

Scratby Coastal Pathfinder Project:

Adaptation Land/Asset Study



Final Report

for

**Scratby Coastal Pathfinder
Management Group**

RPA

December 2010

Scratby Coastal Pathfinder Project

Adaptation Land/Asset Study

Final Report

prepared for

Scratby Coastal Pathfinder Management Group

by

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TECHNICAL SUMMARY

1. Introduction

In December 2009, Defra announced 15 coastal change pathfinder authorities that received financial support to investigate ways of adapting to coastal change in partnership with local communities. Great Yarmouth Borough Council has funds to examine how the coastal community of Scratby and California can best adapt to the pressures and predicted effects of a changing coastline.

The first phase of this Pathfinder Project was the Community Consultation carried out by Norfolk Rural Community Council (NRCC). This Adaptation Land/Asset Study represents the second phase of the Pathfinder. It has been carried out by Risk & Policy Analysts (RPA).

2. Aims and Objectives

The Adaptation Land/Asset Study aims to:

- investigate possible ways of helping land, business and home owners so that the community of Scratby and California is supported in the medium and long-term; and
- investigate opportunities for funding this assistance.

The study is intended to help the community develop practical options for dealing with the future challenges of coastal change. Information gathered and analysed during the study will help the community of Scratby and California to work with the Borough Council to develop a medium and long-term sustainable option that meets both the needs of the community and the coastal area.

3. The Approach to the Study

Figure 1 identifies the approach to the study and where engagement and feedback from the community has informed the project.

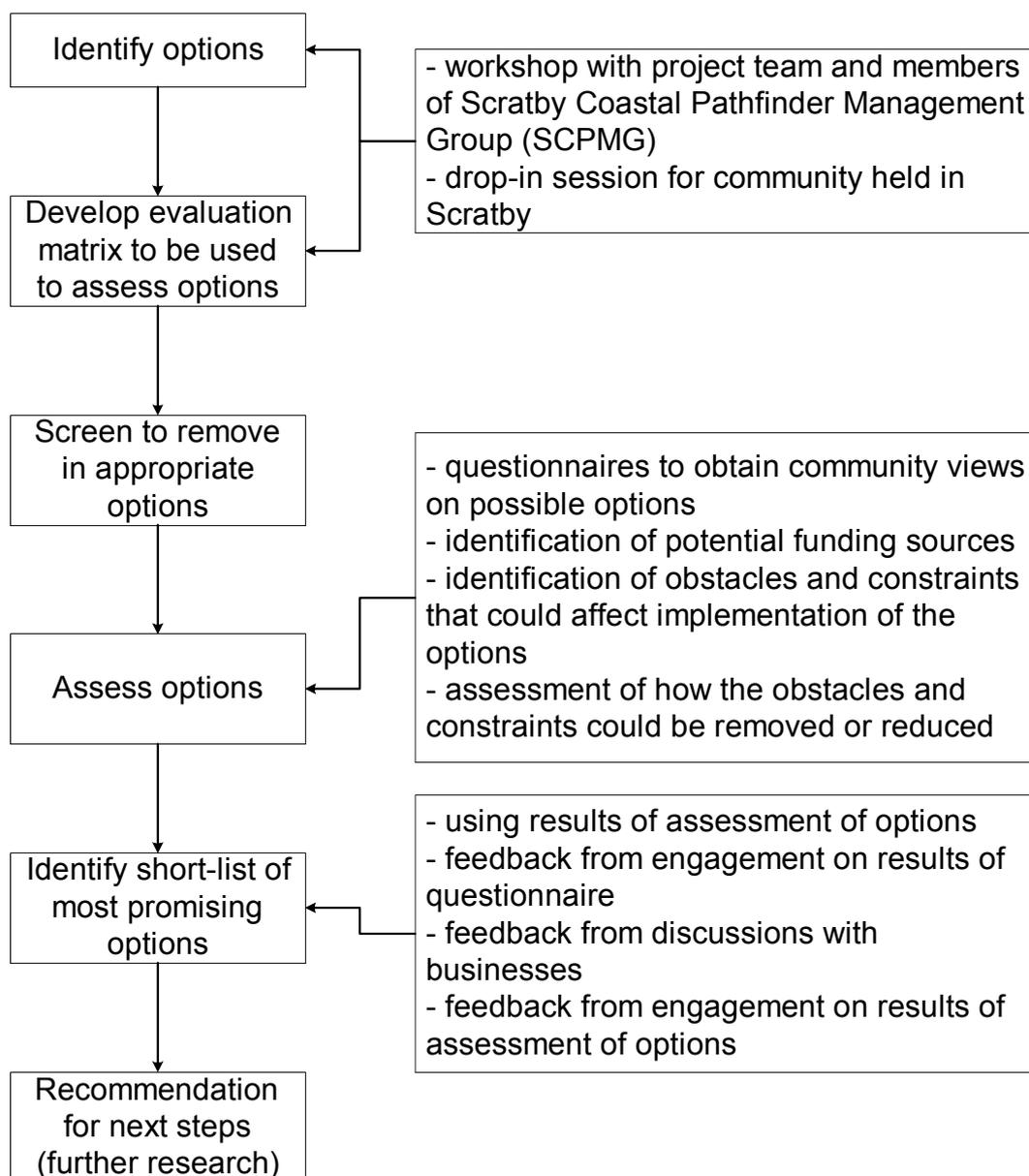


Figure 1: The Approach to the Study

4. The Role of Engagement

Engagement with the local community has a key role to play in all Pathfinder projects. Here the emphasis was on involving the local community in the identification and assessment of options, with the goal that the community would choose which options would be taken forwards for further research and assessment.

The study involved the following engagement events:

- drop-in session held in the Post Office car park on 18th August 2010, attended by 30-40 people who were asked to air their views and opinions

on what they like about the area, as well as giving their suggestions and ideas for the future;

- circulation of 480 questionnaires to residences in late September 2010. A total of 168 were returned, equivalent to a response rate of 35%. The results of the questionnaire showed that there was a preference for options to purchase the at-risk properties or to provide help to allow people to stay in their properties for as long as possible;
- drop-in session on 21st October 2010 to present the results of the questionnaire; and
- drop-in session on 28th October 2010 to present the findings of the study.

In addition, opportunities for face-to-face discussions were offered to the volunteer group¹ and businesses located in Scratby and California.

5. Actions Already Available to Help People at Risk from Coastal Change

There are some actions currently available to help owners of both residential and business properties that may be at risk from coastal change. These are summarised in Table 1.

Type of assistance	Who is Eligible?	What Help is Provided?
Coastal Erosion Assistance Grant	The Local Authority has to apply for the grant to cover costs it would otherwise charge to residential property owners	£6,000 per residential property available to help cover demolition and moving costs
Grant-in-Aid funding	Local Authority would apply for funding from Environment Agency	Payments from grant-in-aid for properties where risk from coastal erosion is reduced (Defra is consulting on the proposals and it is unclear whether this could be used to fund adaptation options, especially where the money was used to provide financial assistance to owners of at-risk properties)
Re-classification of Council Tax bands	Residential property owners providing they are willing to accept that the value of their property has decreased. The property owner has to appeal to the Local Authority to have their property re-classified	Reduction in Council Tax bill when property is moved to a lower band due to a 'material change' to the property or its locality. This could save the householder money each year

¹ Several respondents to the NRCC questionnaire volunteered to be involved further in the study.

Type of assistance	Who is Eligible?	What Help is Provided?
Access to the existing housing support network (for those applying in advance of their property being lost)	Residential property owners (this is a discretionary power that the Local Authority could provide, there is no automatic eligibility)	Advice on a range of housing options, including the potential to be rehomed
Access to the existing housing support network (for those that did <i>not</i> apply until they require emergency help)	Residential property owners (this is a discretionary power that the Local Authority could provide, there is no automatic eligibility)	Advice and assistance to obtain temporary accommodation (but not Council Accommodation)
Help with maintenance of the property	Residential property owners (this is a discretionary power that the Local Authority could provide, there is no automatic eligibility)	The Local Authority could cover the costs to maintain the external condition of the property (to maintain the visual amenity of the area). This could save the householder money, but a charge maybe placed on the property to recover the costs if the property is sold
Advice and support	Businesses (this is a discretionary power that the Local Authority could provide, there is no automatic eligibility)	Advice and support on business continuity management and planning, information on risks and opportunities for adaptation

6. Options to Provide Further Help

As shown above, the actions available at present are limited. This study identified a long-list of options that could be used to provide additional or further help to those living or working in the at-risk areas. Table 2 summarises this long-list of options. Eight of these options have been screened out. These are shown in italics with a , and a brief reason why they were screened out.

Option Type	Detailed Options
Purchase property	<ul style="list-style-type: none"> • Buy at value of property if there was no risk of erosion • Buy at rebuild cost • Buy at value reflecting knowledge at time of purchase • Buy at value reflecting erosion risk • Compulsory purchase • Convert to leasehold (from freehold) with financial payment to cover the reduction in property value
Provide alternative property	<ul style="list-style-type: none"> • Give freehold property to replace old property • Give leasehold property to replace old property • Shared ownership (with payment of rent on unowned share) • Shared ownership (with cap on sale price so it remains affordable housing)

Table 2: Options to Provide Further Help	
Option Type	Detailed Options
Provide land	<ul style="list-style-type: none"> • Give land on freehold basis • Give land on leasehold basis • Shared ownership (with payment of ground rent) • Shared ownership (with condition that LA has to be repaid for land if the property is sold within x years) <p>(all four options screened out as other options are available at lower cost, would be more practical and would not raise legal issues associated with ownership of land so )</p>
Provide financial assistance	<ul style="list-style-type: none"> • Equity release (there maybe no future value to properties, so there would be no interest from investors so ) • Low interest loans (age of population means loans are unlikely to be attractive to lender or borrower so ) • Underwriting values • Subsidised maintenance • Coastal Adaptation Fund • Assistance with paying for expert advice (businesses)
Provide other help	<ul style="list-style-type: none"> • Streamlined planning permission (there is no additional benefit from the option that is already available so ) • Streamlined permission for change of use (businesses)
Reuse Properties Purchased	<ul style="list-style-type: none"> • Sell property (as leasehold to reflect residual life) • Rent property • Use property for pre-defined time-limited uses
Reuse Land (assuming properties are demolished)	<ul style="list-style-type: none"> • Rent land for relocatable properties/caravans • Provide land as open space for recreation (this may not appear to recoup costs unless social benefits are taken into account)
Other options	<ul style="list-style-type: none"> • Relocate sewer • Relocate access roads • Reinstate beach access • Reinstate facilities (car parks, toilets) • Improve access and facilities (e.g. benches)

Figure 2 summarises the main obstacles and constraints affecting implementation of these options. The diagram highlights:

- obstacles: 
- constraints: 
- possible constraints with potential solution that may already be in place: 

The rest of this study focuses on removing or reducing these obstacles and constraints.

Figure 2: Obstacles and Constraints			
Option Type	Issue with Mechanism Needed to Implement Option	Issues with Funds Needed to Pay for Option	Other Issues, including Community Concerns
Purchase property	<p> No mechanism available to buy the properties, other than under private treaty or (where negotiations are unsuccessful through Compulsory Purchase Orders (CPO))</p>	<p> No funds available to buy the properties</p> <p> Maybe possible to link CPO to lines in SMP2?</p>	<p> Maybe seen as easy way to sell property</p> <p> Purchase price may be at low value</p> <p> Maybe objections to CPO</p>
Buy at value reflecting knowledge at time of purchase	<p> No mechanism available to buy the properties</p>	<p> No funds available to buy the properties</p>	<p> May be difficult to prove (legally) knowledge of risk after publication of SMP2 (especially as SMP2 has not been adopted or agreed)</p>
Convert to leasehold	<p> Requires a landlord to be responsible</p> <p> Building surveys likely to be required</p>	<p> No funds available to pay the difference in value between freehold and leasehold</p> <p> Leasehold value may depend on other factors that just the time before the property is eroded (e.g. sea view, strength of the property market)</p>	<p> Offers would have to be made at set times and linked to previous offer, otherwise payment would increase as time to erosion becomes shorter</p> <p> Property owners may not want to move to leasehold</p>
Provide alternative property	<p> Existing standards and responsibilities could affect ability to take at-risk properties as swap</p>	<p> Funds may have to be borrowed to cover costs of purchasing land and building new properties</p>	<p> Restrictions on eligibility for new property due to housing waiting list</p> <p> Community concerns over shared ownership</p>

Figure 2: Obstacles and Constraints

Option Type	Issue with Mechanism Needed to Implement Option	Issues with Funds Needed to Pay for Option	Other Issues, including Community Concerns
<p>Provide financial assistance:</p> <ul style="list-style-type: none"> - underwriting values - subsidised maintenance - Coastal Adaptation Fund 	<p> Not clear who would take responsibility for underwriting values</p> <p> Town and Country Planning Act for subsidised maintenance (but vacant/derelict properties only)</p> <p> Need to establish not-for-profit organisation for Adaptation Fund</p>	<p> Funds would have to be secured in advance</p> <p> Costs may have to be covered by increasing rents</p> <p> Funds would have to be raised</p>	<p> Value payable would have to be negotiated/ agreed legally</p> <p> Charge may have to be placed on property</p> <p> Who would be responsible for the not-for-profit organisation?</p>
<p>Provide other help (streamlined permission for change of use)</p>	<p> Need to include option in local planning policies</p>	<p> Costs of revising policies</p>	<p> May be an issue with tenant/landlord</p>
<p>Reuse properties:</p> <ul style="list-style-type: none"> - sell property - rent property - use property for time-limited use 	<p> Issue with proceeds from sale</p> <p> May be limitation on rents that can be charged</p> <p> May be issue with demand for allowable uses</p>	<p> Risk that costs are not fully recouped resulting in funding shortfall</p>	<p> Community concerns about low sale price and risk that high rents are chargeable</p>
<p>Reuse land (assuming properties are demolished)</p>	<p> Requires properties to be purchased and demolished</p>	<p> Rents for land may not recoup all of the costs resulting in funding shortfall</p>	<p> Property owners may not wish to move out of their homes</p>
<p>Other options:</p> <ul style="list-style-type: none"> - relocate utilities - relocate roads - relocate facilities 	<p> Utilities need to be made fully aware of the risks</p> <p> Roads needing to be relocated are unadopted</p> <p>Local Authority has powers to relocate infrastructure</p>	<p> Residents could get together to raise funds to contribute towards relocation</p> <p> Costs would have to be recouped from property/land owners</p> <p> Funds would have to be raised (through contributions or grants)</p>	<p> Issue with affordability, but loss of property maybe earlier without sewer or road access</p> <p>Key issue for community is lack of seats</p>

7. Assessing the Options

The initial assessment of options involved applying the evaluation matrix. This matrix reflects the factors that the local community identified as being most important to them about Scratby and California. Table 3 summarises the options that performed best and worst against the five most important factors.

Factor	Best Option(s)	Worst Option(s)
Sea views	<ul style="list-style-type: none"> Relocate facilities (if benches are provided) Provide land as open space 	No negative impacts under any options
Beach access	<ul style="list-style-type: none"> Relocate facilities (if beach access is provided) 	No negative impacts under any options
Peace and quiet	No benefits under any options	<ul style="list-style-type: none"> Rent land for relocatable properties (assumes there would be more traffic and people along cliff top land)
Bus links	<ul style="list-style-type: none"> Relocate roads (long-term benefit where bus routes are relocated if affected) 	No negative impacts under any options
Range of businesses and shops	<ul style="list-style-type: none"> Provide alternative property options (new property would be provided within Scratby/ California) Provide financial assistance (property owners/ businesses) (may help to retain businesses) Other help (businesses) (may help to retain businesses) Reuse properties (offers premises that businesses could use) Relocate roads (long-term benefit) 	<ul style="list-style-type: none"> Purchase property options (owners may move out)

8. Costs and Funding of Options

The costs of the options have been estimated to provide an indication of the level of funds that would be required to implement the options. Table 4 summarises the funding costs for each option if they had to be paid for each year for the next 100 years through increases in Council Tax². Table 4 also shows how the potential increase in Council Tax could be reduced if options to recoup some of the funds are also taken forwards. It can be seen that some options could be combined so they are self-funding over time³. By

² This provides an indication of the different levels of costs required for each option. It does not mean that the options would be funded through an increase in Council Tax.

³ It is important to remember that these are 'cash costs' and are not discounted. Therefore, future costs are given the same 'weight' as current costs. This is different to the approach used in project appraisal, which would discount future costs at the Treasury discount rate

combining options, it may therefore be possible to offset some or all of these potential Council Tax rises.

Table 4: Change in Council Tax for each Household in Great Yarmouth Borough						
Increase in Council Tax to fund options						
	Value if there was no risk of erosion	Purchased at rebuild value	Purchased at value reflecting risk of erosion/ Compulsory Purchase	Convert to leasehold	Provide alternative property/ Under-writing value	Subsidised maintenance²
Total payable per year (on average)	£12	£7	£9	£3	£12	£3 to £11
Reduction in Council Tax due to potential to recoup funds						
	Selling at the value reflecting the risk of erosion	Rent property (excluding costs)³	Rent land for caravans			
Total recouped per year (on average) ¹	-£7	-£7	-£8			
Notes:						
¹ Amounts payable are given to the nearest whole £ to reflect uncertainty						
² Reflects the difference in costs if only those properties with less than 10 years residual life are eligible for subsidised maintenance or if all properties shown in the SMP2 as being at risk are eligible (regardless of residual life)						
³ Assumes 35% of the rental income is spent on maintaining and managing the property.						

The increases in Council Tax estimated in Table 4 often exceed the amounts people suggested that they would be willing to pay in the questionnaire (with this at around £9 per household per year for the option to purchase properties, £5 to swap properties, £5 for buy and rent back and £8 for help to continue living in the property). Thus, these charges may not be acceptable to the wider population. The option to convert to leasehold (paying property owners the difference in value between a property that is not-at-risk from erosion and the leasehold value) combined with subsidised maintenance when it is estimated that there is less than 10 years until the property is eroded would result in a total increase in Council Tax of £6 per household per year. This is lower than the £8 per household per year that was suggested in the questionnaire results as the willingness to pay for help to continue to live in the property.

It is important to remember that any additional Council Tax charges that occur would have to be paid for across all households within Great Yarmouth Borough, but would only provide assistance to households in Scratby and California. The costs per household would increase further if other properties at risk from coastal change (e.g. in Hopton and/or Winterton) were included.

such that future costs (and income) could be much smaller than current costs (and income).

Technical Summary

There is a number of other opportunities that could be used to raise funds. These are set out in Table 5 with a summary of the advantages and disadvantages.

Fund Source/Type	Advantages	Disadvantages
Part funding from Grant-in-Aid for flood and coastal erosion risk management	<ul style="list-style-type: none"> Defra is consulting on its proposals giving an opportunity to provide feedback to help ensure that adaptation options can be funded 	<ul style="list-style-type: none"> Concern that the funding may not be available for 'private financial gain' and if this is interpreted as meaning payments to households Total payments would not be sufficient to cover the full costs of the options so other funding sources would also be required
Borrowing against business rates or through Tax Increment Funding	<ul style="list-style-type: none"> Not yet established so may be opportunity to be involved in ensuring schemes cover coastal change options 	<ul style="list-style-type: none"> Not yet established, so not yet available (and uncertainty over what might/might not be allowed)
Prudential borrowing	<ul style="list-style-type: none"> Available to Local Authorities for capital expenditure without the need for government support 	<ul style="list-style-type: none"> Requires increased income to pay back the funds, plus the borrowing costs
New Homes Bonus	<ul style="list-style-type: none"> Government is consulting on its proposals giving an opportunity to provide feedback to help ensure that the New Homes Bonus is available when replacement homes are being built 	<ul style="list-style-type: none"> The bonus payments would not be sufficient to cover the full costs of the options so other funding sources would also be required
Local levy under Flood and Water Management Act	<ul style="list-style-type: none"> Allows levy to be set for coastal risk management activities Spreads costs across all Local Authorities on Regional Flood and Coastal Committee 	<ul style="list-style-type: none"> Levy must be agreed by all Local Authority members on the Regional Flood and Coastal Committee May need to be raised as annual levy, so may limit number of at-risk property owners that could be helped each year¹
Not-for-profit organisations	<ul style="list-style-type: none"> Community Interest Company (CIC) could be established and run for community to benefit the community 	<ul style="list-style-type: none"> More for management of options than funding Strict controls on how money can be managed for and by the potential beneficiaries
Planning gain	<ul style="list-style-type: none"> Could encourage developers to assist with the costs of (or provide) affordable housing 	<ul style="list-style-type: none"> Would mean additional development is permitted in village Would only assist at-risk property owners if they wanted to move to a new property through a property swap
Housing Associations	<ul style="list-style-type: none"> Can help raise funds to build new affordable properties 	<ul style="list-style-type: none"> At-risk property owners may not be interested in property swap options due to costs of meeting decent homes standards

Fund Source/Type	Advantages	Disadvantages
Private investors	<ul style="list-style-type: none"> • Could involve Registered Social Landlords to buy at-risk properties using private funds • Properties could be reused as short-term affordable tenancies 	<ul style="list-style-type: none"> • Price paid for property may not be acceptable to at-risk property owner • Would only assist at-risk property owners if they wanted to move
Bond financing	<ul style="list-style-type: none"> • Local Authority can raise funds by issuing bonds 	<ul style="list-style-type: none"> • Income/return from options may not be sufficient to attract investors • May need to combine with other Local Authorities to be viable bond issue (typically needs to exceed £200 million)
Funding from the European Union	<ul style="list-style-type: none"> • Could attract grants or funds to help pay for options 	<ul style="list-style-type: none"> • None of existing funds or grants are applicable to coastal change options
Lottery grants	<ul style="list-style-type: none"> • Maybe funds available to help relocation of infrastructure where this would improve enjoyment of outdoors 	<ul style="list-style-type: none"> • No funds that are applicable to other options
Funding from Marine Aggregate Companies	<ul style="list-style-type: none"> • Fund already available, but focused mainly on research 	<ul style="list-style-type: none"> • Clear statement that dredging companies believe there is no evidence of a link between aggregate extraction and erosion. This means it is unlikely that funds would be available to mitigate effects of erosion (due to legal issues associated with fault)

Notes:
¹ Defra suggests that 200 homes are at risk of complete loss to coastal erosion in the next 20 years. A further 2,000 could become at risk over this period (www.defra.gov.uk/environment/flooding)

9. Next Steps and Taking Options Forwards

Table 4 identifies where funding might be available, or could be used to reduce some of the obstacles and constraints shown in Figure 2. However, even if the funding opportunities identified in Table 4 were implemented, further actions and research are necessary to remove or reduce the barriers associated with the options so they can be taken forwards. A summary of the barriers and the actions needed is provided in Table 6.

