sectors to maximise cost-effective delivery.

It is critical to recognise that successful partnership working is already happening, and must be given space, time, and continued funding to support this work so that it matures and embeds. For example, CaBA Catchment Partnerships have for 10+ years been integrating land and water management around multiple outcomes including flood resilience, but have been consistently underfunded. Government must act on the Independent Water Commission's recommendation to properly fund these Partnerships so that they can increasingly support regional-scale planning and draw in cross-sector funding.

This integration at a planning level will ensure that new Integrated Settlements are used to maximise outcomes for the region and give Regional Mayors the tools to draw in wider partnership funding to bolster delivery. Funding must be longer-term, not year-to-year, to support sustained partnership working.

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Additionally, giving Regional Mayors more revenue raising powers and could provide funding around which partnerships could be formed:

- Local powers relating to tax/rates relief present an opportunity to incentivise private sector engagement in climate change adaptation/resilience building.
- Local powers relating to commissioning/procurement processes present an opportunity for local authorities or mayoral authorities to require businesses seeking contracts to engage in climate adaptation projects as a form of social value.
- Proposals in the English Devolution White Paper to reform business rate retention could be used by Strategic Authorities to enable partnership working on flood resilience and the resilience of natural systems, on which regional communities and growth depend.

**Question 41. How do you believe Regional Mayors can enable integrated approaches to strategic flood planning? What changes are needed to achieve this and how can risks be managed?**

Mayors have legitimate convening power for local and regional interests. They are champions for a local place and strong advocates for what the place needs - this is useful to getting people together to problem solve around what a place, people living there and doing business there, really need.

Regional Mayors have the opportunity to link local authority actions across a wider area in managing watercourses and flood risk. Regional Mayors can support local authorities to align planning into a regional setting rather than LFRMS plans solely being driven from a national perspective. This would allow LFRMS to provide more strategic direction and influence for a range of programmes rather than a single-issue focus.

Regional Mayors must be given clear direction to integrate flood risk management and wider climate resilience considerations into their planning and decision-making responsibilities. RT is concerned that the English Devolution White Paper referenced flood resilience as a “next step” for the devolution agenda, but this must be a priority as it fundamentally underpins local objectives around housing, transport, growth, and public health. It is absolutely critical that planning for environmental and climate resilience and nature recovery is integrated into the creation of Spatial Development Strategies, Local Growth Plans, and plans for housing, transport, supporting infrastructure, public health and innovation.

Mayors must play a role in integrated water management, which includes management of flood risk. The Rivers Trust's proposal for regional-scale governance, underpinned by properly

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resourced catchment planning, has been picked up in Water Commission's recommendations, so we are eager to push Government to realise the opportunities of this approach as part of their devolution agenda. Regional Mayors must be plugged into regional-scale integrated water management, to ensure that regional objectives are advanced in an integrated way, drawing in diverse stakeholders from across sectors to maximise cost-effective delivery.

This integration at a planning level will ensure that Integrated Settlements received by Strategic Authorities, proposed in the English Devolution White Paper, are used to maximise outcomes for the region and give Regional Mayors the tools to draw in wider partnership funding to bolster delivery. Funding must be longer-term, not year-to-year, to support sustained partnership working. Additionally, giving Regional Mayors more revenue raising powers and could provide funding around which integrated solutions can be developed. Proposals in the English Devolution White Paper to reform business rate retention could be used by Strategic Authorities to fund integrated approach to flood planning.

Integrated planning does need the proper resource and capacity if objectives are to be realised. People with the right skills and expertise need to lead on aspects of planning to ensure it is fit-for-purpose across sectors and will effectively deliver on objectives. This presents a challenge, but also an opportunity, as it will require upskilling and capacity-building across regional businesses, e.g. water companies, energy distributors, transport sectors and construction and engineering sectors must all be able to engage effectively with the planning process.

**Question 42. In your opinion, how can Regional Mayors support or enhance governance arrangements for Local Flood Risk Management Strategies? What changes are needed to achieve this and how can risks be managed?**

**Question 43. In your opinion, what are the risks and opportunities of devolving some of the flood funding budget to either local or mayoral authorities in the longer-term? How could risks be mitigated?**

Flood risk management requires a catchment-scale approach:

There is a risk that devolving flood funding budget to local authorities or mayoral authorities would create more small-scale, siloed approaches to flood risk management, which would be ineffective and result in cost inefficiencies. Action in one area to provide a specific benefit could result in challenges further up- or down-stream. It is therefore essential that there are clear, robust, and user-friendly mechanisms to ensure that smaller areas are coordinating together for effective flood risk management across the catchment.

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Coordination across governance areas (and their individual funding pots) could deliver effective flood risk management e.g. by identifying priority areas for particular kinds of intervention/investment. E.g. two authorities could coordinate budget spend on reduced flood risk by working together to understand how much space for water is needed upstream and downstream and then creating that space.

The Rivers Trust is clear that local government must be plugged into integrated water management structures that take a catchment approach to ensure interventions are effective and strategic. We expect Government to act on the Water Commission's recommendation for regional-scale governance that is underpinned by well-resourced catchment planning; we urge Government to integrate this new framework fully with the devolution agenda.

Flood risk management should support and be supported by planning for other local objectives:

Local or mayoral authorities should be well-placed to understand how flood funding budgets can be spent in a way that supports other local objectives (e.g. natural flood management projects could proceed in areas identified as suitable according to the Local Nature Recovery Strategy thereby supporting nature recovery as well as providing flood risk reduction benefits). Vice versa, local or mayor authorities should be able to ensure funding for other local objectives increases flood resilience rather than exacerbating flood risk.

Political/ideological differences between local authorities could impact flood risk management approaches:

There is a risk of inconsistent approaches being taken in different areas due to different ideological approaches to climate change from different parties. Prioritisation and recognition that this work needs to be integrated into other priorities such as house building and economic growth is key but may not be seen that way depending on political approaches and stakeholder understanding.

**Question 44. What changes do you believe are needed to enable and encourage Regional Mayors to consider flood risk management when making revenue raising and spending decisions?**

As set out in our response to previous Questions in this section, The Rivers Trust urges Government to ensure that devolved powers and responsibilities take an integrated approach, whereby flood risk management and wider catchment resilience is a key consideration,

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Company Registration Number 05136671.  
Registered Charity No: 1107144.  
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recognising that natural systems underpin economic and social security and growth. This will ensure that flood risk management is built into the system from the very beginning, rather than treated as an afterthought, so that revenue raising and spending decisions across all objectives take flood risk management into account.

Furthermore, Regional Mayors must formally participate in integrated water management planning so that their revenue raising and spending decisions are linked to other sectoral planning and funding for maximum impact and cost-effectiveness. The Rivers Trust will hold Government to account to implement the Water Commission's recommendation for regional-scale governance, underpinned by well-resourced catchment planning; we urge Government to integrate this new framework fully with the devolution agenda.

**Question 45. Please outline any potential effects of the local choice, English devolution and opportunities for flood risk management work on groups with a protected characteristic.**

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About The Rivers Trust:

*The Rivers Trust is the umbrella organisation for our 65 member Rivers Trusts across Britain, Northern Ireland and Ireland. We are river and catchment conservation experts with a wealth of data and expertise at our fingertips. We work with our member trusts to make our shared vision a reality: wild, healthy, natural rivers, valued by all.*

For further information, please contact:

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