

FCERM appraisal guidance: March 2022 update

Introduction

Following user feedback, we've updated the flood and coastal erosion risk management (FCERM) appraisal guidance to make it clearer, more concise, and more accessible.

There's now two parts:

- the [manual](#), published in 2020, which summarises the main appraisal steps as it is designed for a general audience
- the newly published [technical guidance](#) which provides the full appraisal details needed for practitioners.

This update makes it easier than ever for you to produce business cases for projects that improve resilience to flooding and coastal change. The changes encourage a proportionate approach to appraisal. This will help you create better projects in the most time and resource efficient way possible.

The main changes include:

- reducing the time, cost and complexity of appraisal – by making it clearer what you need to do for different types of projects
- working with partners from the outset – so you can set clear project objectives and develop strong funding partnerships
- encouraging objectives which result in a broader range of outcomes – including carbon reductions and sustainability
- using the latest climate change scenarios – so you can plan for and adapt to the changing climate
- streamlining the process for selecting options – so that you can achieve national FCERM investment priorities whilst balancing local choices
- supporting more nature-based solutions – so that your projects can manage the flow of water and that work with natural coastal processes

We will continue to improve the appraisal guidance over the next two years, through an ongoing programme of updates. This means FCERM appraisal will continue to support the ambitions of the [National Flood and Coastal Erosion Risk Management Strategy](#) and adapt to government policy priorities.

Context

The Environment Agency and other risk management authorities (RMAs) use the FCERM appraisal guidance to make the case for capital investment under the government's [2021 to 2027 Investment Plan](#).

The updated FCERM appraisal guidance explains how to:

- set appraisal objectives and the critical successes for your project
- select the most appropriate type of project and economic appraisal techniques
- identify options and potential resilience measures that best achieve the objectives of your project
- work collaboratively with partners to agree objectives, success factors and potential options

The appraisal guidance is based on the HM Treasury [Green Book](#) and the Defra policy statement on [appraisal of flood and coastal erosion risk management](#).

It will play a critical role in achieving the aims set out in the [National FCERM Strategy](#) and the [Defra policy statement on FCERM](#). It also supports the government's [partnership funding policy](#) which explains how RMAs can access FCERM grant-in-aid (FCERM GIA) funding for projects.

The main changes and improvements

The updated appraisal guidance explains how you should set:

Clear objectives which are what you and partners want to achieve by the end of a project. These objectives should be specific, measurable, achievable, relevant and time-bound (SMART). They must be consistent with the [National FCERM Strategy](#) and, where relevant, other local statutory flood risk strategies and plans.

Critical success factors which are what is needed for your project to be successful. The [Green Book](#) guidance identifies 5 basic critical success factors. These are strategic fit and business needs, value for money, supplier capacity and capability, affordability and achievability. We explain how you should apply these.

We also explain how you can include outcomes that benefit broader society into the objectives of your project. These help achieve important government commitments including net zero and sustainability.

There are 5 different project types you can use. The guidance explains how to take a proportionate appraisal approach for each.

The 5 types are:

- projects that fulfil legal obligations – for example projects that meet the requirement of environmental legislation

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- projects that sustain a standard of service – for example the refurbishment or replacement of an existing flood defence
- projects that develop a local FCERM strategy – for example a strategy that sets long term FCERM objectives for a place or catchment
- projects that implement a local FCERM strategy – for example a project that is in accordance with the approved local strategy for a place or catchment
- projects that are standalone – for example a flood barrier, a natural flood management or property flood resilience project

We also explain how you can use two different economic appraisal techniques – cost benefit analysis and cost effectiveness analysis – to identify your leading option.

The guidance encourages you to appraise a wider range of resilience options to meet the objectives of your project. This is based on the different components of resilience described in the [National FCERM Strategy](#) - place making, protect, respond and recover. These call for the nation to embrace a broad range of resilience actions alongside better protection in the face of a changing climate.

In most cases, less traditional, engineered options to flood and coastal resilience will generally also have a much lower carbon footprint. You should also work with partners to develop, where possible, a package of measures that in combination can help to enhance flood and coastal resilience in a place or catchment.

The updated guidance also explains how you can include options that consider wider local benefits beyond national FCERM investment priorities. In these cases, RMAs and partners may need to identify other partnership funding sources (beyond FCERM GiA) to support the achievement of those wider local benefits. This will be a local choice.

When to use the new guidance

You can choose to use the new guidance on your FCERM project at any time.

You must use it for all strategic outline cases submitted for assurance after 1 October 2022, and for all outline and full business cases submitted after 1 April 2023. For business case update reports, you should use the appraisal guidance that applied when your full business case was approved.

If you have any concerns about applying the new arrangements to your project you should email fcrm_investment@environment-agency.gov.uk.

Continuous improvement

We will continue to make improvements on appraisal and partnership funding that help you produce better business cases and FCERM projects. We'll also listen to your feedback and makes changes that help you produce better business cases and FCERM projects.

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In April 2022 there will be:

- an improved [SharePoint site](#) that will provide RMAs with all the guidance and tools needed to create a project - it will also bring together other existing sites into one place as a single portal
- new guidance on including how to include carbon in cost benefit analysis so we can help achieve zero carbon goals
- new [climate change allowances](#) for rainfall to be applied in surface water projects (this follows recent updates to our climate allowances for sea level rise and peak river flows for schemes, projects and strategies)

This will be followed by further updates during 2022/23, including:

- guidance on how FCERM strategies and major schemes can start to apply adaptive capacity appraisal approaches to enable places to better plan for future climate risks
- streamlined appraisal approaches that enable more successful business cases for a wider range of smaller scale resilience projects, including natural flood management, surface water and property flood resilience projects
- new business case templates which are easier to navigate for both projects and assurers, helping you to produce proportionate business cases which match the scale and ambition of your project

Over the course of the coming years we will also update our appraisal approaches in the coming years to reflect the ongoing learning from the new [flood and coastal resilience innovation programme](#).

Together, this program means that the FCERM appraisal will continue to support the ambitions of the [National FCERM Strategy](#) and adapt to government policy priorities.

Webinars, further guidance and support

We will run 4 webinars during April. We'll use these to explain why and how we've changed the appraisal, how this will encourage better projects, and what we're planning to do in the future. You can also us ask questions about the changes.

We'd encourage everyone to [sign up](#) for one of these sessions.

The [investment and partnership funding community of practice](#) is a great resource that everyone can use to access guidance, FAQs, training and case studies and much more. You can also speak with colleagues working on projects around the country and get answers to your questions directly from the EA experts.

You can email FCRM_Investment@environment-agency.gov.uk to request access to the community.

Sponsoring department: Strategy & National Adaptation, FCRM Directorate

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