Barriers	Actions Needed to Remove the Barriers
<ul style="list-style-type: none"> • people living in at-risk properties suggested they would prefer to stay in their homes for as long as possible • option may be seen as easy, quick way of selling property, so eligibility would have to be controlled (to avoid risk of incurring high costs very early on) • people living in freehold properties may not want their property to be converted to 	<ul style="list-style-type: none"> • discussions with owners of the at-risk properties on likely uptake of the options, the preferred options and any new constraints that may arise as the options are developed further

Table 6: Actions Needed to Reduce the Barriers so the Options Can be Taken Forwards	
Barriers	Actions Needed to Remove the Barriers
<ul style="list-style-type: none"> leasehold also concerns that rents could be raised to high levels that local people could not afford ability for those living in at-risk property to be able to afford to contribute (e.g. to help towards the costs of relocating infrastructure) 	
<ul style="list-style-type: none"> interest of businesses in adaptation options, based on very low level of response received from businesses during this study detailed discussions with at-risk businesses to assess interest and possible take-up of each option detailed discussions with at-risk businesses to assess their interest in managing the options 	<ul style="list-style-type: none"> discussions with businesses/caravan parks. This will be completed once ongoing discussions have been concluded
<ul style="list-style-type: none"> community-wide discussions to assess interest in creating a local company that could manage the options 	<ul style="list-style-type: none"> discussions with the local community to assess interest in being involved with managing options and to discuss any new constraints that may arise as the options are developed further discussions with existing action groups to investigate the potential to set up a national charity (or organisation)
<ul style="list-style-type: none"> if new properties are to be built by a public body, there would be a need to borrow funds detailed discussions with the community to see if it is considered fair to restrict eligibility to just those who bought before the SMP2 was published 	<ul style="list-style-type: none"> consultation with all households in the Borough if there is a need to raise fund through increases to Council Tax and to identify who else might be eligible for help across the Borough
<ul style="list-style-type: none"> where maintenance costs are covered by the Local Authority there may be a need to raise the rents for other tenants to cover the additional costs (if the costs are Borough wide it may be necessary to offer subsidised maintenance to all those living in properties at-risk for coastal erosion in the Borough) 	<ul style="list-style-type: none"> discussions with tenants where there is a risk that their rents may have to increase to cover costs incurred to help those living in at-risk properties
<ul style="list-style-type: none"> funding mechanisms need to be applicable to options, this includes approaches that are currently proposed and/or at the consultation stage (e.g. Tax Increment Financing) New Homes Bonus could help partially fund option, but unclear if it would be available to replace properties lost due to coastal erosion 	<ul style="list-style-type: none"> lobbying Government to influence the future proposals to allow business rates to be reinvested or borrowed against and to provide feedback on current consultations to help ensure the approaches (e.g. Grant-in-Aid and New Homes Bonus) are applicable to adaptation options
<ul style="list-style-type: none"> restriction placed by Homes Standards requirements if properties are to be purchased by public body/for affordable housing 	<ul style="list-style-type: none"> discussions with the Housing and Communities Agency (HCA) to discuss whether some of the constraints affecting Housing Association involvement could be reduced or removed
<ul style="list-style-type: none"> funding mechanisms need to be applicable to options, including current proposals from Defra on future funding mechanisms for flood and coastal erosion risk management (Grant-in-Aid) 	<ul style="list-style-type: none"> lobby the government/Environment Agency to investigate the potential for government/Environment Agency contributions due to savings made from withdrawing funding from defences, and to ensure that Grant-in-Aid funding is made available to adaptation options

Table 6: Actions Needed to Reduce the Barriers so the Options Can be Taken Forwards

Barriers	Actions Needed to Remove the Barriers
<ul style="list-style-type: none"> • limited market to sell at-risk properties to, especially when the residual life is short (this may reduce the value of the properties such that the income recouped maybe much smaller than the costs of other adaptation options) • may be limited interest in renting the properties (especially if work is needed to meet decent homes standards) • income from renting would be annual so would not cover costs of adaptation options meaning some funds/borrowing would be needed to secure properties that could then be rented (see purchase property) 	<ul style="list-style-type: none"> • discussions with Registered Social Landlords to assess their interest in being involved and how
<ul style="list-style-type: none"> • availability of new properties may mean eligibility may have to be linked to estimated residual life (to avoid risk of over-subscription) • may be restriction on amount of rent that can be chargeable (linked to affordable rents) with public or RSL as landlord 	<ul style="list-style-type: none"> • discussions with Housing Associations to identify their interest in being involved in coastal change options
<ul style="list-style-type: none"> • it is not known whether landowners or developers would be interested in being involved 	<ul style="list-style-type: none"> • discussions with landowners/developers to discuss the potential that Section 106 agreements could result in land being available to support options to provide alternative properties
<ul style="list-style-type: none"> • use of Town and Country Planning Act 1990 would result in charge being placed on the property which could reduce its value on being sold 	<ul style="list-style-type: none"> • discussions with planners to identify planning restrictions and opportunities for the options
<ul style="list-style-type: none"> • households on Local Authority housing waiting list may take priority in being offered the new homes • planning restrictions 	<ul style="list-style-type: none"> • discussions with the housing department to assess the potential to bring at-risk property owners into the housing system
<ul style="list-style-type: none"> • issue with proving that people knew (or should have known) about erosion risk even after publication of the SMP2 in 2006 (especially as SMP2 has not been agreed or adopted, therefore, the policy has not officially changed) • issue with building structure and need for a building survey prior to conversion to leasehold • may be limited potential for Local Authority (or other public body) to take on the role of underwriter • precedence could be set by underwriting coastal erosion risk, could mean other risks could be considered eligible (e.g. in legal terms) 	<ul style="list-style-type: none"> • discussions with legal advisers to investigate any precedence that could be set by any of the options and legal issues associated with eligibility to the options
<ul style="list-style-type: none"> • lack of interest from utility companies in advance of immediate threat 	<ul style="list-style-type: none"> • discussions with utility companies (especially with regard to the location of the sewer)

10. Lessons from this Pathfinder Project

The study also identifies a number of general lessons that can be taken from this study for the Pathfinder Project as a whole. These lessons are:

- 1) **the need for strong communication from the outset** to help develop a common understanding of coastal erosion issues. Whilst there may never be agreement across the whole community, there should be access for all to clear, concise and consistent information.
- 2) **the need for better dissemination of the Shoreline Management Plan (SMP)** and understanding of what the information in the SMP means. Effort needs to be made to communicate the information to the whole community.
- 3) **the need for better dissemination of purpose of Pathfinder Project.** This project has shown that there is concern from some members of the community that the aims of the Pathfinder Project could conflict with work being done by local pressure groups.
- 4) **the need for effort to really implement measures that can help reduce blight.** This will require **further funding from Defra/Environment Agency** and must show that money is being spent in a way that will help people.
- 5) **the need to recognise wider issues/small changes that could make a big difference,** and the need for specific local debate on these issues.
- 6) **action from Local Authorities to join together to promote some of the possible funding mechanisms.** A combined effort from all local authorities and local MPs facing coastal change could provide a powerful lobby.
- 7) **identification of the potential for opportunities to involve the community in managing the risks themselves through whole community actions.**
- 8) **the need to work closely with the Environment Agency** during the development of SMPs, strategies, schemes to ensure that the full costs of policies such as No Active Intervention and Managed Realignment are taken into account.

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Annex 1: Drop-in Session Report

Annex 2: Detailed Analysis of Questionnaire Responses

Annex 3: Results of Applying the Evaluation Matrix

Annex 4: Detailed Explanation of Calculation of Funding Costs

1. Introduction

1.1 The Need for the Study

Coastal change brings both opportunities and threats to coastal communities, their infrastructure and the environment (Defra, 2010⁴). Indeed, in areas where it may no longer be sustainable or affordable to build or maintain defences, local communities will need to begin to adapt to the impacts of coastal change (ibid). A recent consultation on the draft Coastal Change Policy suggested that work was required to identify the implications for local authorities and communities of managing such adaptation (Defra, 2010). This led to the launch of the Pathfinder Programme, which is expected to run from December 2009 to spring 2011 and aims to⁵:

- improve understanding of how coastal communities can adapt to coastal change, as well as what the costs and benefits of different approaches are; and
- provide practical lessons and examples that can be shared with other practitioners, particularly on community adaptation planning and engagement and delivery of adaptive solutions.

On the 1st December 2009, Defra announced the names of 15 coastal change pathfinder authorities that will receive financial support to investigate ways of adapting to coastal change in partnership with local communities. Great Yarmouth Borough Council (The Council) has funds to examine how the coastal community of Scratby and California can best adapt in the medium and long term (50 to 100 years) to the pressures and predicted effects of a changing coastline.

The first phase of this Pathfinder Project was the Community Consultation carried out by Norfolk Rural Community Council (NRCC). In addition to raising awareness of the Pathfinder Project, the consultation gathered a lot of information on Scratby and California. It also helped to determine the level of knowledge that people in the area have about coastal change.

This Adaptation Land/Asset Study represents the second phase of the Pathfinder. It has been carried out by Risk & Policy Analysts (RPA), and intends to contribute towards the process of informing and empowering the community to investigate the range of opportunities that are available for dealing with coastal change.

⁴ Defra (2010): Adapting to Coastal Change: Developing a Policy Framework, Report produced March 2010, available from www.defra.gov.uk.

⁵ Information sourced from the Defra Internet site (www.defra.gov.uk/environment/flooding/manage/pathfinder/index.htm)

1.2 Objectives for the Study

The Adaptation Land/Asset Study aims to:

- investigate possible ways of helping land, business and home owners so that the community of Scratby and California is supported in the medium and long-term; and
- investigate opportunities for funding this assistance.

The study is intended to help the community develop a short list of practical options for dealing with the future challenges of coastal change. Information gathered and analysed during the study will help the community of Scratby and California to work with the Borough Council to develop a medium and long-term sustainable option that meets both the needs of the community and the coastal area.

In addition, the study will bring benefits for other localities since the intention is for Pathfinder Projects to share their experiences and lessons learnt with other areas. Therefore, this study on the coastal communities of Scratby and California will underpin the development of a template for adaptation that can be applied both in this area to help the local community and around the country.

1.3 Summary of the Tasks

The following list provides brief details on each of the tasks in this Phase 2 study:

- Task 1: Start-up Meeting: this involved the Pathfinder Project Officers and RPA;
- Task 2: Brainstorm options with members of the Pathfinder Project Management Group to identify a long-list of potential options;
- Task 3: Develop evaluation matrix as the basis against which the long-list of options would be assessed;
- Task 4: Screen the initial options to remove those options that are clearly not practical or possible;
- Task 5: this was broken down into sub-tasks including:
 - Sub-Task 5a: develop the questionnaire;
 - Sub-Task 5b: investigate potential sources of funding; and
 - Sub-Task 5c: assessment of options.

- Task 6: Short list of options to take forwards. These are the options that look most promising from the perspective of the local community and which will be taken forwards for further consideration and investigation of the potential to implement the options (There is no guarantee that it will be possible to implement the options); and
- Task 7: Reporting and project management covering all the administrative requirements. This Draft Final Report represents the main output to date. Following receipt of comments and suggestions, it will be revised to form the Final Report.

1.4 Organisation of this Report

Section 2 provides an overview of the approach, with details on the tasks performed to date.

Section 3 examines the role of engagement in the study, and how this relates to the Community Adaptation Planning and Engagement (CAPE) on the Coast Guidance, issued by Defra and the Environment Agency.

Section 4 identifies actions that can be taken now to minimise the negative effects of coastal erosion. These actions are considered to form the baseline option.

A long-list of possible options is given in Section 5, including identification of the obstacles and constraints that could affect whether options could be taken forwards. The results of the detailed assessment of the options are covered in Section 6.

Section 7 investigates whether there is any potential for the options to generate income and become self-funding.

Section 8 considers different funding opportunities.

The recommended options are identified in Section 9, whilst the next steps are discussed in Section 10.

Important lessons gained from the project for the Pathfinder Project as a whole are also included in Section 10.

Any references and key data sources are listed in Section 11. The report on the drop-in session is provided in Annex 1, a detailed analysis of the questionnaire responses is included in Annex 2, and the results of applying the evaluation matrix are set out in Annex 3.

2. Overview of Approach

2.1 Breakdown of Tasks

A range of key issues had to be taken into account when deciding the approach to this study. The most important was community engagement, since the overall aim of the Scratby Coastal Pathfinder Project is to:

“build on previous research to expand the level of detail and depth of engagement with the community in line with the Government Guidance for Community Adaptation Planning and Engagement (CAPE) on the Coast. It is intended to inform and empower the community to explore the range of opportunities which exist for coastal adaptation”.

The approach to this Adaptation Land/Asset study has therefore been built around the need to involve the communities of Scratby and California. The study could not have taken place without significant input from local residents and businesses. The task list reflects this.

A community drop-in session was organised and held early on in the study, and further opinions and comments were sought through a questionnaire that asked for views on the potential options.

The community will also be invited to give their feedback on the results of the questionnaire and to choose which options they consider should be taken forwards.

The approach therefore involved the following tasks:

- Task 1: start-up meeting;
- Task 2: brainstorm to provide a whole range of options;
- Task 3: develop an evaluation matrix;
- Task 4: screen the options;
- Task 5: consists of several sub-tasks:
 - Sub-task 5a: develop and test the community questionnaire;
 - Sub-task 5b: investigate potential sources of funding;
 - Sub-task 5c: assessment of options; and
- Task 6: short-list the options.

Further details on each of the tasks (including progress thus far) are given in the following section.

2.2 Details on Each Task

2.2.1 Task 1: Start-up Meeting

The start-up meeting was held on 19th July in Great Yarmouth. It enabled RPA to elaborate on the proposed approach, and gave the Project Officers at

Great Yarmouth Borough Council and GYB Services the opportunity to provide background information and ask any questions. The importance of community involvement was established as the key component of the project.

2.2.2 Task 2: Brainstorm Options

Task 2 involved producing an initial list of potential options for dealing with the impacts of coastal changes on land and properties. A brainstorming session was held at RPA's offices in Loddon for members of the project team and Scratby Coastal Pathfinder Management Group (SCPMG). Suggestions for options were based on previous work undertaken by RPA (for North Norfolk District Council), with additional ideas from other participants at the workshop. Potential options were recorded in order to produce a long list of possibilities for more detailed investigation.

The second part of this task involved holding a drop-in session for residents, businesses and regular visitors to Scratby and California. This event was held at Scratby Post Office on 18th August and gave attendees the opportunity to feed their ideas into the study. The resultant long-list of possible options was taken forwards to Task 4.

Note that this task was undertaken in conjunction with the development of the evaluation matrix (Task 3).

2.2.3 Task 3: Develop Evaluation Matrix

The development of an evaluation matrix was necessary to ensure that the options could all be assessed in a fair and transparent way. The evaluation matrix needed to include the criteria that people in Scratby and California viewed as important. Consequently, during the drop-in session, attendees were asked to rate what they viewed as the five most important aspects of Scratby and California. These aspects are incorporated into the evaluation matrix as part of the criteria against which the options should be judged. Including these factors means that full consideration is given to the criteria that are of greatest importance to the residents and businesses of Scratby and California.

The output from this task was therefore a matrix that allows all the possible options to be assessed against a range of criteria.

2.2.4 Task 4: Screen options

To ensure that time and effort could be concentrated on those options which had potential, it was necessary to carry out initial screening of the long list of options. Options that were definitely not suitable for Scratby and California were removed from the long-list. For example, the option to physically move a building was viewed as not appropriate given the type of properties likely to be affected. The long-list of options is presented in Section 5 of this report.

The initial screening exercise and the objective of the project to explore ways of breaking down obstacles or finding ways around them meant that very few options were screened out. Instead, options were reorganised into 'storylines' to reflect the need to combine different actions to give packages of options.

2.2.5 Task 5: Assess Options and Potential Funding

Task 5 was broken down into several sub-tasks, including:

- Sub-Task 5a: develop the questionnaire;
- Sub-Task 5b: investigate potential sources of funding; and
- Sub-Task 5c: assessment of options.

Sub-Task 5a

It was decided to develop a community questionnaire for residents, but use interviews/focus groups for businesses since the issues facing the two were considered to be different. This would also ensure that the questionnaire could be focused, thus helping to minimise its length. The final version of the questionnaire, which asked people for their opinions on a range of options, also gave residents the opportunity to add their own option. Questionnaires were hand delivered by RPA to occupied residential properties in Scratby and California over a period of three days in mid-September and collected at the end of September/early October.

Businesses were contacted by letter to see if they wanted to take part in an interview to discuss the practicalities of some of the potential options. Although attempts were made to ensure that all businesses in Scratby and California were contacted, there was no real interest from the business community in having such interviews. This is perhaps because few businesses will be directly affected by coastal erosion within the time period considered by the Shoreline Management Plan.

Sub-Task 5b

The options are likely to require some source of funding to initiate them, so it was necessary to consider where money could come from. This involved detailed investigation into possible funding sources. The sub-task included looking beyond central and local government as potential sources (although these were also considered), to cover EU funding sources, the potential to bring in private funding and other possible sources, including those suggested by stakeholders (such as the offshore aggregates industry).

Sub-Task 5c

The assessment of options begins with the identification of obstacles and constraints. The next step is to look for ways through or around the obstacles and for actions that could reduce or remove the constraints. This exercise

involves being flexible and imaginative in identifying ways forward and is iterative with Task 6.

2.2.6 Task 6: Identify a Short-List of Options

Task 6 involves identifying a short-list of options. This involves determining which of the long-list of options assessed in Task 5c look the most promising for Scratby and California. Stakeholder engagement and feedback is an important part of Task 6 as it is the community that chooses which of the options should be taken forwards into the short-list. These options are then the ones for which detailed next steps are identified.

3. Engagement

3.1 The Role of Engagement

Engagement with the local community has a key role to play in all Pathfinder projects. Here the emphasis was on involving the local community in the identification and assessment of options, with the goal that the community would choose which options would be taken forwards for further research and assessment.

3.2 The Engagement Plan

The engagement plan was developed at the outset of the study and was updated as the project proceeded. The aim was to allow the results of previous engagement events to inform the way that future engagement would take place and the way that the study evolved.

3.3 Engagement Events

3.3.1 Events undertaken during the study

The study has involved several engagement events:

- a drop-in session held in the Post Office car park on 18th August;
- circulation of questionnaires to residences in late September. These were subsequently collected in late September/early October;
- invitations to the 'volunteer group'⁶ to meet RPA at the Scratby Coastal Pathfinder Portakabin for informal discussions on issues which are of particular concern to them;
- invitations to businesses to have interviews to discuss the practicalities of some of the options⁷;
- a drop-in session to present the results of the questionnaires on 21st October; and
- a drop-in session on 28th October to present the overall findings of the study and obtain views on which options should be taken forwards.

3.3.2 Key Findings from the Drop-in Session of 18th August

The drop-in session held at the Post Office on 18th August was attended by 30-40 people. The aim was to allow the local community to air their views and opinions on what they like about the area, as well as giving their suggestions and ideas for the future.

⁶ Several respondents to the NRCC questionnaire volunteered to be involved further in the study.

⁷ Note that there was minimal interest from the business community in such engagement.

The top five aspects that people attending the drop-in session saw as important about Scratby and California are:

- sea views;
- beach access;
- peace and quiet;
- bus links; and
- fifth equal: range of businesses and shops, and involvement in making decisions about the future of Scratby.

Residents also raised other issues that they felt were very important. These included:

- the need for more benches to allow people with mobility difficulties to stop and rest;
- the issue of dumping garden waste;
- the potential to plant vegetation to help stabilise the cliffs; and
- the need for an additional beach access point.

Views on the future were very wide ranging, with opinions varying considerably, from:

- “there is no erosion and hasn’t been any erosion”
- “the cliffs are clay so are not easily eroded”

to:

- “I have seen the dunes disappearing and have watched them over many years. They go and come back, but each year they seem to go more than they come back”
- “wind and rain are eroding the cliffs at California”

People also thought that the rock berm was helping build up the beach and should be extended northwards.

When asked about the need to adapt to coastal change, most people (15 out of 27) agreed that it did, while seven thought yes but provided additional comments qualifying their response. The comments included reference to the need to provide defences, suggestions on who should pay and that those at risk should be given financial or practical assistance. A total of five people thought that there was no need for Scratby and California to adapt.

Attendees were also asked to consider if people would only be able to adapt in the future if they are helped. For this question, it was possible to agree with several of the answers, thus people have sometimes ticked several boxes e.g. they think there should be financial and practical help as well as guidance. Bearing this in mind, the results indicate that:

- 13 respondents think “yes, financially”;

- 15 respondents think “yes, with practical help”;
- 9 respondents think “yes, through guidance”;
- 4 respondents think “no, there is no need to adapt”;
- 2 respondents think “no, they should adapt themselves”; and
- 1 respondent ticked the “other answer” box.

Comments supporting the answers were again wide-ranging, with views on coastal change itself, the difficulty of facing loss of your home or livelihood without financial help, the costs that would be incurred and the importance of community awareness.

