

Foreword

Over the last 10 years we have seen the impacts of climate change accelerate globally and locally with devastating consequences for communities and businesses through the impacts of increasingly regular “extreme and unprecedented” events. Flooding is the UK’s number one climate threat with wide-ranging social, economic and infrastructure impacts and legacies. The annual disruption and damages caused by flooding is now estimated to cost £2.2bn each year – a figure predicted to increase by 27% by 2050.

While modelling projections indicate the situation is set to worsen, in parallel, strategic approaches are evolving with a focus on resilience and adaptation, diversifying our risk management toolkit beyond building flood defences ever higher. Natural Flood Management (NFM) considers wider land and catchment processes to store and slow the flow of water upstream, to reduce the potential impact of flooding to downstream communities.

Flood risk reduction is only one aspect of climate resilience and adaptation. The co-benefits delivered by nature-based flood management could become an important driver for positive environmental change and ecosystem resilience, inter-woven with biodiversity gains and carbon capture/offsetting initiatives. Encouraged by green incentives and ESG (Environmental Social and Governance) regulatory reporting and accountability, investors, lenders, and entrepreneurs are leaning in as never before to explore delivering outcomes while instigating commercial growth.

Funding to manage flood risk to communities and businesses has increased in recent years, but the volume of work and delivery cost are accelerating at a significantly faster rate. While local flood risk management schemes are sometimes being funded through collaboration with the private sector, financing has not yet expanded beyond piloting to a catchment or wider regional/national scale.

This important report draws together evidence and perspectives from the nation’s leading experts in their fields to understand the status quo with respect to blockers, investigate the art-of-the-possible, and spotlight priority next steps towards a structured, scalable, and sustainable financing paradigm for NFM.

Key barriers have emerged through this study which will need further strategic engagement and discussion, including the below:

Confidence: Will NFM deliver a measurable reduction in flood risk to justify investment? How can NFM be incorporated into modelling to analyse flood risk reduction and to build the data and evidence base?

Co-benefits: NFM alone may not provide a commercial imperative for investment, although it is often closely aligned with potential biodiversity and carbon credits. There is, however, no clear mechanism for ‘stacking’ benefits.

Coordination: There is no coordination framework for private sector buyers and investors spanning national, local and even international scales, which could potentially attract more strategic investment. We thank the Green Finance Institute’s (GFI) Nature Programmes team for their hard work and diligent approach to helping shape the UK’s future NFM strategy with this exploratory study.

Signed,

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