Once more there were also comments both in support of the rock berm and against it. For example, one respondent noted that help could be given “by providing sea defences for this area” whilst another commented that “the present rock berm does not need to be extended up to Hemsby”. There were additionally a couple of suggestions for other ways of dealing with coastal change. These included planting vegetation on the cliffs and reclaiming a cliff line using gabions.

Full details of the drop-in session can be found in Annex 1.

3.3.3 Key Findings from the Questionnaires on Adaptation

A total of 480 questionnaires were hand-delivered to each residential property in Scratby⁸. The list of residential properties was taken from the Phase 1 Community Consultation NRCC project, which had already identified many of the holiday lets. Each residential property was visited with an attempt made to hand the questionnaire to the residents. Where the homeowners were in, there was also an opportunity to explain what the questionnaire was about, how it followed on from the previous questionnaire, to give details on when it would be collected and to highlight contact details should they have any questions or difficulties completing the questionnaire. If there was nobody at home or there were signs indicating ‘no cold callers’⁹, the questionnaires were posted through letterboxes. A total of 15 people stated that they did not want to be involved, did not want any further involvement or were not interested.

The questionnaires were collected on the days indicated on the cover of the questionnaire (this varied according to when the questionnaires had been delivered). Where the questionnaire had not been left outside, an attempt was made to speak to the residents, by knocking on the door. Those people that had not yet completed the questionnaire were given the opportunity to have it collected at a later date.

⁸ Attempts were made to deliver more questionnaires, but were thwarted by properties with no letterboxes or fierce dogs in the garden. Questionnaires were also not delivered where neighbours advised that properties were empty (crime prevention).

⁹ While we felt it was important to respect the wishes of those displaying ‘no cold callers’ or ‘do not call without prior appointment’ signs in their doors/windows, we did call where these signs specified particular types of callers (e.g. no religious canvassers or salespeople) which we felt did not include ourselves.

In total 144 completed questionnaires were collected on the first collection (equivalent to a response rate of 30%¹⁰). A follow-up visit collected an additional 24 completed questionnaires. This increases the response rate to 35%.

The aim of the questionnaire was to explore community views on different options and to assess whether there may be some options that are more (and less) acceptable.

The first question asked whether people whose homes or businesses are at risk from coastal change should be given assistance. The aim was to identify the overall opinions on the need for help to adapt. The question also provides a baseline that can be used to sub-divide respondents into those who agree that assistance should be given and those who do not. In fact, the responses were highly in favour of providing assistance with 79% agreeing with the 'yes' statements¹¹. A further 7% agreed with 'maybe', where this included the following statements:

- maybe, it depends on who would have to pay;
- maybe, it depends on how much it would cost in total; and
- maybe, but they should only receive assistance if they cannot afford to help themselves.

Just 11% thought that assistance should not be given. Comments from those answering no suggested that those who had purchased property on the cliff-top knew (or should have known) the risks.

Most of the questions concerned five possible options. These options are:

- (i) **Option 1: At-risk properties are purchased:** the properties would be bought from their current owners. The current owners would move out of their property;
- (ii) **Option 2: At-risk properties are 'swapped' for a new property:** the at-risk property is exchanged for shared ownership in a new property;
- (iii) **Option 3: Buy and Rent Back:** The at-risk property is bought by a private investor and rented back to the current owners. A guarantee would be provided that the properties would exist for a certain number of years or an alternative is for a public body to act as the landlord;
- (iv) **Option 4: Help for those who want to continue living in their property:** Some help is provided to cover the costs of maintenance of the property and of moving to a new property when the risk of erosion becomes too great; and
- (v) **Option 5: Recouping Money from the Properties or Land:** Money can be recouped to help fund the options in the future by:

¹⁰ A further 76 questionnaires were returned uncompleted, with two comments that it was too complicated and one that it was too juvenile.

¹¹ A number of different yes statements were available reflecting different levels/type of assistance and reasons why assistance might be required/given.

- selling the properties (at a value that reflects the time remaining before the property is predicted to be affected by erosion);
- renting the properties; or
- demolishing the properties and renting the land.

To keep the questionnaire to a manageable length, the options were described in general terms. In this report, consideration is given to specific sub-options. It was not considered appropriate to ask questions on these specific sub-options due to:

- the number of options being considered (see Section 5);
- the detailed descriptions of the options that would be required to explain the mechanism for implementing and funding the options; and
- the risk that the community may have thought that some choices had already been made and that their influence was, therefore, limited to choosing between, rather than helping identify, the options.

For each option, questions were asked on:

- who the community thought would benefit from the option: this helps give an indication of the likely acceptability to the community as a whole (asked for Options 1, 2, 3, 4 and 5);
- who should fund the option: to give an idea of where the community feels the money should come from and why (only asked for Options 1, 2, 3, and 4 as it is not relevant to question 5);
- whether the community would be willing to pay for the options: this adds to the information on likely acceptability and helps identify how much money could be contributed by the community when assessing funding options (only asked for Options 1, 2, 3, and 4 as it is not relevant to question 5); and
- whether the community feels the option is fair: this again provides information on acceptability, based on the principle of ‘fairness’¹² (only asked for Options 1, 2, 3, and 4 as it is not relevant to question 5).

Table 3.1 presents the results on who was considered to benefit under each of the options. In some cases, the potential beneficiaries varied according to who was likely to be involved in the option. The most common response is shown in **bold**.

Option	Option 1 (purchase properties)	Option 2 (property swap)	Option 3 (buy and rent back)	Option 4 (help to continue living in property)	Option 5 (recouping money)
Owners of the properties	61%	41%	32%	70%	35%
Business owners	22%	11%	16%	15%	9%

¹² There can be many interpretations of fairness and it is clear from the comments made that the respondents interpreted what they believe to be fair and unfair in a number of different ways.

Option	Option 1 (purchase properties)	Option 2 (property swap)	Option 3 (buy and rent back)	Option 4 (help to continue living in property)	Option 5 (recouping money)
Landowners	-	15%	-	-	-
Private landlord/investor	-	-	37%	-	30%
Owners of nearby properties	-	-	-	12%	-
Visitors/tourists	6%	4%	4%	8%	4%
Second-home owners	16%	12%	12%	13%	6%
No-one	13%	25%	15%	10%	17%
Everyone in Scratby and California	24%	10%	7%	14%	8%
Don't know	5%	11%	11%	7%	20%
Other	3%	6%	4%	4%	4%
Number of responses	147	138	134	138	133

Table 3.1 shows that there is considerable variability between the options, although 'owners of the properties' is generally the most common response. The only variation is under Option 3 (buy and rent back) where 'private landlord/investors' (37%) were considered to benefit more than 'owners of the properties' (32%). The percentage thinking 'private landlord/investors' (30%) would benefit under Option 5 (recouping money) is also similar to that for 'owners of the properties' (35%).

Option 2 (property swap) has the highest proportion of people who think 'no-one' would benefit (25%), followed by Option 5 (recouping money) (17%). Option 1 (purchase property) is the option with the highest percentage believing that everyone in Scratby and California would benefit, but this is still only the case for 24% of all responses. Generally, respondents do not believe that visitors/tourists will benefit greatly from any of the options.

When asked who should fund the options, the most common response was 'central government', as shown in Figure 3.1. The Figure shows that the majority thought that central government should fund all the options. The highest percentage being for Option 1 (purchase properties) at 78% and the lowest at 50% for Option 3 (buy and rent back). It is important to note that there is a significant proportion of 'don't know' responses to these questions (ranging from 15% for Option 1 to 20% for Option 3).

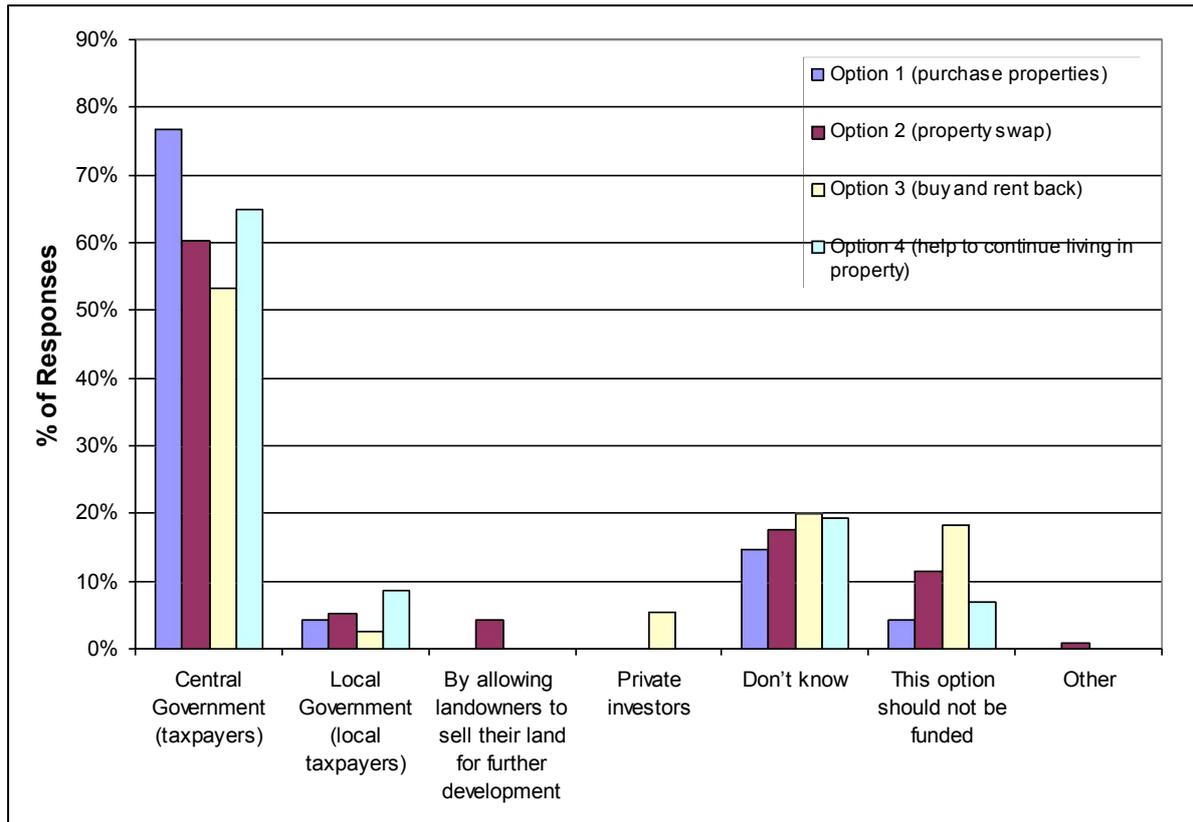


Figure 3.1: Comparison of Responses on Who Should Fund the Options

The responses suggesting that the options should not be funded are variable, with the least popular option being Option 3 (buy and rent back) with 19%, followed by Option 2 (property swap) with 11%. The most popular is Option 1 (purchase properties) with just 4% feeling this should not be funded, with Option 4 (help for those who wish to continue to live in their properties) scoring 7%.

The next question asked how much people would be willing to pay to help fund the options. Although it is a simplistic way of identifying people's willingness to fund the options, it does give an indication of the level of funding that might be generated locally. It also provides further evidence on which options are most and least preferred. The most useful way of comparing the options is to consider the weighted average willingness to pay calculated across all the responses. This takes account of all those who said they were not willing to pay (counted as £0), although it excludes 'don't knows'. The weighted average willingness to pay values for each option are:

- Option 1 (purchase properties): £9 per household per year;
- Option 2 (swap properties): £5 per household per year;
- Option 3 (buy and rent back): £5 per household per year; and
- Option 4 (help to continue living in property): £8 per household per year.

It is important to note that the percentage of respondents stating that they were not willing to fund the options was high:

- Option 1 (purchase properties): 54% were not willing to pay to fund this option;
- Option 2 (swap properties): 67%;
- Option 3 (buy and rent back): 68%; and
- Option 4 (help to continue living in property): 58%.

This information suggests a preference for Option 1, followed by Option 4 with Options 2 and 3 again the least preferred in terms of the amount people would be willing to pay to fund these options.

Figure 3.2 provides a graph showing the variation in results when people were asked whether they thought the options were fair. The figure shows that Option 1 (purchase properties) is considered to be the fairest, although the proportion responding 'don't know' is only marginally lower than those agreeing with 'yes' (40% stated yes compared with 37% who stated don't know). Option 2 (property swap) has the highest proportion of no answers (at 40%), but this is slightly less than the number who did not know (42%). The highest proportion of 'don't knows', however, was for Option 4 (43%). This suggests that there is considerable uncertainty over whether the options are fair, probably reflecting the lack of concrete information on who would pay, how much they would pay and when.

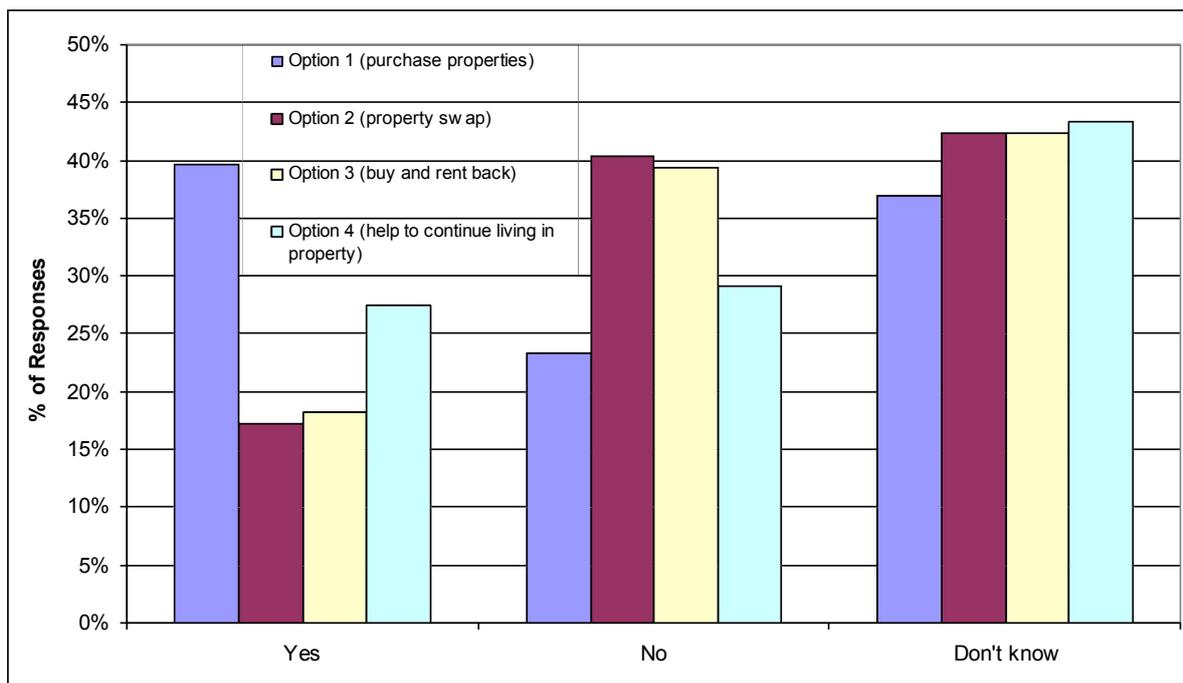


Figure 3.2: Comparison of Responses on Whether the Options are Fair

Overall, therefore, the suggestion is that Option 1 (purchase properties) is likely to be the most preferred option, followed by Option 4 (help for those who wish to continue to live in their properties), with Option 2 (property swap) and Option 3 (buy and rent back) not proving very popular. This is further supported by comments received on the options, as summarised in Box 3.1. The comments included in Box 3.1 represent the strongest views for and

against the options. The full list of all comments received can be found in Annex 2.

Box 3.1: Summary of Comments For and Against the Options	
Option 1 (purchase properties)	
For the option	Against the option
<p><i>It would give peace of mind to know that there would be some amount of financial compensation.</i></p> <p><i>Unsure as doesn't seem fair if people only get the current value (prob very minimal if at risk of erosion) but equally not right to get value before erosion risk.</i></p> <p><i>Although it is not my preferred option at least the government would compensate me for not protecting my property.</i></p> <p><i>It gives owners a chance to buy another house.</i></p> <p><i>Central government have chosen not to provide defences so should ensure those likely to suffer are adequately compensated.</i></p> <p><i>If the government won't help prevent any erosion they should be responsible for other assistance.</i></p> <p><i>Flood victims receive government compensation. Why should erosion victims be treated differently.</i></p> <p><i>If you hope to move out of your home you should at least be compensated at a level which allows you to purchase a comparable property.</i></p>	<p><i>We need to protect the coast and not allow erosion to continue unabated.</i></p> <p><i>The subject of erosion is not new. The vast majority of the costs should be covered by the owners who should have made prior plans.</i></p> <p><i>Erosion is not a new phenomenon it was happening when they bought the property.</i></p> <p><i>The property owners took the risk when they purchased.</i></p> <p><i>People buy property knowing where they stand.</i></p> <p><i>Would be unfair for people not at risk of erosion in towns etc.</i></p> <p><i>Because the cost would be too great</i></p> <p><i>It is important to note that some of the comments against this option were because the price paid for the property may not be considered adequate by the property owners</i></p>
Option 2 (property swap)	
For the option	Against the option
<p><i>It allows at risk owners to stay in their properties without worry of being homeless.</i></p> <p><i>This would encourage continuation of local spirit whilst not putting the whole bundle of costs on non-involved public.</i></p> <p><i>Again it spreads the cost across the country.</i></p> <p><i>Because it could increase the number of new properties being built.</i></p> <p><i>We have had benefit of living here. We should therefore have to pay something.</i></p> <p><i>Would benefit more people than just owners or properties at risk.</i></p>	<p><i>I don't like this option. Not interested.</i></p> <p><i>Not interested! Want to stay in my own property!</i></p> <p><i>Shared ownership properties being built are small with little land - whilst the bungalows will be much larger.</i></p> <p><i>Would not like shared ownership.</i></p> <p><i>Don't like this option at all.</i></p> <p><i>If this option is exercised it shouldn't be shared ownership, you're having to pay rent it should be a complete new individual unit, i.e. House or flat.</i></p> <p><i>Don't like the swapping as wouldn't benefit locals as it doesn't/isn't community friendly.</i></p> <p><i>Seems very complicated and open to abuse.</i></p>

Box 3.1: Summary of Comments For and Against the Options	
	<p><i>It will leave current property owners worse off.</i></p> <p><i>Shared ownership instead of owning a property outright.</i></p> <p><i>Having worked and saved to buy your ideal property why should you then end up owning only part of a property and paying rent.</i></p>
Option 3 (buy and rent back)	
For the option	Against the option
<p><i>Removes the worry of property being worthless due to erosion.</i></p> <p><i>I would rather stay and pay rent, but have the money for my property for when I need to move due to the coastal erosion.</i></p> <p><i>Residents can remain in their homes and should the coast erode enough to make it unsafe to live the government would have to rehouse.</i></p> <p><i>It gives the home-owner choice and it spreads the costs of this option.</i></p> <p><i>Those who wish to stay in their properties would be able to do so.</i></p> <p><i>Private investors take the risk in exchange for possible gains.</i></p> <p><i>Since private investors should accept the risk.</i></p>	<p><i>Again a venture that would mean home owners being taken advantage of - someone else making huge money.</i></p> <p><i>Not interested in this option either.</i></p> <p><i>Not interested. Want my property protected by rock berm.</i></p> <p><i>The private owner is likely to get a low price. Who then guarantees the investors investment. Surely this is a no win situation.</i></p> <p><i>No way - we saved hard for our own property and we don't want to become tenants.</i></p> <p><i>Because the property owner and community will lose out.</i></p> <p><i>Only private developers and landlords will benefit. It does not help the householder who lost his home to erosion.</i></p> <p><i>Landlords would buy at a fraction of the price and they will charge high rent and cover the purchase in about 5 years. So the present owners will then have no money and no home.</i></p> <p><i>Does not solve the long term problem or provide viable local accommodation for those affected.</i></p> <p><i>Would not be nice for property owner to suddenly be charged rent for their home - could be set as high as landlord wished.</i></p> <p><i>Any costs should be met by those properties in the front line not by the rest of the village.</i></p> <p><i>Rents may be high and would certainly rise. What would happen if the exowner lived long enough to use all the capital by paying rent. What then eviction?</i></p>
Option 4 (help for those who wish to continue to live in their properties)	
For the option	Against the option
<i>Best option! I want to stay!!</i>	<i>Not interested. Want my property protected by</i>

Box 3.1: Summary of Comments For and Against the Options	
<p><i>Best option after option 1 as it should cost less than option 1, I've ticked a lower amount.</i></p> <p><i>It goes some way towards reassuring property owners that they are not abandoned to the coastal changes whilst keeping costs low.</i></p> <p><i>For continuation of village.</i></p> <p><i>It would help people with maintenance when needed. People would like to stay in their own property for as long as possible.</i></p> <p><i>It's a compromise.</i></p> <p><i>Gives owners choice of staying put.</i></p> <p><i>The cost would be low to moderate and the property owners would have a home to live in which would be safe and comfortable.</i></p> <p><i>Because it enables people to stay in their much loved homes.</i></p>	<p><i>rock berm.</i></p> <p><i>I don't agree with help in maintenance. That is up to any homeowner to maintain.</i></p> <p><i>We feel this would be like throwing good money away.</i></p> <p><i>This option again sounds like a quango making money and homeowner not doing so well.</i></p> <p><i>No real help whatsoever.</i></p> <p><i>Sounds nice idea for people wishing to stay in their own property but the money could be better spent on providing residences with other properties in the local area. By building new properties away from affected areas this would have long term benefits for the local area.</i></p> <p><i>What provision has the owner made for when maintenance is not an option and who decides when this is the case or would the property be subject to constant surveys?</i></p> <p><i>Problem would be tax payers funding people living in at risk properties - waste of money to keep maintaining a property that will become dangerous to live in.</i></p> <p><i>Why waste money on property going over cliff.</i></p>
Option 5 (recouping money)	
For the option	Against the option
<p><i>Keeps community, could help younger families/ low income to have access to good homes in a good area that I want to have as a community and not just as a tourist attraction.</i></p> <p><i>No money or land should be available to anyone other than the homeowners whose homes are there!</i></p>	<p><i>Potentially people could lose a lot of money this way and some properties may go empty whilst others hang on.</i></p> <p><i>I don't like this option if I can't remain.</i></p> <p><i>When trying to generate as much income/capital as possible each property/location would need to be looked at on its merits - there is no cut and dried option.</i></p>

Full details of the analysis of the results of the questionnaires, including all the comments received, can be found in Annex 2.

3.3.4 Key Findings from the Meetings with Businesses and Landowners

Despite repeated attempts to contact businesses via letters and telephone, there was little interest from businesses in being involved. The issues raised by those businesses that were involved were mostly focused on immediate concerns. This included, for example, issues with planning permission for a

sign to the business. Most businesses in the area are outside the area that is at greatest risk, so this may reflect that they have other (more immediate) priorities.

3.3.5 Key Findings from Drop-in Session/Workshop on the Questionnaire Results

A drop-in session summarising the results from the questionnaire was held on 21 October 2010 in the Community Information Centre, Rottenstone Lane, Scratby. The session was mainly attended by residents who came to view the results. However, several passers-by also visited and discussed the Pathfinder Project in general.

3.3.6 Key Points from Discussions with the Volunteer Group

Discussions with the volunteer group focused around similar issues to those raised at the other drop-in sessions, but in greater depth. These issues have been included within the assessment of options and funding sources. They include:

- the opportunities that may have arisen under the Coalition Government's Comprehensive Spending Review;
- the role that the SMP2 has played on the local community and that all the effects have been negative;
- difficulties that some property owners have had in getting mortgages (with this reported to have affected at least two property owners); and
- problems that people have had selling property, including the need to significantly reduce the price, but still finding that buyers are withdrawing once they become aware of the potential erosion risk.

Volunteers also raised other issues which go beyond the scope of this study, for example, it was suggested that work should be undertaken on whether or not there is any evidence to suggest that garden waste is helping to build up the cliff.

3.3.7 Key Findings from Drop-in Session/Workshop to Identify Options to Take Forwards

A drop-in session presenting the results of the study was held on 28 October 2010 in the Community Information Centre, Rottenstone Lane, Scratby.

Most people attending the drop-in session expressed concern over the need for (or potential for) a rock berm. Some were keen on seeing the rock berm put in place, whilst, others would prefer it not to be built. Table 3.2 summarises responses to key questions posed to those who came to the drop-in session. The table shows that there is a preference for defences, although there is also a suggestion that the rock berm should not be pursued further.

The table also shows an appetite for further involvement, with suggestions for a village meeting or a local forum to keep residents up to date, and for involvement of the local MP in lobbying government for help. The feedback reinforces the message from the questionnaires that most local residents would like to stay in their properties for as long as possible.

Table 3.2: Summary of Feedback from the Drop-in Session on the Results of the Study	
Question: Would any of the help currently available be of interest to you?	
Yes (4 out of 5)	No (1 out of 5)
Yes. The coastal erosion assistance grant for up to £6000.	No
The fact that the options are being aired is helpful.	
Yes.	
Yes. Help with maintenance would be of interest.	
Question: Is there any other help that you would like to see made available?	
Yes. Access to the local authority housing system and provision for rehousing if needed.	
I think there should be an ongoing forum to keep residents up to date with changes.	
Sea defences all round the UK	
No	
Question: Would you prefer to see a menu of options so that people can pick which option suits them best?	
Yes (3 out of 5)	No (2 out of 5)
Yes – it would be easier for people to choose.	No.
Yes	No.
Yes. It would make answering some options more specific.	
Question: Are there any areas (options, funding, etc.) that you think we should investigate in more detail?	
No.	
I think it's a good idea to look into and explore all avenues but funding for purchase and rent back needs more investigation.	
Sea defences.	
Funding should be sought from the European Community to help with the erosion prevention.	
Question: What else needs to be done (or who else should be involved in discussions) following our project to keep these options moving forwards?	
Decide as soon as possible about Option 1 scheme. Should a purchase or rebuild price be offered, allowing residents to stay in their homes for as long as possible and the ways the scheme could be funded. This scheme has the support of most of Scratby residents.	
It's an ongoing problem and the more people with different and varied expertise brought in to discuss the problem the better.	
Government to provide sea defences therefore employment.	
Save the 3.9 million by not building the berm and use some of this in cases of extreme hardship.	
Our local MP should seek advice from parliament.	
Question: What would you like to see happen next?	
Negotiate funding with Government and local authority as residents have stated they would be willing to pay up on £9.00 a year extra per household on council tax to fund Option 1.	
I would like the rock berm extension to be put on the back burner and more thought to funding for purchase and rent back brought to the fore.	

Table 3.2: Summary of Feedback from the Drop-in Session on the Results of the Study
As above [Government to provide sea defences therefore employment].
An in-depth study of the coast to find the true position of likely erosion. And get Defra to look again.
Perhaps a village meeting.
Question: Do you have any other comments you would like to make on our study, or more generally?
Totally abandon the rock berm extension and use the cost of £3.9 million or part of it to fund Option 1 scheme.
I think the study has been great and an eye opener for many. Sad that a larger volume of the population didn't take part. Well done!
As above [Government to provide sea defences therefore employment].
For generations people have lived and worked by the sea. As the sea gradually took away their homes they accepted this and moved back. Nobody gave them compensation and they didn't expect it. If you live by the sea you should be aware and accept the consequences.
Your study shows that people do care about local problems.

4. The Baseline

4.1 Overview

The baseline for this project includes the actions currently available to help owners of both residential and business properties that may be at risk from coastal change. It is also important to identify restrictions that are faced by those living in at-risk properties. At present, options that could provide help are limited and there are many approaches that are not available at all. However, there are some methods that could be used to help those living in at-risk properties. These methods range from minimising the cost associated with demolishing and moving out of a property that is about to be lost due to coastal change to those that reduce the costs associated with staying in the property before it is lost. These include:

- minimising the costs when the property is lost due to coastal change:
 - coastal erosion assistance grant;
- reducing the costs associated with staying in the property before it is lost:
 - reduction of council tax; and
 - help with maintenance costs under the Town and Country Planning Act;
- access to help and support for homeowners:
 - access to the existing housing support network;
- access to the property market:
 - quick sell of the property;
- access to help and support for business owners:
 - advice and support; and
 - reduction in business rates.

The last four of these options rely on the use of discretionary powers by the Local Authority, so there is no automatic eligibility.

4.2 Limitations and Restrictions on those living in at-risk properties

4.2.1 Overview

Those living in properties which are identified as being at-risk in the SMP2 face a number of potential restrictions and limitations. These include potential problems with insurance, difficulty selling the property or difficulty acquiring a mortgage (this may be linked to difficulty selling the property). Households and businesses may also be limited in terms of access to financial products, such as equity release or in obtaining planning permission.

4.2.2 Insurance Restrictions and Limitations

The NRCC report (NRCC, 2010) found that eighteen respondents (out of 220 respondents, or around 8%) had experienced difficulties in obtaining home

insurance. The large majority of insurers already include an exclusion for subsidence caused by coastal erosion, as shown in Table 4.1.

Table 4.1: Typical Exclusions in Insurance Policies for Coastal Erosion		
Insurer	Subsidence Excess	Exclusion
Barclays	£1,000	Cover does not extend to all damage covered by subsidence - for example coastal and river erosion is excluded and there is no cover for damage to swimming pools, paths, patios etc unless there is a valid claim for damage to the home itself.
Budget	£1,000	Damage caused by new structures bedding down or settlement of newly made up ground; Damage caused by defective design, defective materials or faulty workmanship; Damage caused by demolition or structural alterations or repairs at your property; Damage caused by the coast or a river bank being worn away; Damage to patios, drives, terraces, footpaths, tennis courts, swimming pools, walls, fences, gates, hedges, car ports or domestic fixed fuel tanks unless the property is damaged by the same cause at the same time.
Churchill	£1,000	Loss or damage caused by normal settlement or shrinkage; Loss or damage caused by coastal or river erosion; Loss or damage caused by demolition or structural changes or repairs to the home; Loss or damage caused by faulty materials, workmanship or design; Loss of or damage to solid floor slabs or loss or damage resulting from their moving unless the foundations under the outside walls of the home are damaged at the same time by the same cause; Loss of or damage to patios, terraces, tennis courts, outdoor swimming pools, walls, fences, gates, drives, service tanks, drains, septic tanks, pipes, cables and central heating oil tanks unless the home is damaged at the same time by the same cause.
Egg	£500	Loss or damage to: boundary and garden walls, gates, hedges and fences, paths and drives, patios, tennis hard courts and swimming pools unless the home has been damaged at the same time by the same cause. Due to normal settlement, shrinkage or expansion. To or as a result of movement of solid floor slabs and non-load bearing walls, unless the foundations beneath the external walls of the home are damaged at the same time by the same cause. Resulting from construction, structural alteration, repair or demolition. Caused by coastal or river bank erosion. Arising from the use of defective materials, defective design or faulty workmanship.
esure	£1,000	Loss or damage caused by: coastal or river erosion. Inadequate foundations which did not meet the building regulations which were in force at the time the foundations were constructed. Demolition, construction or the structure of the building being altered or repaired. Damage to, or resulting from the movement of solid floor

Table 4.1: Typical Exclusions in Insurance Policies for Coastal Erosion		
Insurer	Subsidence Excess	Exclusion
		slabs, unless the foundations beneath the outside walls of the house are damaged at the same time and by the same cause. Loss or damage to septic tanks, cesspits, drains, pipes and cables, central heating, fuel storage tanks, swimming pools, hot tubs, hard tennis courts, garden walls, patios, terraces, hedges, fences, gates, paths and drives unless a claim is accepted for subsidence, heave or landslip damage to the home.
Halifax	£1,000	Loss or damage caused by solid floors moving unless the foundations of the outside walls of the home are damaged by the same cause at the same time; Loss or damage caused by the normal settlement and/or bedding down of new structures; Loss or damage to gardens, patios, terraces, footpaths, swimming pools, ornamental ponds, solar panels, wind turbines, tennis courts, drives, walls, fences, hedges or gates unless the home is damaged by the same cause at the same time. [Does not specifically mention coastal erosion]
HSBC	Dependant on risk	HSBC will not cover: damage to swimming pools, ornamental ponds and fountains, hard courts, terraces, patios, drives, footpaths, walls, gates, fences, hedges or fixed tanks providing fuel to the home unless a claim is also accepted for subsidence heave or landslip damage to the home. Damage caused by riverbank or coastal erosion. Damage to solid floors caused by infill materials settling, swelling or shrinking or by faulty or unsuitable materials or poor workmanship.
Legal & General	£1,000	Loss or damage: to swimming pools, hot tubs, tennis courts, service tanks, central heating oil tanks, ground source heating pumps, terraces, paths, drives, walls, fences, gates and hedges unless the home is damaged at the same time by the same cause. Caused by river or coastal erosion. Arising from movement of solid floors, unless the foundations beneath the exterior walls of the home are damaged by the same cause at the same time.
Marks & Spencer	£1,000	Fences or gates - loss or damage to fences or gates caused by storm or flood; Plants - loss or damage to trees, plants or bushes; Service pipes - any costs for clearing a blockage not directly caused by an insured event or for loss or damage to service pipes or cables caused whilst clearing a blockage. [Does not specifically mention coastal erosion]
Aviva	£1,000	Damage to swimming pools, ornamental ponds and fountains, hard courts, terraces, patios, drives, footpaths, walls, gates, fences, hedges or fixed tanks providing fuel to the home unless a claim is accepted for subsidence, heave or landslip damage to the home. Damage caused by riverbank or coastal erosion. Damage to solid floors caused by infill materials settling, swelling or shrinking, or by faulty or unsuitable materials or poor workmanship.
The AA	£1,000	Loss or damage caused by: coastal or riverbank erosion; demolition, structural alterations or structural repairs; faulty design;

Insurer	Subsidence Excess	Exclusion
		foundations which did not meet building regulations at the time of construction; any loss or damage where compensation is provided by contract or legislation; damage to solid floor slabs or damage resulting from their movement unless the foundations under the outside walls of the home are damaged at the same time by the same cause or damage to the building caused by the action of chemicals with any materials which form part of the building.
Source: www.moneysupermarket.com 21.09.2010 http://www.moneysupermarket.com/c/press-releases/homeowners-check-cover-if-you-suspect-subsidence/0010222/		

Since loss or damages caused by coastal erosion is already excluded from insurance policies, there must be other reasons why insurance companies are wary of covering at-risk properties.

4.2.3 Restrictions and Limitations with the Property Market

The NRCC report (NRCC, 2010) found that eighteen people (out of a total of 206 respondents) stated that they had trouble selling their property. Further anecdotal evidence of the difficulties faced by people trying to sell their property was provided in responses to the RPA questionnaire, and from discussions at the drop-in sessions. One local resident stated that they had been trying to sell their property for two years; three potential buyers had pulled out due to the risk of erosion. The resident additionally noted that they had reduced the asking price by around 10%. Although they were offered around 60% of the original asking price by a 'quick-sell' company, this amount was insufficient to allow the sellers to buy a property elsewhere.

Despite the above, property web-sites and estate agent details show that there is still likely to be an attraction for properties associated with 'sea views' and a 'coastal location'. For example, properties for sale in November 2010 in Scratby included up-front information on the distance to the beach, or identified as being close to the seafront. At the same time, though, the average time to sell a property in England and Wales in October 2010 was just over 9 weeks. Data for NR29 (which covers a much wider area than just Scratby and California) suggests an average of 14 weeks (based on data from www.hometrack.co.uk).

The difficulty in selling a property is related to a large number of factors, including the strength of the property market. Defra (2009) showed that properties at risk of erosion were more likely to be difficult to sell when the property market was weak. This is because there tend to be more sellers than buyers in weak markets. This means potential purchasers have a greater choice and are likely to avoid properties they perceive as having a 'problem'. When issues associated with obtaining insurance are added (with the knock-on risk that a mortgage may not be available), the potential pool of

purchasers decreases further¹³. Current issues with mortgage lenders being very strict on who they will lend to, and how much can be borrowed may, therefore, be making the issue of coastal erosion more important than it has been previously. This could change, though, if the property market were to strengthen.

In a strong property market, there may be greater emphasis on the sea views and location near to the coast such that there may be little (if any) difference in time to sell the property or price. Indeed, sea views may command a significant price premium. Defra (2009) identified the potential premiums could be anywhere between 6% (homes with a sea view in the US) to 50% (for more 'fashionable' seaside areas in the UK). The impact of coastal erosion on time to sell or price can, therefore, be masked at times of strong property markets.

4.2.4 Restrictions and Limitations with access to Financial Products

The implications of coastal erosion are not limited just to those who wish to move. Those who would like to stay in their property can also be affected, especially if they are looking to release some of the equity in their home. Equity release schemes have strict qualification criteria, especially in terms of the remaining length of a lease (this could be considered similar to the estimated time before a coastal property is predicted to be lost due to coastal erosion (its residual life)).

The criteria for eligibility for equity release schemes are relatively common across different companies. They typically require:

- age of applicant(s) being between 55 and 95 (ideally over 60 years of age);
- own the home (or have very little mortgage, which must be paid up with the cash released);
- home must be worth at least £70,000, as judged by independent solicitors. The property must sometimes also be acceptable as mortgage security to a bank or building society;
- must be freehold or leasehold with a minimum remaining lease period of 75 years (preferably freehold). In other cases, this is 75 to 90 years minimum or the age of the youngest client plus the outstanding lease must be at least 145 years;
- must be of standard construction; and
- property must have buildings insurance covering standard perils and risks for the full re-instatement value.

There are also numerous properties identified as being 'unacceptable'. These include:

¹³ Although property sales in Scratby may be dominated by cash buys due to the non-standard construction of some properties and the tendency for sales to be for retirement property. Not being able to obtain a mortgage may, therefore, have a smaller impact than might otherwise be the case.

- freehold flats and maisonettes; and
- any property not recommended as suitable for purchase by the valuer.

The restriction in terms of length of lease (assuming this is considered equivalent to residual life) would exclude most of the at-risk properties. Other conditions (such as the need for buildings insurance, or needing to be identified as being suitable for purchase by a valuer) may also restrict eligibility.

4.2.5 Planning Permission

Great Yarmouth Borough Council's Core Strategy Consultation document identifies that there is a need to reduce risks due to coastal erosion. Strategic Objective 9 and Policy CS11 (flood risk and coastal protection) include objectives to (GYBC, 2009):

- guide changes in the built and natural environment in a way that takes account of climate change and the vulnerability to climate change;
- manage the Borough's developed and undeveloped coastline in a sustainable way whilst carefully considering the future of coastal settlements in the borough in view of the need to reduce flood and erosion risks; and
- development proposals should avoid areas at risk of coastal erosion as identified in the Kelling to Lowestoft Shoreline Management Plan Review (2006).

4.3 Minimising the Costs when the Property is Lost due to Coastal Change

4.3.1 Coastal Erosion Assistance Grant

Defra's Policy on Adapting to Coastal Change (Defra, 2010) introduces a coastal erosion assistance grant. This grant is a fixed level payment of £6,000 to help with the transitional costs associated with loss of a *residential* property as a result of coastal erosion, where no alternative provision such as insurance is available. It is the Local Authority that has to apply for the grant to the Environment Agency. The grant can then be used to help with basic moving costs and demolition of the property. There may be opportunities to apply for an additional grant, as consideration will be given to whether additional funding would be appropriate in exceptional cases. However, such cases are probably limited to more expensive demolition costs.

The coastal erosion assistance grant is designed to provide practical assistance while the risks associated with coastal erosion are investigated further. It will be subject to regular review as further evidence becomes available and developments in policy and practice occur (Defra, 2010). In particular, information will be drawn from the findings of the Pathfinder projects (Defra, 2010).

To qualify for the grant, the property must have been purchased prior to 15 June 2009, which was the first day of the grant's consultation period. It should additionally have been vacated by agreement, demolished or lost to erosion after this date.

Future availability of the grant is subject to overall affordability and the fiscal position with the Flood Management Budget (Defra, 2010).

4.3.2 Local Contributions and the Defra Consultation on the future Capital Grant-in-Aid Allocation Process

Defra is currently consulting on a new process for allocating grant-in-aid for capital projects (Defra, 2010b). This relies on the use of a system based on payments for outcomes. The consultation document suggests payments in line with the reduction in annual damages associated with capital works, so are most applicable to flooding schemes. In addition, the 'guiding principles' indicate that 'funds...should...not be expected to pay for benefits that are localised or result in private financial gains'. This principle may make it difficult to utilise the payments approach for adaptation options (which are targeted towards reducing private financial losses¹⁴).

Using the payments illustrated in the consultation document suggests that grant-in-aid would be provided at (Defra, 2010c):

- £209 per year that a household is protected against loss or £4,975 if protection is expected to last 50 years (based on delaying the loss of rental income);
- for households that would be affected within 20 years without protection, the payment increases to an extra £400 per household per year (payable for 20 years). This gives a total of £14,490 per household if protected for 50 years;
- £1 per £18 of benefit to businesses, agriculture, public bodies, communications (including roads), utilities and public health (payable over 50 years).

Note that the reduction in annual damages would be calculated against the do-nothing baseline. It is expected that any additional costs would be collected locally to cover the total costs of the project.

¹⁴ Adaptation options should also deliver benefits to the local society, but these can be difficult to capture in monetary terms and the consultation document links the level of payments to monetary damages reduced. In addition, it is important to note that the suggested payments are all related to 'protection against loss' rather than adaptation.

4.4 Reducing the Costs of Staying in the Property before it is Lost

4.4.1 Re-classification of Council Tax Bands

There may be potential for a reduction in Domestic Council Tax as a result of a 'material change' caused by coastal change. This could reduce the Council Tax bill for the household living in that property. For example, if Council Tax were reduced from Band D¹⁵ to Band C, the household would save almost £167 per year. This increases to £334 if the reduction was from Band D to Band B or £500 per year with a move from Band D to Band A. However, it does mean that the property owners have to admit that the property is worth less than it was previously. This could have negative consequences should other help become available in the future (e.g. under some of the options considered in Section 5 of this report).

A material change is defined in Section 24(10) of the Local Government Finance Act as '*any change in the physical state of the dwelling's locality*' (VOA, 2006, as updated). Change in the physical state is taken as meaning a change 'in the physical landscape, buildings or infrastructure'. An appeal (also called a proposal) to reduce the Council Tax banding may be valid where (VOA 2006, as updated):

- a change in the physical state has occurred;
- the change has been identified in the proposal; and
- the change can reasonably be said to be in the dwelling's locality.

The person making the appeal (the proposer) has to be *of the opinion* that the valuation list is inaccurate and that the change has caused a material reduction in the value of the dwelling for a lower banding to be warranted (VOA, 2006, as updated). The proposer has to include a statement of reasons why, in their opinion, a material reduction has occurred, including identification of the change in physical state.

Appeals are made to the Valuation Office Agency (VOA) Listing Officer. If an appeal is successful, then any overpaid Council Tax will be refunded.

4.4.2 Visual Amenity under the Town and Country Planning Act 1990

Section 215 (s215) of the Town and Country Planning Act (TCPA) 1990 provides a Local Authority with the power to take steps requiring land and buildings to be cleared up where a site's condition adversely affects the amenity of the area (ODPM, 2005). This will normally apply when a property is vacant and neglected. The s215 notices apply to both land and buildings as s336 of the TCPA 1990 includes a building within the definition of 'land'. The Local Authority has powers under s219 to clean up themselves and to recover costs from the landowner. However, this option could be used to help

¹⁵ Council tax for Band D properties in Ormesby St Margaret with Scratby is £1,502.19 for 2010/11 (see <http://www.great-yarmouth.gov.uk/advice-benefits/council-tax/council-tax-bandings.htm>).

property owners with the costs of maintaining the exterior of their property¹⁶. There would be benefits to the property owner themselves as they would not be required to fund the full costs of maintenance, thus they would save money and would be able to continue to live in their property for as long as possible. The wider community would also benefit as properties would be kept in better condition, thus reducing the risk that nearby properties could see their house prices reduced

Local Authorities are encouraged to be proactive in identifying and taking action where the condition of land and property is considered unsatisfactory. The scope of works that can be required includes planting, clearance, tidying, enclosure, demolition, rebuilding, external repairs and repainting.

In some cases, the sites can go beyond the remit of s215 and there may be more appropriate powers that the Local Authority can rely on to effect a remedy (ODPM, 2005):

- ss76-79 of the **Building Act** for defective premises, dangerous buildings, ruinous and dilapidated buildings and neglected sites: such powers may only be required shortly before a property is at imminent risk of erosion;
- s29 of the **Local Government (Miscellaneous Provisions) Act 1982** for works on unoccupied buildings to prevent unauthorised access: this may be useful for second homes;
- ss79-82 of the **Environment Protection Act** for Abatement or Prohibition of a nuisance; and
- **compulsory purchase orders.**

There is no definition of 'amenity' in the TCPA 1990 of the procedural guidance. Local Authorities therefore need to consider the condition of the site, the impacts on the amenity of the surrounding area and the scope of their powers. The wider appearance of the land overrules the property owner's right under the Convention of Human Rights to the right for respect to private and family life and the peaceful enjoyment of his/her property.

Local Authorities can deal with s215 non-compliance cases by carrying out the works themselves. Prior warning is required by letter stating that the Council and its appointed contractors intend to carry out the steps required by the notice. Any costs incurred from carrying out the works are normally met from revenue, not capital. Local Authorities can then recover the costs from the property owner.

An alternative (usually used when the costs cannot be immediately recovered) is to register a **charge** on the property with the Land Registry or placing an estimate of the charge that will become due on the property under the Land

¹⁶ Help with maintenance provided under Planning laws such as the Town and Country Planning Act 1990 will be limited to visual amenity, i.e. exterior maintenance. Householders would still have to pay to maintain the interior of the property.

Charges Act. This ensures that the land or property cannot be sold without a charge being shown on the land. This could be used to avoid the property owner being charged for the works, where the property (and the land on which it sits) would be lost due to erosion. This is because applying a charge to a property that will likely no longer exist is of little value unless there is an intention to sell the property. This approach could help reduce the risk of property owners 'cashing in' on works undertaken by the Local Authority, while benefiting those who wish to remain in their property until it is affected by coastal change. It could also help avoid others whose properties are at lower risk (or not at risk) from requesting that the Local Authority covers their maintenance charges.

4.5 Access to Help and Support for Homeowners

4.5.1 Access to the Existing Housing Support Network

Households facing complete loss of their home to coastal erosion automatically have access to the existing housing support framework. Local Authorities can provide advice on a range of housing options that may be appropriate, where households seek advice in advance of their property being at imminent risk of erosion. This advice can include renting in the social and private rented sector and Low Cost Home Ownership schemes.

Those Households facing the loss of their home as the result of coastal change have the same rights of access to the Great Yarmouth Borough Council Housing support framework as any other resident of the borough. The Borough Council is responsible for setting Housing Policy as well as managing its own stock of Social Houses. Within the Borough there is agreement with Housing Associations that those people who are rehoused into social housing will be assessed using a common set of criteria.

Residents who apply for Social Housing receive points that place them in bands which allow them to apply to occupy properties as they become available. At present there is no priority for persons who are at risk or lose their homes as the result of coastal change. Those likely to be affected by coastal changes who wish to be considered for Council accommodation should always contact the Borough Council Housing Department as soon as they become aware of a future problem. There may be opportunities to expand the potential of this action. For example, the Local Authority could revise its housing waiting lists to allow households to become eligible for rehousing based on the residual life of their property. Different lengths of residual lives could be linked to the different bandings. For example, residual lives of less than five years could make the household eligible for gold, less than 10 years for silver and less than 15 years for bronze.

In the event of an emergency (such as a collapse of the cliff), the Council may assist by providing advice and assistance to obtain temporary accommodation, but this does not mean Council Accommodation. General

advice about Housing can also be obtained from Shelter and the Citizens' Advice Bureau.

4.6 Access to the Property Market

There are companies that will offer to buy properties quickly, although this is likely to be at a significantly reduced price. The number of companies interested in properties at-risk of coastal erosion may also be limited (due to the need to sell the property on to make a profit). As a result, this option may only be open to those properties with longer residual lives. Such properties may not be as difficult to sell as those with shorter residual lives so may have less need of quick-sell opportunities. Hence, this option may be of limited use.

4.7 Support for Businesses

4.7.1 Access to Advice and Support

The White Paper on Local Growth (HM Government, 2010) identifies two primary routes for small and medium-sized enterprises to access Government-funded advice:

- through a national website (www.businesslink.gov.uk), focused on providing advice on regulation and transactions and wider online business advice (note that there may be merit in ensuring that there is a specific section on coastal erosion); and
- a national call centre, providing telephone assistance for those who cannot find what they need on the website.

Support for businesses in areas at risk of coastal erosion also includes (Defra, 2010):

- advice and assistance on business continuity management from Local Authorities;
- information on the risks from coastal change from the Environment Agency and Local Authorities; and
- opportunities through the Planning Policy Statement 25 Supplement: *Development and Coastal Change*, which allows certain types of temporary uses that require a coastal location and which provide economic and social benefits to communities. There are also provisions to facilitate rollback and planned relocation of developments to more sustainable locations.

4.7.2 Changes in Business Rates

As with Council Tax, business rates can also be reduced due to a material change of circumstances (MCC), under regulation 4 (1)(b) of the Non Domestic rating (Alteration of Lists and appeals)(England) Regulations 2005

SI 659 (VOA, 2006a, as updated). This could provide savings for the business. A proposal for a reduction in business rates may be made if (VOA, 2006a, as updated):

“ The rateable value shown in the list for a hereditament is inaccurate by reason of a material change of circumstances which occurred on or after the day on which the list was compiled”.

The definition of material change is given in Para 2(7) of Schedule 6 (Regulation 3 of 2005 SI 659). It can be difficult to interpret but the Secretary of State’s statement in the House of Commons on 10 March 1998 restricts the factors that can be taken into account to just those that are tangible:

‘... changes will be taken into account only in so far as they relate to the physical state of the hereditament and its locality’.

The VOA has taken legal advice on the meaning of aspects of definition of MCC. Current advice, particularly on what is physically manifest is that it is necessary to look at the purpose and context of Schedule 6 Para 2(7) in which it was enacted. In this case, it is sub-paragraphs (a) and (d) that are likely to be the most relevant:

- **(a)** matters affecting the physical state or physical enjoyment of the hereditament
- **(d)** matters affecting the physical state of the locality in which the hereditament is situated or which, though not affecting the physical state of the locality, are nonetheless physically manifest there.

Sub-paragraph (a) relates to the physical state and includes demolitions or loss of areas that would have formed part of the calculation of the rates payable at the antecedent valuation date (AVD). Sub-paragraph (a) also covers the ‘physical enjoyment of the hereditament’. This includes the ability of the tenant to enjoy the premises by being physically present in them. Changes in either of these factors could be accounted as material changes in circumstances and result in a change in business rates payable.

Sub-paragraph (d) is the most difficult to interpret. The VOA suggests that a useful working rule is to consider the physically observable or physically manifest features in the locality of the hereditament. Factors that could be taken into account include change in traffic flow, or pedestrian flow or footfall. Thus, there may be a case for material change of circumstances if coastal erosion were to cause a loss of caravan sites (or caravan site spaces) such that visitor numbers reduced with associated loss of pedestrian and traffic flow.

An appeal for a reduction in business rates requires details of the day, month and year when the change took place (or was believed to have taken place). The VOA Manual notes that it may be difficult to precisely determine when the

material change occurs, especially if the change occurs gradually. In such cases, there can be several successive material changes.

An appeal is made through the VOA, usually by completing an appeal form, and by providing as much information as possible to support the appeal, including a full statement of the reasons why the current rateable value is wrong, what the new value should be and a full description of the physical change to the area.

When the appeal is settled, the council will refund, with interest, any difference between the amount already paid and any reduction resulting from the appeal.

5. Identification of Options

5.1 Brainstorming Options

5.1.1 Overview

Brainstorming of options was undertaken through:

- project team/Management Group workshop, held at RPA’s offices on 3 August 2010;
- information provided by those attending the drop-in session on 18 August 2010; and
- other information/feedback obtained from the work undertaken by NRCC and during development of the options.

The options have been divided into four categories:

- options that could help property owners;
- options that could help businesses;
- options that could help to recoup some of the costs of other options; and
- options covering other issues (infrastructure, roads, and facilities).

5.1.2 Options that could help property owners

There are five types of options available to help property owners. It is important to note though that some options could be combined. The options are summarised in Table 5.1.

Purchase property	Provide alternative property	Provide land	Provide financial assistance	Provide other help
Buy at value of property if there was no risk of erosion	Give freehold property to replace old property	Give land on freehold basis	Equity release	Streamlined planning permission
Buy at rebuild cost	Give leasehold property to replace old property	Give land on leasehold basis	Low interest loans	
Buy at value reflecting knowledge at time of purchase	Shared ownership (with payment of rent on unowned share)	Shared ownership (with payment of ground rent)	Underwriting values	
Buy at value reflecting erosion risk	Shared ownership (with cap on sale price so it remains affordable housing)	Shared ownership (with condition that LA has to be repaid for land if the property is sold within x years)	Subsidised maintenance	

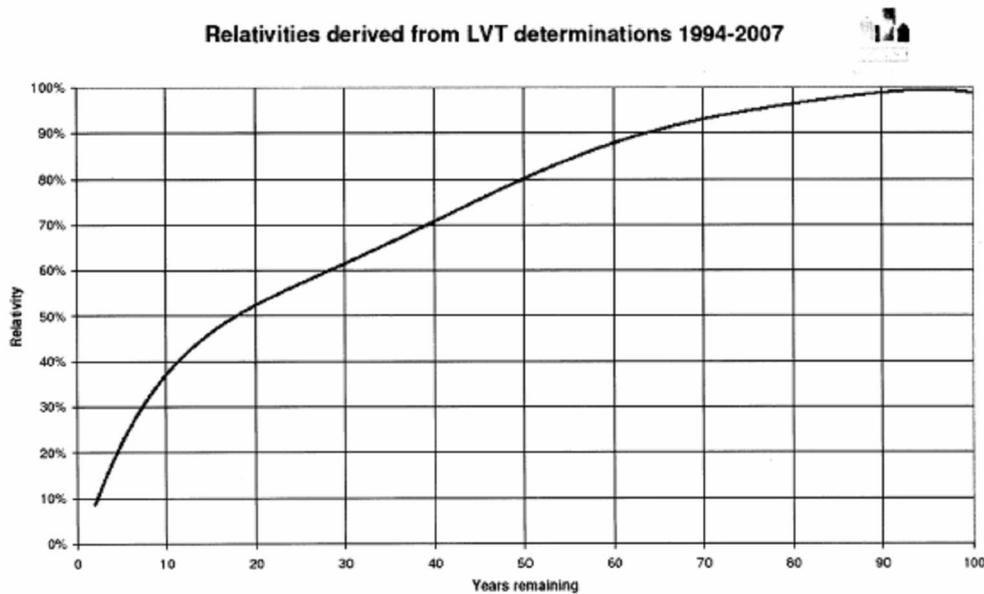
Table 5.1: Options to Help Property Owners

Purchase property	Provide alternative property	Provide land	Provide financial assistance	Provide other help
Compulsory purchase (this would be very similar to options to buy at the value reflecting erosion risk as properties would be subject to valuation to identify their value)			Coastal Adaptation Fund	
Convert to leasehold (with payment to property owner to reflect change in value from freehold to leasehold)				

The majority of the ‘purchase property’ options are self-explanatory. However, the ‘convert to leasehold’ option is slightly more complex than the others. This option would involve property owners being given the opportunity to change their freehold property to a leasehold one. Owners of at-risk properties would be made a monetary offer, with the value of the offer based on the difference between the freehold not-at-risk value, and the value dependent on the residual life of the property (i.e. the leasehold or at-risk value). The at-risk or leasehold value would be based on a depreciation curve such as that shown in Figure 5.1.

The option would be offered as a one-off payment. When making the offer, there would be a need to identify the leaseholder since they would be responsible for maintenance of the structure of the property. If an offer was declined, it could be repeated at set points (e.g. every five years) but it would have to reflect the change since the previous offer, otherwise there would be no incentive for property owners to convert to leasehold before the residual life declined as far as possible. If a property became leasehold, it could subsequently be sold on the open market without loss to the original owner since they would already have received the balance between the freehold not-at risk value and the current market value (i.e. the value assuming a limited residual life).

Figure 5.1: Depreciation Curve for Residual Life and Relative Value¹⁷



The options given in Table 5.1 for providing an alternative property are generally straightforward, with the possible exception of the shared ownership options. Where a shared ownership property is provided in place of an at-risk property, there are two possible routes for the option to take. The property owner affected may pay rent on the unowned share of the new property or alternatively, the funder (e.g. local authority or housing association) may retain an interest in the property so that there is a cap on the sale price. This ensures that when the property is sold, it remains as affordable housing for the Scrabby and California area.

The potential options for the provision of land are similar to those for providing an alternative property. The land is either given on a freehold or leasehold basis, or there is an element of shared ownership. This could involve the payment of ground rent, or attaching a condition that the local authority (or other land provider) has to be reimbursed for the land if the property is sold within a set time period. Such a condition is designed to stop people not in need of accommodation from taking advantage of the provision of land to build a new property and subsequently selling it to make a profit.

Consideration is also given to a range of financial assistance options. The aim of these is to enable affected property owners to be able to choose what they want to do, rather than being trapped in their properties because they have insufficient funds to move or cannot raise money in conventional ways. With equity release, affected property owners may attempt to release money from their at-risk property (note that the likely barriers to this action are discussed in section 4.2.4). The second option involves the potential provision of low interest loans to those within the at-risk area. This option

¹⁷ Source: www.lease-advice.org

would aim to provide people with money to move to a new property. However, even if a special interest rate were offered, there is the issue of whether or not people would be able to afford the repayments. The third financial assistance option involves the underwriting of the values of at-risk properties. An organisation, for example a local authority, could perhaps provide a guarantee of the property’s value. This would enable people wanting to sell their property to be able to do so at a price that would enable them to purchase a property elsewhere. It would also ensure that people trying to buy affected properties would be able to obtain mortgages and insurance.

For those wanting to stay in their properties, there is a potential option for subsidised maintenance. Although the mechanisms by which this would be put into place mean that there would only likely be funding for external maintenance (for further information see section 4.4.2), this would ensure that the character and visual appearance of the area was maintained. Lastly, the final financial assistance option suggested is a Coastal Adaptation Fund. Such a fund could perhaps act as a charity and provide people with assistance, for example, help with moving costs.

The final option given in Table 5.1 relates to the provision of streamlined planning permission. This is likely to be more applicable to businesses, for example, if a business needs to find new premises it may need to apply to convert a residential property into a commercial one.

5.1.3 Options that could help business owners

There are three types of options available to help businesses (here assumed to be the business itself, rather than the property in which it is located; where the property owner is different to the business owner, assistance could be provided through options identified in Table 5.1, above). Again, some options could be combined. The options are summarised in Table 5.2.

Provide financial assistance	Provide other help
Low interest loans	Streamlined permission for change of use
Subsidised maintenance	
Coastal Adaptation Fund	
Assistance with paying for expert advice (e.g. for business relocation plans where this is not covered by free support and advice that is already available)	

5.1.4 Options that could help recoup some of the costs of other options

Some options provide opportunities for further actions to be taken that could recoup some of the initial (and ongoing) costs. The extent to which these options can eventually become self-funding varies according to the amount of

time available for funds to be recouped and the costs of the initial option. The options are summarised in Table 5.3. These options would have to be undertaken in combination with one (or more) of the options identified in Tables 5.1 and 5.2.

Reuse Properties Purchased	Reuse Land (assuming properties are demolished)
Sell property (as leasehold to reflect residual life)	Rent land for relocatable properties/caravans
Rent property	Provide land as open space for recreation (this may not appear to recoup costs unless social benefits are taken into account)
Use property for pre-defined time-limited uses	

5.1.5 Options required of others

The location of the sewer being to the seaward side of The Promenade and access roads to The Promenade and The Esplanade means other actions will need to be taken to ensure that the properties remain habitable. There may also be benefits from relocating some of the facilities currently located along the cliff top (car park, toilets) and the beach accesses. There may also be opportunities to enhance these facilities (e.g. by providing benches or improving new beach access points so they can be used by more people). These options are summarised in Table 5.4.

Utilities	Roads	Facilities
Relocate sewer	Relocate access roads	Reinstate beach access
		Reinstate facilities (car parks, toilets)
		Improve access and facilities (e.g. benches)

5.2 Constraints and Obstacles

Each of the options identified in Tables 5.1 and 5.2 has particular constraints that affect if and how it could be taken forwards. The extent of these constraints and obstacles are considered for each group of options:

- help for property owners:
 - purchase property (see Figure 5.2);
 - provide alternative property (see Figure 5.3);
 - provide land (see Figure 5.4);
 - provide financial assistance (see Figure 5.5); and
 - provide other help (see Figure 5.6).
- help for business owners:
 - provide financial assistance (see Figure 5.7); and
 - provide other help (see Figure 5.8).
- options to recoup costs:

- reuse properties that have been purchased (see Figure 5.9);
and
- reuse land (see Figure 5.10).
- other options (infrastructure):
 - utilities (see Figure 5.11);
 - roads (see Figure 5.11); and
 - facilities (see Figure 5.11).

A diagram has been constructed for each group of options to highlight:

- obstacles: 
- constraints: 
- possible constraints with potential solution that may already be in place: 
- options that are screened out with justification for this decision: 

The remainder of this report then looks for opportunities to remove these obstacles, to reduce or remove the constraints and to assess whether the potential solutions can be realised.

Figure 5.2: Constraints and Obstacles – Purchase Property (Property Owners)

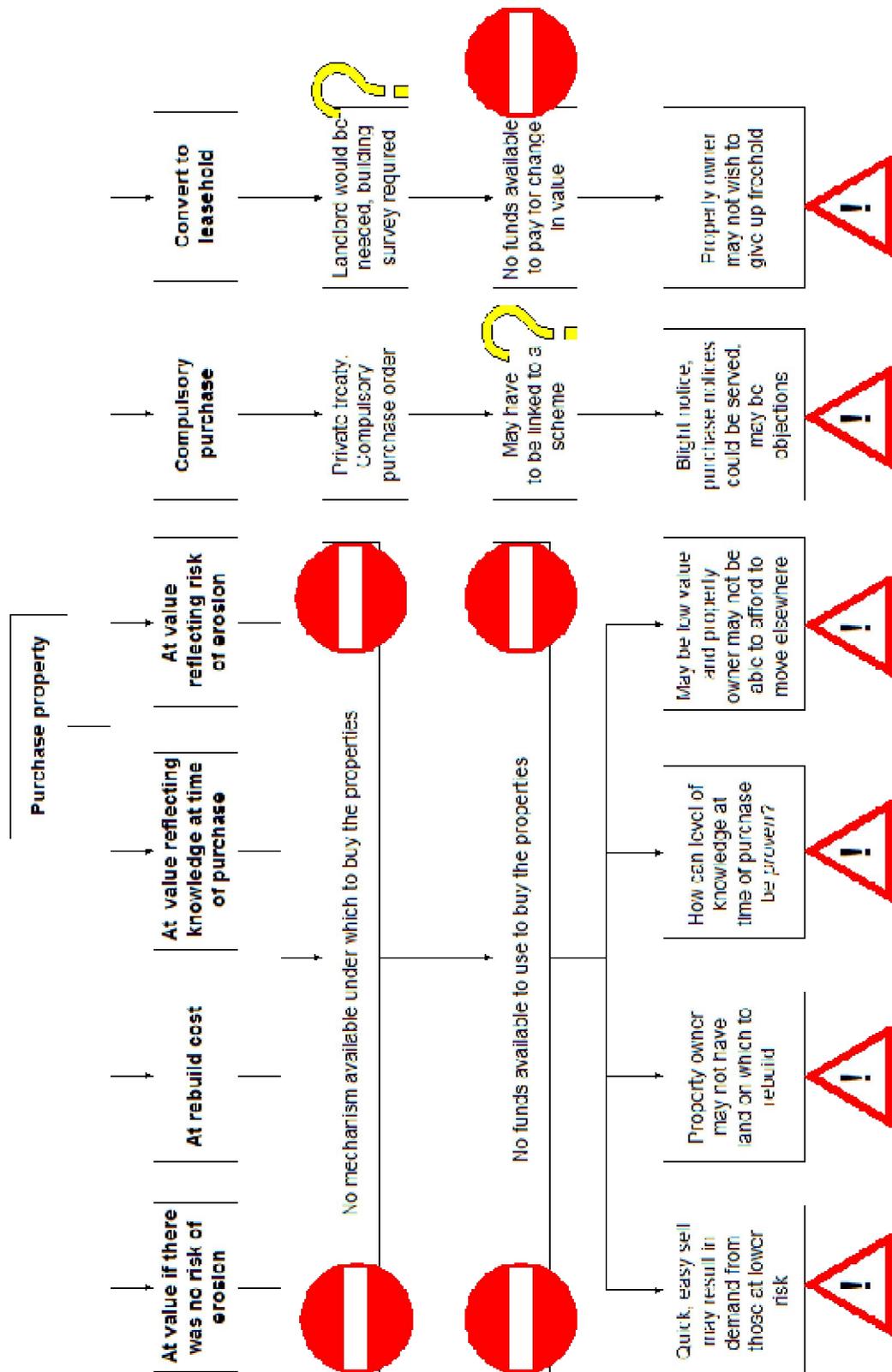


Figure 5.3: Constraints and Obstacles – Provide Alternative Property (Property Owners)

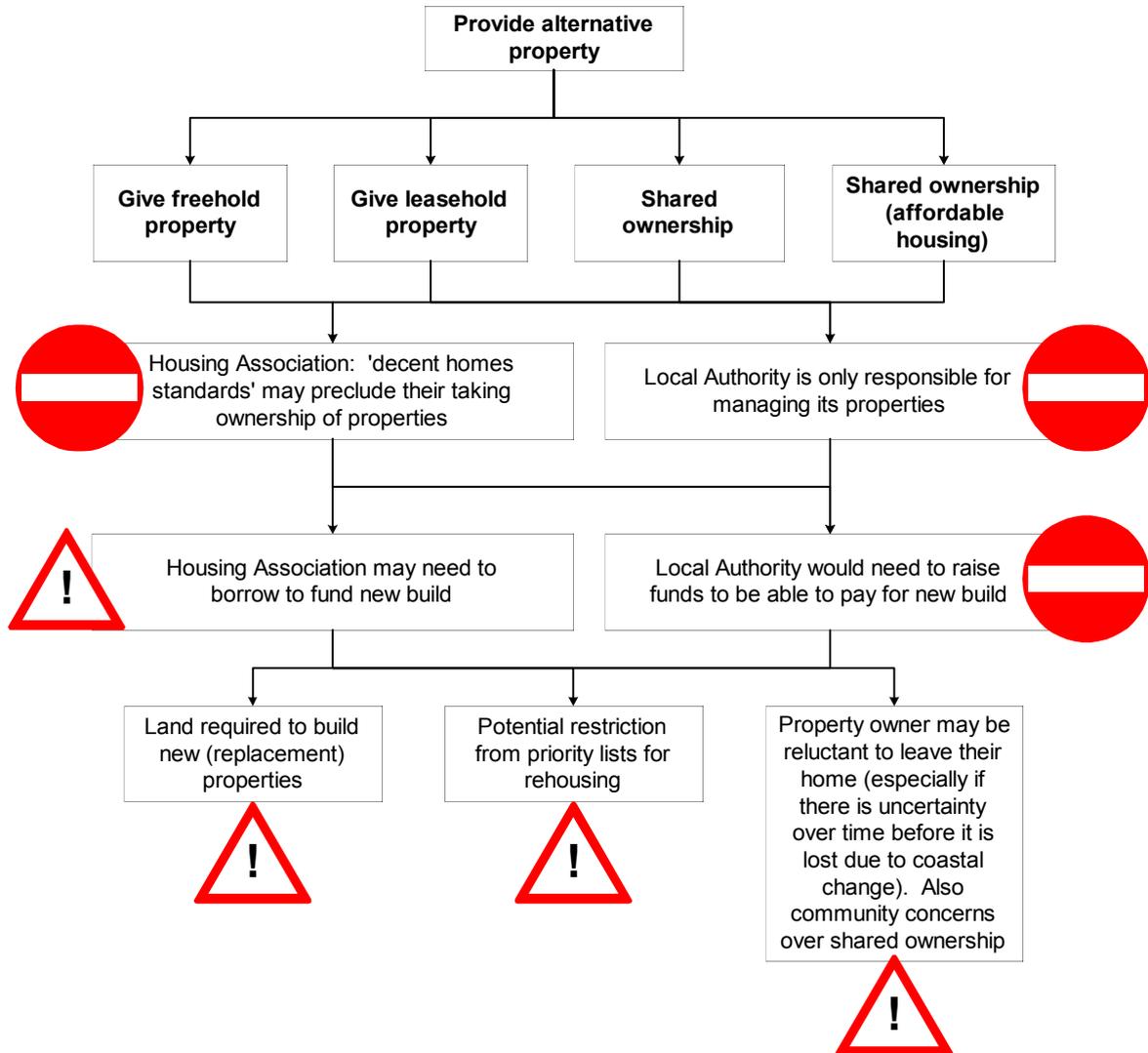


Figure 5.4: Constraints and Obstacles – Provide Land (Property Owners)

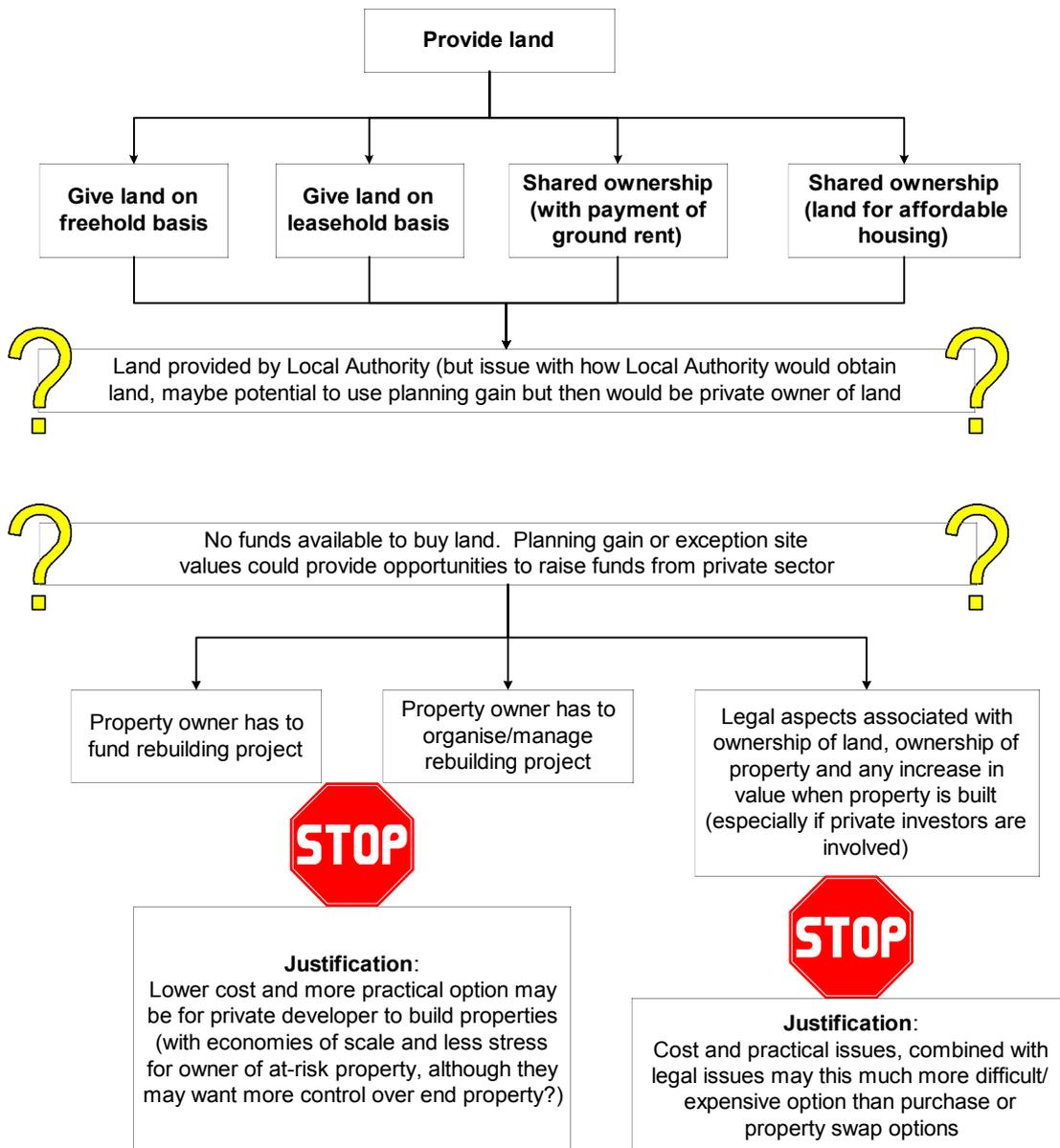


Figure 5.5: Constraints and Obstacles – Provide Financial Assistance (Property Owners)

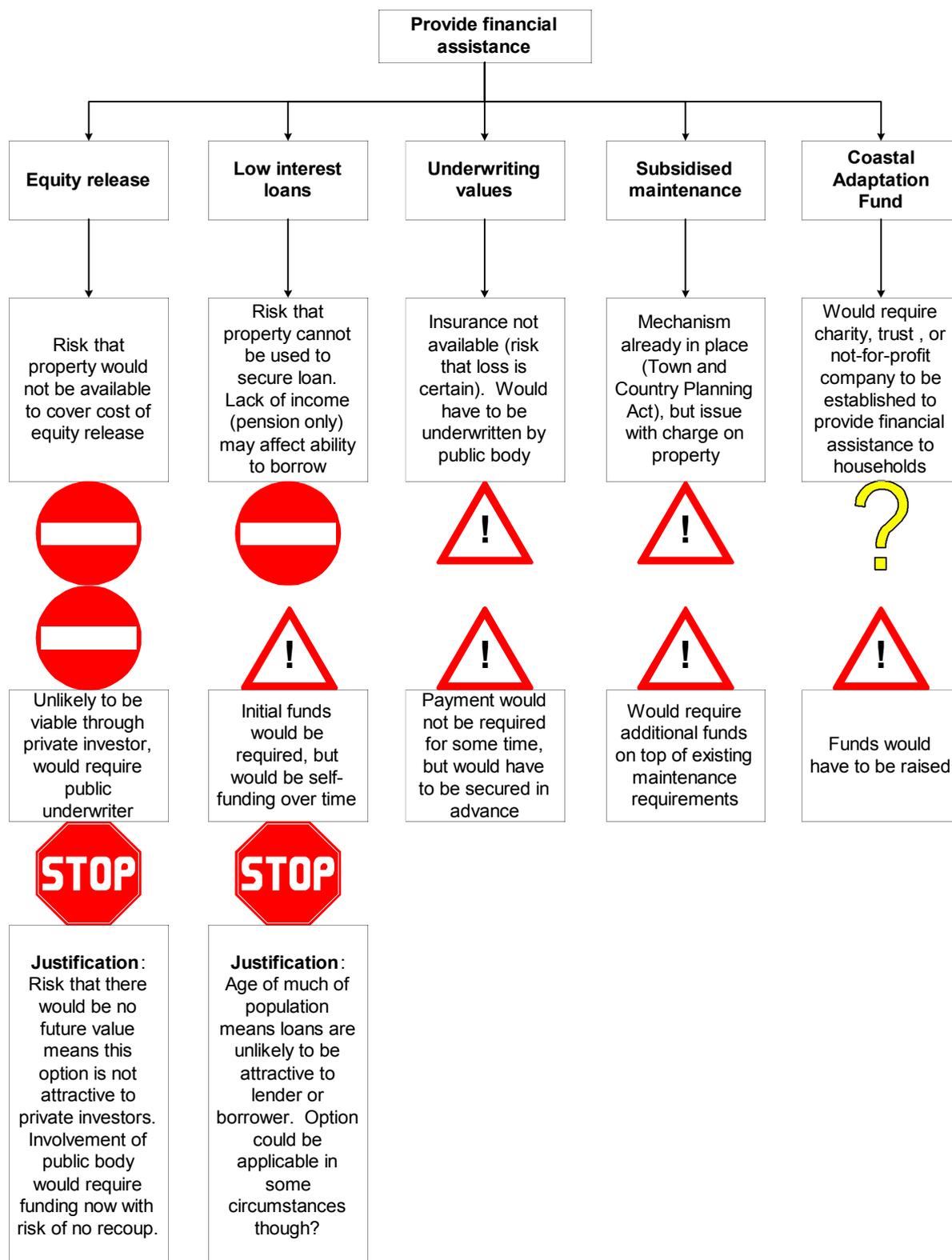


Figure 5.6: Constraints and Obstacles – Provide Other Help (Property Owners)

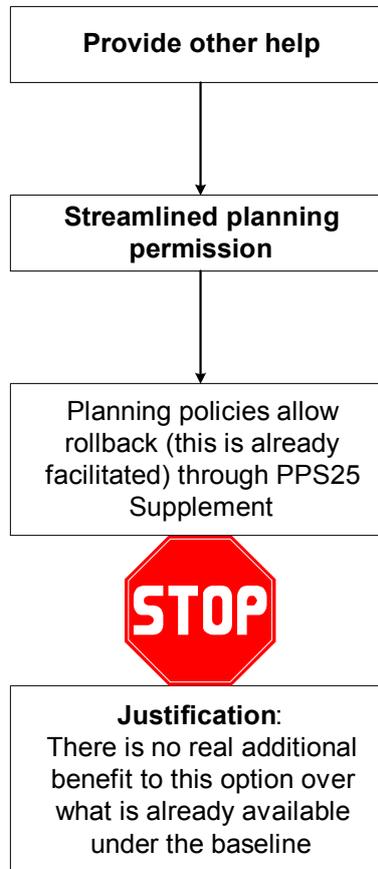


Figure 5.7: Constraints and Obstacles – Provide Financial Assistance (Businesses)

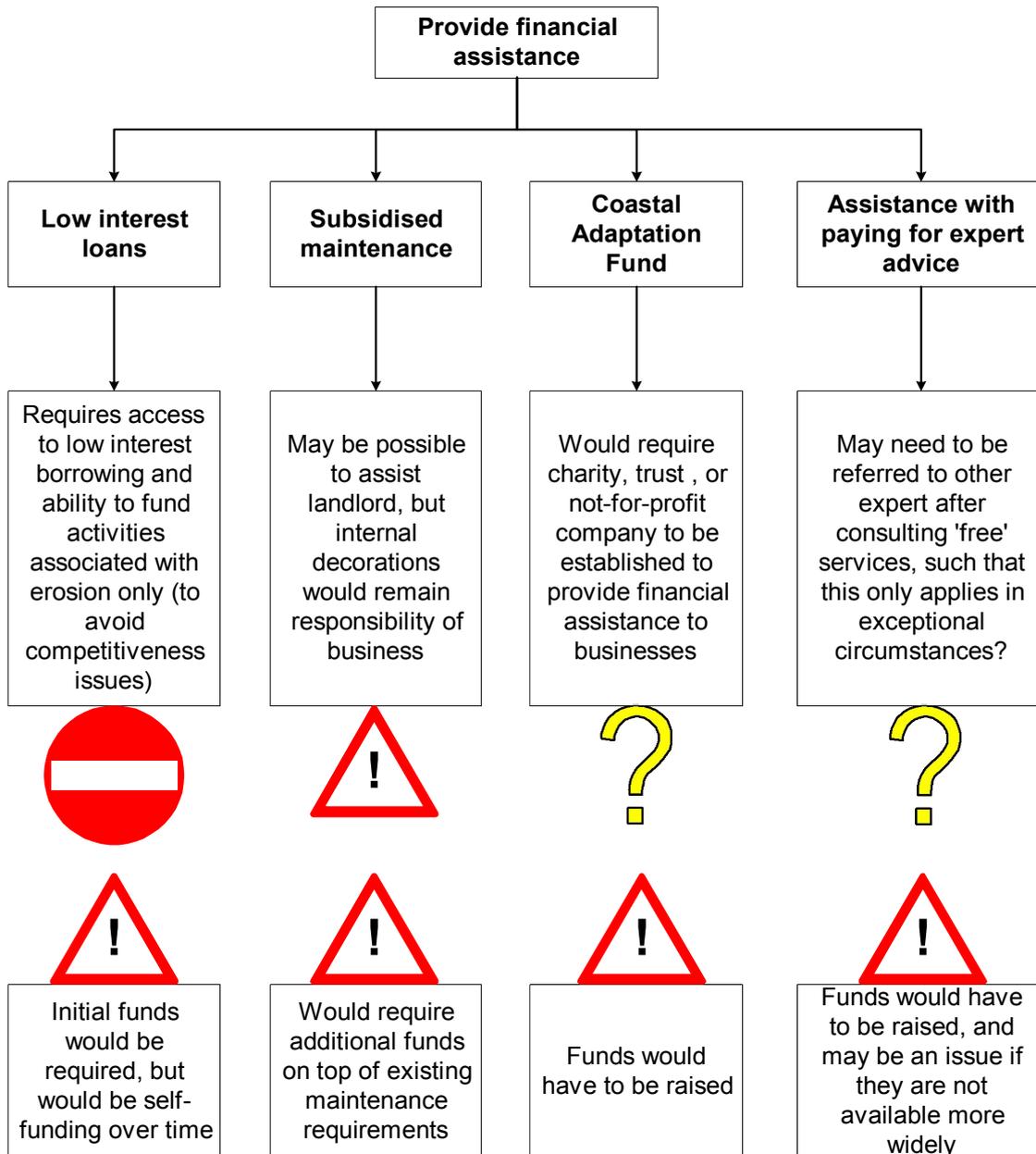


Figure 5.8: Constraints and Obstacles – Provide Other Help (Businesses)

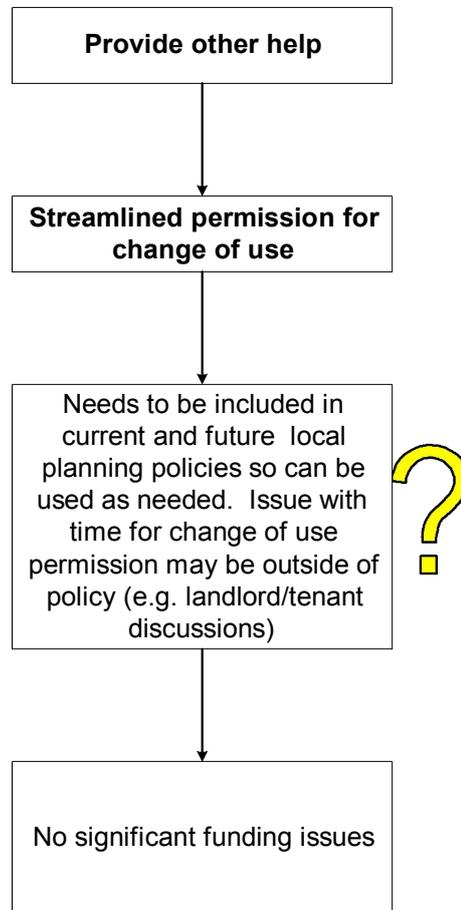


Figure 5.9: Constraints and Obstacles – Recouping Costs: Reuse Properties

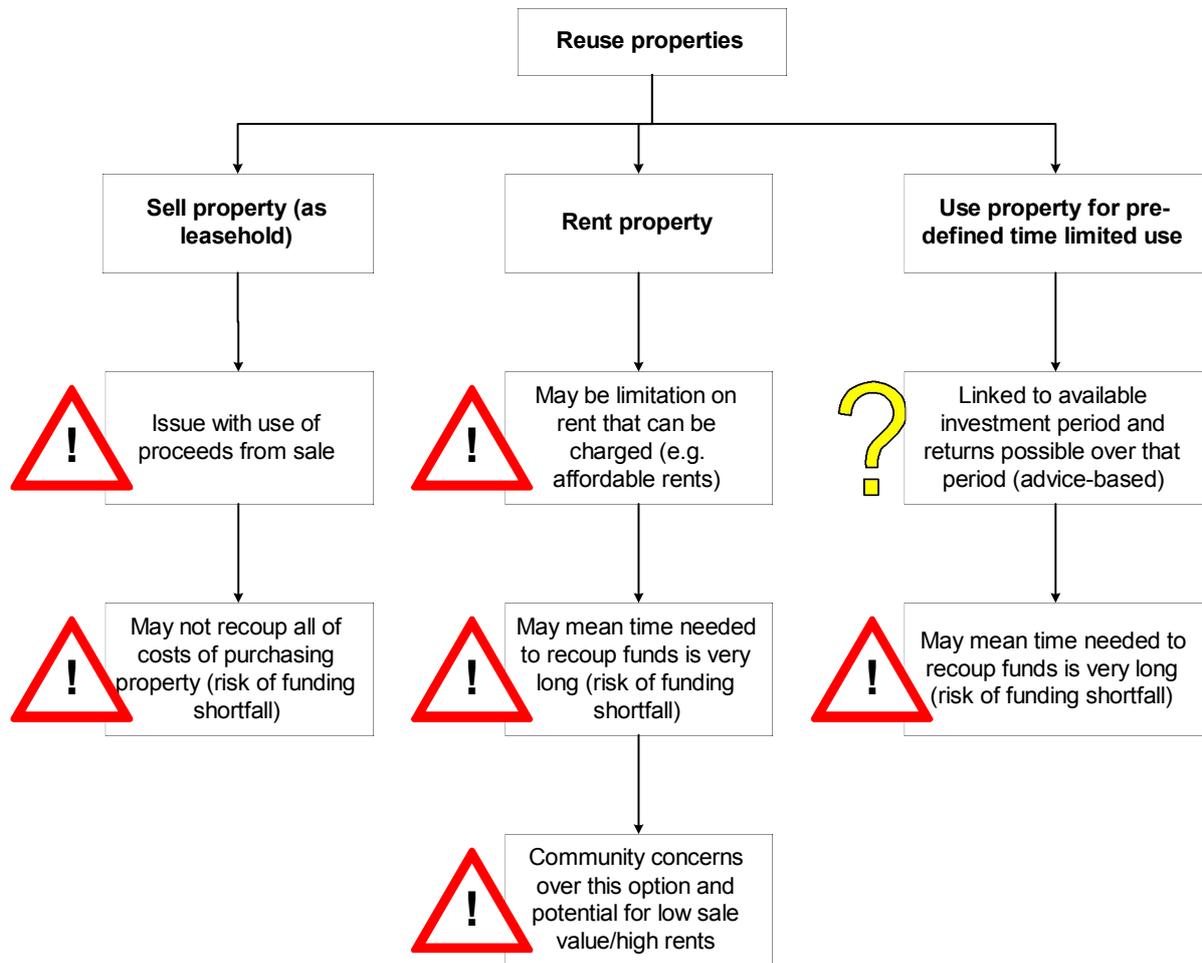


Figure 5.10: Constraints and Obstacles – Recouping Costs: Reuse Land

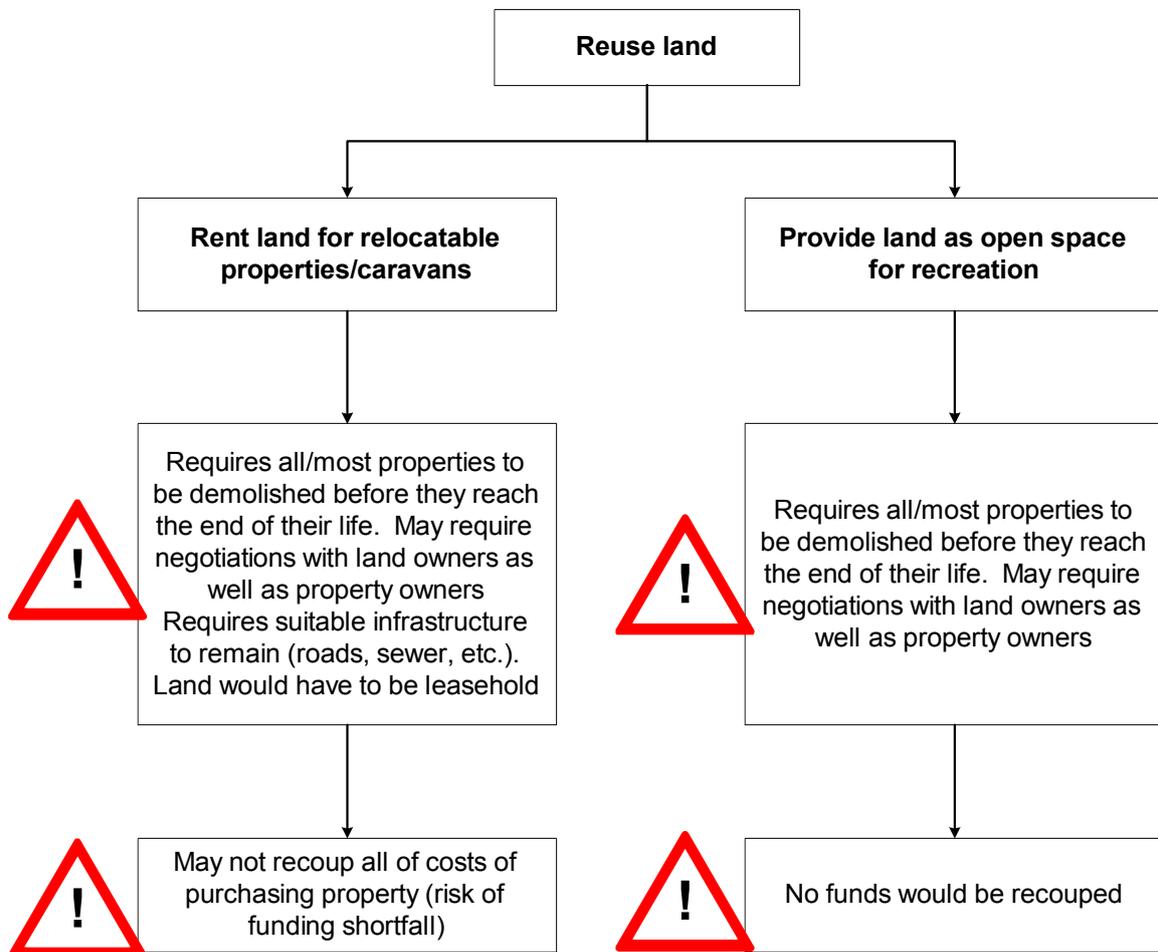
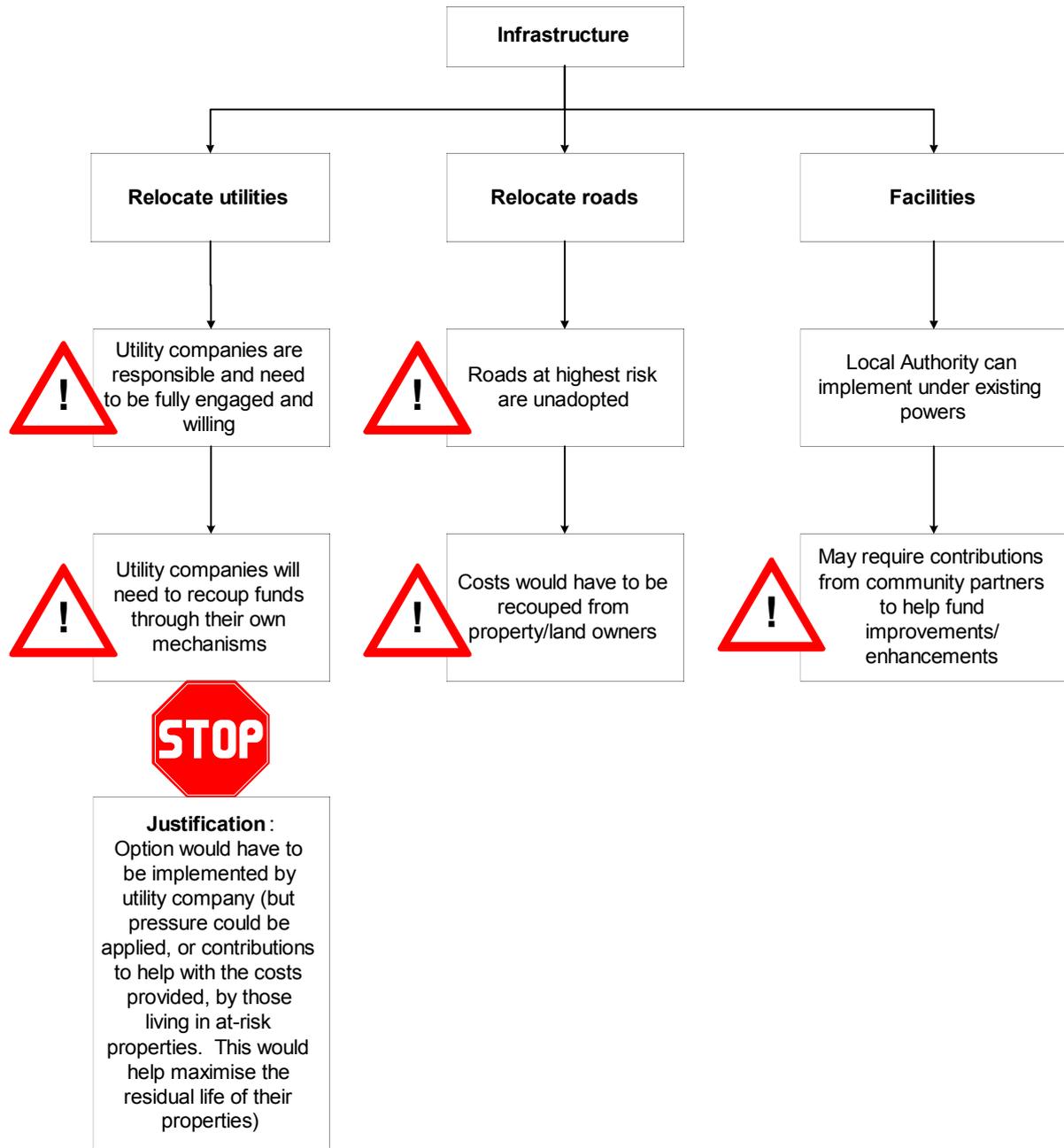


Figure 5.11: Constraints and Obstacles – Infrastructure



5.3 Options Screened Out

Figures 5.2 to 5.11 show that eight options have been screened out. These options are all related to assistance for property owners and are:

- four options associated with providing land on which to build a replacement property (give land on freehold basis, give land on leasehold basis, shared ownership (with payment of ground rent) and shared ownership (land for affordable housing));
- provide low interest loans;
- equity release;
- streamlined planning permission; and
- relocate utilities (this will have to be considered by the utility company to avoid properties becoming uninhabitable at an earlier date because the sewer is seaward of access roads and properties. However, there may also be an opportunity for households at risk to get together and contribute towards the costs, working with the utility company to increase the residual life of their properties).

The results of screening mean that 25 options are carried forward to detailed assessment.

6. Assessment of Options

6.1 The Evaluation Matrix

The evaluation matrix has been developed using:

- categories typically assessed in project appraisals (economic, environmental and social);
- discussion at the workshop held in Loddon on 3rd August; and
- ideas and suggestions on what is most important to people at the drop-in session held in Scratby on 18th August.

The Evaluation Matrix is used to assess how each option performs in terms of its acceptability to the local community, its overall fairness (to those at risk and those not at risk in Scratby and California and to wider Council Tax and general taxpayers).

6.2 Applying the Evaluation Matrix

The evaluation matrix has been used to assess the performance of each option against the factors that are important to the local community, identifying where the options could cause negative impacts or result in benefits.

Table 6.1 provides a summary of the results of comparing each of the 25 options carried forwards for detailed assessment against the factors identified as being important by the community. The options are identified as having:

- significant benefits for that factor;
- slight benefits for that factor;
- slight negative effects for that factor; and
- significant negative effects for that factor (but no options with significant negative effects on the factors have been identified).

In some cases, the options are grouped to improve the readability of the table. For example, the four alternative ways of purchasing options (at value if there was no risk of erosion, at rebuild value, at value reflecting risk or compulsory purchase) may be grouped under 'purchase property'.

Any options not included in the table for a particular factor have been assumed to have no impact for that factor (or any benefits and negative effects are assumed to balance out). There are also two factors that are not affected by the options: schools and vegetated cliffs. These are not included in the table. The full evaluation matrix is given in Annex 3. The Annex also gives a brief justification for the ++ (significant benefits) to -- (significant negative effects) rating assigned to each option and each factor.

Table 6.1: Summary of the Results from Applying the Evaluation Matrix			
Factor	Options Rated as having		
	Significant benefits	Slight benefits	Slight negative effects
Sea views	<ul style="list-style-type: none"> • <i>No options</i> 	<ul style="list-style-type: none"> • Relocate facilities (if benches are provided) • Provide land as open space 	<ul style="list-style-type: none"> • <i>No options</i>
Beach access	<ul style="list-style-type: none"> • <i>No options</i> 	<ul style="list-style-type: none"> • Relocate facilities (if beach access is provided) 	<ul style="list-style-type: none"> • <i>No options</i>
Peace and quiet	<ul style="list-style-type: none"> • <i>No options</i> 	<ul style="list-style-type: none"> • <i>No options</i> 	<ul style="list-style-type: none"> • Rent land for relocatable properties (assumes there would be more traffic and people along cliff top land)
Bus links	<ul style="list-style-type: none"> • Relocate roads (long-term benefit where bus routes are relocated if affected) 	<ul style="list-style-type: none"> • <i>No options</i> 	<ul style="list-style-type: none"> • <i>No options</i>
Range of businesses and shops	<ul style="list-style-type: none"> • <i>No options</i> 	<ul style="list-style-type: none"> • Provide alternative property options (new property would be provided within Scratby/ California) • Provide financial assistance (property owners/businesses) (may help to retain businesses) • Other help (businesses) (may help to retain businesses) • Reuse properties (offers premises that businesses could use) • Relocate roads (long-term benefit) 	<ul style="list-style-type: none"> • Purchase property options (owners may move out)
Involvement in decision-making	<ul style="list-style-type: none"> • Purchase property at value if there was no risk of erosion (reflects preferences from engagement activities¹) • Relocate roads (increases potential that people can stay in their properties for longer) • Relocate facilities (issues raised specifically at drop-in session) 	<ul style="list-style-type: none"> • Purchase property at rebuild value/at value reflecting risk (both provide some payment for property but were less preferred) • Convert to leasehold (helps people to stay in their properties) • Provide financial assistance (help retain properties and allows people to stay in them) • Reuse properties (some support for this, but not preferred) 	<ul style="list-style-type: none"> • Compulsory purchase (engagement suggests people want to stay in their properties) • Shared ownership (engagement showed people are not keen on this option)
Road links	<ul style="list-style-type: none"> • Relocate roads (maintains road links) 	<ul style="list-style-type: none"> • <i>No options</i> 	<ul style="list-style-type: none"> • <i>No options</i>
Friendliness of people	<ul style="list-style-type: none"> • Provide facilities (provides opportunity for greater interaction between more members of the community) 	<ul style="list-style-type: none"> • Provide land as open space (increases opportunities for interaction, but there is already quite a lot of open space) 	<ul style="list-style-type: none"> • <i>No options</i>

Table 6.1: Summary of the Results from Applying the Evaluation Matrix			
Factor	Options Rated as having		
	Significant benefits	Slight benefits	Slight negative effects
Range of community facilities	<ul style="list-style-type: none"> Provide facilities (adds to the stock of facilities) 	<ul style="list-style-type: none"> Convert to leasehold (helps people to stay in their properties) Provide alternative property (new properties would be within Scratby/California so maintains housing stock) Streamlined planning permission (could help retain people/businesses) Reuse property (allows property to continue to be used) Provide land as open space (there is already quite a lot of open space) Relocate roads (long-term benefit from maintaining access) 	<ul style="list-style-type: none"> Purchase property (people may move out reducing population to support community services) Coastal Adaptation Fund (people may move out)
Value of property	<ul style="list-style-type: none"> Purchase property at value if there was no risk of erosion (keeps property in property market) Give freehold property (replaces at-risk property with full value property) 	<ul style="list-style-type: none"> Purchase property at rebuild value (keeps property in property market, but at lower value) Compulsory purchase (attaches a value to the property, but at negotiated value) Convert to leasehold (attaches value to move from freehold to leasehold reflecting residual life, provides future purchasers with full information on risk) Give leasehold property (replaces with full value property, but with lease) Shared ownership (affordable housing) (replaces with share in value of new property) Underwriting value (provides guarantee of value, but likely to be negotiated) Subsidised maintenance (help maintain value of surrounding properties) Low interest loans (could help retain value of businesses through investment) Streamlined planning permission for change of use (could help retain value through possible future use) 	<ul style="list-style-type: none"> Purchase property at value reflecting risk (value will decline over time if risk increases)

Table 6.1: Summary of the Results from Applying the Evaluation Matrix			
Factor	Options Rated as having		
	Significant benefits	Slight benefits	Slight negative effects
		<ul style="list-style-type: none"> Reuse property (attaches some value to at-risk properties) Reuse land for relocatable properties (attaches value to plot of land on which at-risk properties sit) Relocate roads (maintains access in long-term) 	
Business opening time	<ul style="list-style-type: none"> <i>No options</i> 	<ul style="list-style-type: none"> Reuse land for relocatable properties (may be opportunities for new facilities to serve relocatable properties) 	<ul style="list-style-type: none"> <i>No options</i>
Amount of open space	<ul style="list-style-type: none"> Provide land as open space (there is already quite a lot of open space) 	<ul style="list-style-type: none"> <i>No options</i> 	<ul style="list-style-type: none"> <i>No options</i>
Lack of seats	<ul style="list-style-type: none"> Relocate facilities (if benches are provided) 	<ul style="list-style-type: none"> <i>No options</i> 	<ul style="list-style-type: none"> <i>No options</i>
Network of friends and family in the village	<ul style="list-style-type: none"> <i>No options</i> 	<ul style="list-style-type: none"> Convert to leasehold (helps people to stay in their properties) Provide alternative property (new property would be provided within Scratby/ California) Provide financial assistance (helps people to stay for as long as possible) Streamlined planning permission for change of use (helps retain businesses and jobs) 	<ul style="list-style-type: none"> Purchase properties (people may move out) Reuse properties (people formerly living in at-risk properties may move out)
Desirable place	<ul style="list-style-type: none"> Purchase properties at value if there was no risk of erosion (removes risk of blight) 	<ul style="list-style-type: none"> Give freehold/leasehold property (new properties would be located away from at-risk areas, reducing number of people at risk) Underwriting values (helps retain demand for values, reducing risk of blight) Subsidised maintenance (minimised risk of dereliction of at-risk properties and impact on neighbouring properties) Streamlining planning permission (enables new properties to be built away from at-risk area) Reuse properties (minimises risk of dereliction of at-risk properties) Provide land as open space (maximises 'green') 	<ul style="list-style-type: none"> Compulsory purchase (could cause further blight?)

Table 6.1: Summary of the Results from Applying the Evaluation Matrix			
Factor	Options Rated as having		
	Significant benefits	Slight benefits	Slight negative effects
		areas) • Relocate facilities (provides access to beach, benches, etc. enabling people to enjoy the area)	
Notes: ¹ The preference of many (although not all) was for a rock berm. Purchase property at value if there was no risk of erosion was the preferred adaptation option			

6.3 Minimising Constraints and Maximising Opportunities

The results of applying the evaluation matrix are influenced strongly by responses from the engagement activities. They show that the community prefers options that retain as much of the current character of Scratby and California as possible. In addition, the preferred options are for people to be able to remain in their properties and/or be offered the opportunity to sell their property at the value if there was no risk of erosion. This adds to the constraints identified in Section 5 in terms of what might be acceptable to the community *at the present time*. If alternative approaches to adaptation (such as extension of the rock berm) are exhausted or there is greater evidence of imminent risk to the properties, there may be more opportunities to look at compromise options.

In addition, this highlights the importance of offering people choices of options, so they can pick the approach that best meets their requirements or desires. In turn, though, this can result in constraints on other options.

If a household does not want to participate in a 'property swap' option when new houses have been built, there may not be a property available for a 'swap' at a later date. In this case, the affordable houses may have been allocated to people on the housing waiting list such that the 'property swap' option is only available at specific points in time. These time periods may not coincide with the requirements of those living in at-risk properties.

If a household wishes to remain in their property for as long as possible, there may be implications for options that involve demolishing the at-risk properties that have been vacated (through being purchased at an agreed value or swapped for a new property). This may arise because the properties that are still occupied prevent or reduce access to the land for relocatable properties. This could reduce (or remove) the potential for rental income from the land. In turn, this could affect the amount of money available to fund purchases of properties or that can be invested in building new properties.

These issues do not necessarily add any further constraints or obstacles to those identified in Section 5, but they do mean that it may not be possible to combine all the options.

6.4 Feedback from Engagement

There was no agreed option to take forwards from engagement. It is clear that detailed discussions are needed with those affected and potential funders to fully explore the potential for the leading options to be taken forwards. There is also still a desire for a rock berm from many in the community (and a case is being prepared by GYBC). Until a decision is taken on the rock berm, it is unlikely that adaptation options would be agreed.

7. Costs and Income from Options

7.1 Overview of Approach to Costing Options

The potential costs of the options have been assessed using data specific to Scratby and California, supplemented by valuation information as and where appropriate. To minimise the risk of blighting properties in Scratby and California, the costs are estimated based on an ‘average’ property.

To reflect the epochs given in the SMP2 and the need to focus on those properties that may be affected in the near-future, the costs and potential to recoup costs have been calculated over four time periods:

- to 2020 (i.e. a 10 year period from 2010);
- from 2021 to 2025 (i.e. a 5 year period, to reflect the end of the first epoch in the SMP2);
- from 2026 to 2055 (i.e. a 30 year period); and
- from 2056 to 2105 (i.e. a 50 year period).

The number of properties shown as being ‘at risk’ in the SMP2 (and other studies including work undertaken for the project appraisal for an extension of the rock berm) are:

- to 2020: 27 properties;
- from 2021 to 2025: 32 properties;
- from 2026 to 2055: 91 properties; and
- from 2056 to 2105: 101 properties.

It is important to note that these include properties shown as being at risk on the maps included in the SMP2. The SMP2 identifies approximate numbers of properties at risk, as summarised in Table 7.1 (additional properties over and above those given in Table 7.1 have been identified and used to cost the options in this report, based on work being undertaken by Great Yarmouth Borough Council and Halcrow for the project appraisal on the rock berm extension).

Epoch	Winterton-on-Sea (South of Beach Road) to Scratby (SMP2 policy unit 6.14)		California to Caister-on-Sea (SMP2 policy unit 6.15)	
	No. Properties that may be Affected	SMP2 Policy	No. Properties that may be Affected	SMP2 Policy
By 2025	Less than 5	No Active Intervention	Less than 5	Hold The Line
By 2055	Up to circa 55	No Active Intervention	Up to circa 70	Managed Realignment (once defences fail)
By 2105	Between circa 55 and 150	No Active Intervention	Between circa 70 and 130	Managed realignment

7.2 The Cost of the Options

7.2.1 Overview

The costs of options are presented according to the groups of options used in Figures 5.1 to 5.10, excluding those options that have been screened out:

- help for property owners:
 - purchase property;
 - provide alternative property; and
 - provide financial assistance;
- help for business owners:
 - provide financial assistance; and
 - provide other help.
- other options (infrastructure):
 - roads; and
 - facilities.

In all cases, costs are presented per average property, per epoch and as an overall total.

No costs have been estimated for the baseline, as these are actions that can already take place so it is assumed that no additional funding would have to be found. The potential for national government funding (as a result of Defra's consultation on future funding) is considered in Section 8.

It is important to note that the costs estimated here are those that would need to be funded (see Section 8) if the options are to be implemented. Without funding, these costs would be borne by the existing property owners through loss of the value of their properties and the money that they have invested in them.

7.2.2 Help for Property Owners – Purchase Property

There are five options under the heading of 'purchase property', each of which has a different value attributed to it:

- purchase at the value the property would have if it was not at risk of erosion, with an average value of £140,000¹⁸;
- purchase at the rebuild cost: assumed to be 60% of the value of the property if it were not at risk of erosion, £84,000¹⁹;
- purchase at the value reflecting the risk of erosion: this is calculated based on a typical depreciation curve reflecting the value of leasehold properties as the residual life of the lease declines:

¹⁸ Presented to two significant figures to reflect uncertainty. The average is estimated by assessing the sold and predicted values of houses in the areas shown as being at risk on the maps in the SMP2 using sources such as Hometrack, HousePrice and Zoopla as well as expert judgement.

¹⁹ The remaining 40% of the value is assigned to the plot on which the property is built.

- properties at risk by 2020: £52,000 (i.e. 37% of the not-at-risk value assuming a residual life of 10 years);
 - properties at risk by 2025: £66,000 (i.e. 47% of the not-at-risk value assuming a residual life of 15 years);
 - properties at risk by 2055: £98,000 (i.e. 70% of the not-at-risk value assuming a residual life of 40 years); and
 - properties at risk by 2105: £137,000²⁰ (i.e. 98% of the not-at-risk value assuming a residual life of 90 years).
- compulsory purchase: assumed to be similar to the at-risk property value although the actual price to be paid would be based on negotiations with the property owners, with the potential for other costs (such as moving costs) to be claimed also. The costs for this option are, therefore, considered to be the same as purchase at the value reflecting the risk of erosion.
 - convert to leasehold: here the cost of the option is taken as the difference between the not-at-risk value and the value reflecting the risk of erosion²¹. This would be the amount paid when the property is converted to leasehold (from freehold) as it is considered to reflect the potential change in value associated with a lease with an identified life (assumed to be equivalent to the residual life of the property). Properties with a residual life of 60 years or less are considered eligible for this option (since properties with a shorter life than 60 years are more likely to experience problems with obtaining mortgages). The reduction in value for a property with a residual life of 60 years (versus a property with an assumed infinite life) is 13% of the not-at-risk value, or £18,200 per property²². The reduction in value of properties at risk in other epochs is:
 - properties at risk by 2020: £88,200 (i.e. 63% of the not-at-risk value assuming a residual life of 10 years);
 - properties at risk by 2025: £74,200 (i.e. 53% of the not-at-risk value assuming a residual life of 15 years);
 - properties at risk by 2055: £42,000 (i.e. 30% of the not-at-risk value assuming a residual life of 40 years); and
 - properties at risk by 2105: £18,200²³ (i.e. 13% of the not-at-risk value assuming a residual life of 90 years).

Table 7.2 presents the overall costs of these options based on the properties at risk being bought 'now' (with the effect of increasing the cost of the option to buy the properties at a value that reflects the risk of erosion) or converted to leasehold 'now' (for epochs to 2020, to 2025 and to 2055; properties at-risk in the epoch to 2105 would become eligible once their residual life declines to 60 years). It is important to note that these are 'cash costs' that do not reflect

²⁰ Presented to three significant figures to illustrate the slight reduction in property value when the residual life is reduced to below 100 years.

²¹ The costs of a building survey are not included, but are likely to be payable.

²² Based on £140,000 – (140,000 x 87%) = £140,000 - £121,800 = £18,200.

²³ These properties would become eligible for the option to convert to leasehold when their residual life reduced to 60 years.

future changes in house prices (up or down) or inflation. Future costs have not been discounted, as they would be in a project appraisal report or in the SMP2. Discounted costs would be considerably smaller than the costs shown in Table 7.2.

Epoch	Option: Purchase Property at...			
	Value if there was no risk of erosion	Rebuild value	Value reflecting risk of erosion ^{1, 2}	Convert to leasehold
By 2020	£3.8 million	£2.3 million	£1.4 million	£2.4 million
By 2025	£4.5 million	£2.7 million	£2.1 million	£2.4 million
By 2055	£13 million	£7.6 million	£8.9 million	£3.8 million
By 2105	£14 million	£8.5 million	£14 million	£1.8 million
Total	£35 million	£21 million	£26 million	£10 million

Notes:
¹ The epoch totals for the option of purchasing properties at the value reflecting the risk of erosion are based on the costs if the at-risk properties were purchased now. If there was a delay before the properties were purchased (such that their residual life was less), the costs would reduce. For example, if properties were purchased when they had a 10 year residual life, the total costs of this option would reduce to £13 million.
² Assumed to include the costs of Compulsory Purchase. In fact, the negotiated costs could be lower or, when other claimable costs such as moving, etc. are added, the costs could be higher.

7.2.3 Help for Property Owners – Provide Alternative Property

The options to provide alternative property require new properties to be built to replace those that may be at risk from coastal change. This may require purchase of land and building costs to be incurred.

It is assumed that land can be bought at ‘exception site’ values. Exception sites are ‘sites (usually in villages) that have not been allocated for development in the Local Plan or Local Development Framework, but which might be suitable for small schemes of affordable housing for local people’ (from Local Government glossary). The estimated cost is £12,000 per plot assuming suitable exception sites are available.

The cost of building properties are based on the average cost of building a housing association property, at £130,000 per property²⁴ (House of Commons Committee of Public Accounts, 2007).

The total costs of replacing the properties that are at risk due to coastal change are presented in Table 7.3.

²⁴ To two significant values. The average value is £133,941 of which £62,000 is available in the form of grant.

Epoch	Option: Provide alternative property			
	Give freehold property	Give leasehold property ¹	Shared ownership ²	Shared ownership (affordable housing) ²
By 2020	£3.9 million	£3.9 million	£4.0 million	£4.0 million
By 2025	£4.6 million	£4.6 million	£4.7 million	£4.7 million
By 2055	£13 million	£13 million	£13 million	£13 million
By 2105	£15 million	£15 million	£15 million	£15 million
Total	£36 million	£36 million	£37 million	£37 million

Notes:
¹ The costs for all these options are equal.
² These options offer opportunities for some costs to be recouped (e.g. by requiring rent to be paid on the unowned part of the property) or place requirements that the properties should be sold back to a Housing Association (or similar) for affordable housing (thus maintaining a stock of affordable housing for the community). It is assumed here that the 'cost' is equivalent to the additional build/land cost incurred (any offset by the value of the at-risk property is considered below in Section 7.3 on recouping the costs). It is important to remember that this may mean that the build costs are incurred earlier, so maximum use can be made of the residual life of the at-risk properties

7.2.4 Help for Property Owners – Provide Financial Assistance

These options do not involve purchasing the property or providing alternative accommodation in advance of when the at-risk property is at imminent risk of loss. Instead, they provide opportunities to help property owners remain in their properties for as long as possible.

The actual level of financial assistance available is likely to vary according to the funds available and these options may benefit significantly from the establishment of a trust or not-for-profit company (see Section 8).

The cost of underwriting values will depend on the value that is to be underwritten. If this is the same as the value of the property if there was no risk of erosion, the costs would be the same as the option to purchase the properties at this price. The only difference would be that the costs would not be paid until the property was at imminent risk of loss due to coastal change. This means the underwriter would have some time over which to accrue funds to cover the eventual costs. Since the risk of eventual loss is likely to be viewed as 'certain', this option would have to be funded by public bodies.

The costs of subsidised maintenance would be sourced from the revenue budget of Local Authorities. Average repair costs per property per annum are estimated at (House of Commons Committee of Public Accounts, 2007):

- Local authority: £818 planned and routine maintenance, £1,700 major repairs (total: £2,518); and

- Registered Social Landlords (RSLs): £871 planned and routine maintenance, £881 major repairs (total £1,752).

Table 7.4 presents the costs for subsidised maintenance using Local Authority costs of £2,500 per year and different assumptions of which properties may be eligible for this help over time.

Epoch	Option: Subsidised maintenance for... ¹		
	All properties shown as being at risk in SMP2	All properties with residual life <25 years	All properties with residual life <10 years
By 2020	£6.3 million	£1.5 million	£1.1 million
By 2025	£2.8 million	£1.5 million	£1.5 million
By 2055	£14 million	£4.6 million	£1.1 million
By 2105	£13 million	£6.3 million	£2.5 million
Total	£36 million	£14 million	£6.3 million

Notes:
¹ Calculated as annual costs multiplied by number of properties affected and number of years over which the costs would be incurred.

The costs of a Coastal Adaptation Fund will depend on what is to be funded and when. The Coastal Erosion Assistance Grant provides some financial help with the costs of moving and demolishing at-risk properties. The Adaptation Fund could provide assistance with many of the other options discussed here, were sufficient funds to be available. As a charity or not-for-profit company, the Adaptation Funds would be distributed amongst its beneficiaries.

7.2.5 Help for Businesses – Provide Financial Assistance

Low interest loans could be provided at a preferential rate or access to borrowing where the business has had problems as a result of being perceived to be in an at-risk zone. The costs will depend on the amount of borrowing required and number of businesses wishing to take advantage of the option. This will result in initial costs, but repayments of the loans should make this option self-funding over time (see Section 7.3). This can be explored further with businesses in the proposed interviews.

The costs of subsidised maintenance would apply only to external repairs associated with the amenity of the area (under the Town and Country Planning Act). This may assist the landlord and help the business by ensuring that the quality of the building in which it is located is suitable. Internal decorations would remain the responsibility of the business, but are likely to be renewed every few years in any case to ensure that the business can continue to attract customers. This can be explored further with businesses in the proposed interviews.

As with property owners, the **Coastal Adaptation Fund** would be allocated to business owners as a beneficiary. The amount of money available is likely to be limited by the amount of funds that can be raised.

Assistance with paying for expert advice is also difficult to cost as such costs would only be incurred when existing arrangements available as baseline options have been exhausted and more specific advice is required. As a result, this may only be required in exceptional circumstances. This can be explored further with businesses in the proposed interviews.

7.2.6 Help for Businesses – Provide Other Help

Other help includes an option for streamlined planning permission for change of use. This can be explored further with businesses in the proposed interviews.

7.2.7 Relocating Infrastructure

The costs of relocating the roads and providing replacement facilities will vary according to the length of road that needs to be relocated and whether this is to be adopted (or not). The cost of replacement facilities is estimated at (based on RPA, 2008):

- road construction (3.2m wide): £65/m;
- maintenance of roads: £0.36/m;
- replacement toilet facilities: £180,000;
- reconstruction of beach access: £25,000 to £55,000; and
- cost of purchase and installation of bench: £3,500 each (based on actual costs incurred to replace benches lost/stolen from various sources).

7.3 The Potential to Recoup the Costs

7.3.1 Overview

The potential to recoup the costs is presented by the two main groups of options:

- reuse properties that have been purchased; and
- reuse land.

There may also be opportunities to recoup costs associated with options such as subsidised maintenance where only a percentage of the costs are covered by the Local Authority, Housing Association or Registered Social Landlord; the remainder being paid by the property owner. A charge could also be placed on the property so the costs are recovered should the property be sold within a set period of time after the maintenance works were carried out.

7.3.2 Recouping Costs – Reuse Properties

There are three possible ways that costs could be recouped by reusing the properties:

- selling the property with full disclosure of the potential risks from coastal change;
- renting the property; and
- using the property for pre-defined time-limited uses.

Selling the properties is likely to recoup funds that reflect the value of the properties taking account of the risk of erosion. This may have to be as leasehold properties to avoid the risk that new households are exposed to the risk in the future. Therefore, the resale values are likely to be at the value reflecting the risk of erosion and the predicted residual life of the properties. Ignoring any legal fees that would be incurred by the seller, the income could be the same as the costs if this were the basis used to purchase the properties. Thus, combining these two options would provide an overall approach that is self-funding. The amount of money that could be recouped is summarised in Table 7.5. Should the properties be found to have residual lives longer than predicted there would be a need to renegotiate the leases, but this is unlikely to allow any further costs to be recouped.

Renting the properties provides the basis for an ongoing income stream. The average rental value of the properties at risk is estimated at £480 per calendar month²⁵ (£5,760 per property per year). It is assumed that properties would be bought in the final year of the epoch before they are predicted to be at risk (or now for those properties at risk by 2020) and would then be available for rent in the following epoch only. After that, it is assumed that they would have been lost due to coastal change. Once available for rent, it is assumed that they achieve 100% of their potential rental value (i.e. are rented for the full epoch). The potential income from renting properties under these assumptions is presented in Table 7.5.

While the total income from renting the properties is a useful indication of the amount of money that could be recouped, there would be costs that would have to be paid for out of the rental income. This will include maintenance and repairs of between £1,800 and £2,500 per year on average and costs associated with managing the property. If it is assumed that £2,000 per year is spent on average maintaining and managing the property, the income available to recoup the initial costs reduces to £3,760 per property per year. Rental income could also be reduced if there was a cap on the rents that were chargeable, for example, to ensure they meet the requirements for affordable rents should the properties be owned or managed by a Housing Association or Registered Social Landlord.

²⁵ Based on predicted rental incomes using sources such as Hometrack, HousePrice and Zoopla as well as expert judgement.

Using the property for a pre-defined time limited life is likely to reduce the rental income unless it is specified for uses with high rental charges. The amount of costs that can be recouped will therefore be highly dependent on the types of uses available and demand for those uses. The proposed business interviews may provide further ideas on the ways in which buildings can be used.

Epoch	Option: Recoup Costs by...			
	Selling at the value reflecting the risk of erosion	Rent property (total income) ¹	Rent property (excluding costs) ²	Use property for pre-defined time limited use
By 2020	£1.4 million	£1.4 million	£0.9 million	Dependent on specific uses and demand for those uses
By 2025	£2.1 million	£0.9 million	£0.6 million	
By 2055	£8.9 million	£16 million	£10 million	
By 2105	£14 million	£29 million	£19 million	
Total	£26 million	£47 million	£31 million	

Notes:
¹ Assumes that properties are bought in the final year of the previous epoch and are available for rent during the following epoch (after that it is assumed that they are lost due to coastal change).
² Assumes £2,000 per year is spent on maintaining and managing the property, reducing rental income available to recoup the costs by 35%.

7.3.3 Recouping Costs – Reuse Land

Where at-risk properties are purchased and demolished there may be opportunities to reuse the land to site relocatable properties such as caravans. Where the existing infrastructure such as roads, sewers and water can be reused, there may be opportunities to generate income from renting the land to caravan parks (potentially providing short-term land to replace land that parks may lose to coastal change). Ground rents are highly variable, but sites with a sea frontage should be able to raise a reasonable return, potentially £2,000 per caravan. Assuming that there would be two pitches available on each former property lot would give an income of £4,000 per year. This would be payable by the caravan site (or caravan owner) to the landowner.

The rental value of the land would only be realised where there are continuous pitches (and associated infrastructure e.g. water supply) so it may require clearance of a number of at-risk properties to be viable.

The potential income from renting land for relocatable properties is summarised in Table 7.6.

Table 7.6: Potential to Recoup Costs		
Epoch	Option: Recoup Costs by...	
	Renting land for caravans	Providing land as open space for recreation
By 2020	£1.0 million	No income as such, although there would be social benefits for the local community and visitors
By 2025	£0.6 million	
By 2055	£11 million	
By 2105	£20 million	
Total	£33 million	

7.4 Combining Options

Combining some of the options together may be able to help reduce the constraints surrounding funding, although almost all the options require some initial funding source. This means that there may be an additional cost: cost of borrowing to cover short (or longer-term) shortfalls in funding availability, unless private sources of funding can be found. The potential to combine options and the implications on the funding requirements is discussed further in Section 8.2.

7.5 Summary of Assumptions, Data Gaps and Uncertainties

A number of assumptions have been made when estimating the costs and potential ability to recoup costs. The key assumptions are:

- the estimated number of properties at risk and the time when they are perceived to be at risk is taken from the maps in the SMP2. This may be an over- or under-estimate of the number of properties that could be lost over the next 100 years.
- average property values have been used across all those properties shown as being at risk in the SMP2 over the next 100 years. This could over- or under-estimate the actual costs.
- values of properties reflecting the predicted time before they are affected by coastal change are based on the reduction associated with leasehold properties as the length of the lease declines. This may over-estimate the value of the properties where there has been significant publicity over the risk of erosion or where the property market is weak (as these factors tend to have the effect of reducing the values of 'risky' properties). It may also under-estimate the value where the property market is strong and where factors such as a sea view are valued very highly (see Defra, 2009 for more details on the factors affecting house prices).
- rental incomes assume that properties are only available for one epoch. If the residual life of the properties was to be longer than predicted, the

income from renting would increase. Conversely, the income would reduce if the residual life of the property was shorter than predicted. This uncertainty will affect the extent to which options involving purchasing then renting properties could become self-funding. There is a greater chance that options will become self-funding if there is a longer timeframe over which rental income can be secured.

- Ground rents typically range from £500 to £2,500, although ground rent at one caravan site in Scratby/California was £3,400 per year for an eight-berth static caravan. It may also be possible to fit more than two pitches per former property plot such that the income from renting land may be under-estimated. The proposed interviews with business owners should help determine the viability of this option.

8. Funding Opportunities and Potential Funders

8.1 Overview

This Section focuses on how and where funds could be obtained to fill any funding gaps due opportunities for recouping funds being less than the overall costs. It is also important to identify initial sources of funding as most of the options require some initial outlay before any costs can be recouped.

There is a wide range of possible funding sources that could be used to help pay for the options. However, each has its strengths and weaknesses and not all may be strictly applicable to the types of options being considered. These funding obstacles need to be considered alongside the amounts of money that may be required to see:

- (i) whether there is potential in investigating such sources further; and
- (ii) if so, whether there are opportunities to challenge and change the interpretations on what can and cannot be funded from the sources.

These include:

- potential to charge Council Tax payers to cover the costs of the options;
- potential to recoup income from business rates associated with supporting and enhancing tourism (through Tax Increment Financing);
- opportunity under the Flood and Water Management Bill to raise a local levy;
- potential for some national government funding through revisions to the approach to grant-in-aid funding;
- social enterprises that could be run in the interests of the community; and
- other funding sources (EU, lottery, dredging companies, etc. as suggested by stakeholders).

Each option is considered in turn, with a description of the predicted costs, the likely funding requirements and implications for reducing or removing the obstacles and constraints identified in Section 5.

8.2 Costs Payable by Raising Council Tax

8.2.1 Costs of Purchasing the Properties

The costs associated with the option to purchase the properties plus borrowing costs and, thus, total costs are presented in Table 8.1.

Epoch	Option: Purchase Property at...			
	Value if there was no risk of erosion	Rebuild value	Value reflecting risk of erosion ^{1, 2}	Convert to leasehold ²
By 2020	£3.8 million	£2.3 million	£1.4 million	£2.4 million
+ borrowing ¹	£1.3 million	£0.8 million	£0.5 million	£0.8 million
By 2025	£4.5 million	£2.7 million	£2.1 million	£2.4 million
+ borrowing ¹	£1.5 million	£0.9 million	£0.7 million	£0.8 million
By 2055	£13 million	£7.6 million	£9.0 million	£3.8 million
+ borrowing ¹	£4.2 million	£2.5 million	£3.0 million	£1.3 million
By 2105	£14 million	£8.5 million	£14 million	£1.8 million
+ borrowing ¹	£4.7 million	£2.8 million	£4.6 million	£0.6 million
Total funds	£35 million	£21 million	£26 million	£10 million
+ total borrowing	£12 million	£7 million	£8.7 million	£3.5 million
Overall total	£47 million	£28 million	£35 million	£14 million

Notes:
¹ Based on borrowing at 6% over 10 years (120 months)
² Assumed to include the costs of Compulsory Purchase. In fact, the negotiated costs could be lower or, when other claimable costs such as moving, etc. are added, the costs could be higher.

The borrowing costs could be reduced or removed if funds were raised locally, for example, through Council Tax. Assuming that the costs could be raised annually over the period over which they are required (rather than in one year), it is possible to estimate how much each household in Great Yarmouth Borough would have to pay to fund this option. The results are given in Table 8.2. Here borrowing costs have been included to reflect the need to raise funds annually over the relevant periods. The total costs are divided over 46,232 households (the number of households in the Borough, pers. comm., 2010).

Epoch	Option: Purchase Property at...			
	Value if there was no risk of erosion	Rebuild value	Value reflecting risk of erosion ^{1, 2}	Convert to leasehold
Payable per household per year to 2020 ¹	£11	£7	£4	£7
Payable per household per year to 2025 ¹	£26	£15	£12	£14
Payable per household per year to 2055 ¹	£12	£7	£9	£4
Payable per household per year to 2105 ¹	£8	£5	£8	£1
Total payable (over 100 years)³	£1,000	£610	£760	£300

Epoch	Option: Purchase Property at...			
	Value if there was no risk of erosion	Rebuild value	Value reflecting risk of erosion ^{1,2}	Convert to leasehold
Notes:				
¹ Amounts payable are given to the nearest whole £ to reflect uncertainty				
² Assumed to include the costs of Compulsory Purchase. In fact, the negotiated costs could be lower or, when other claimable costs such as moving, etc. are added, the costs could be higher				
³ Given to two significant figures to reflect uncertainty				

8.2.2 Costs of Providing Alternative Property

The costs associated with purchasing land and building new properties that could be ‘swapped’ for the at-risk properties are shown in Table 8.3. Here, the costs are the same across all four options, although there may be some potential for shared ownership to result in some recouping of the costs over time through rent chargeable on the unowned portion of the property. However, the questionnaire results showed the charging of rent to be a very unpopular option and likely to reduce (or remove) interest in take-up of this option. There may be opportunities to forego rental income through schemes such as Shared Ownership for the Elderly. This provides a 75% share in the new property but with no rent chargeable on the remaining 25%.

Epoch	Option: Provide Alternative Property ...			
	Give freehold	Give leasehold	Shared ownership	Shared ownership (affordable housing)
By 2020	£3.9 million	£3.9 million	£4.0 million	£4.0 million
+ borrowing ¹	£1.3 million	£1.3 million	£1.3 million	£1.3 million
By 2025	£4.6 million	£4.6 million	£4.7 million	£4.7 million
+ borrowing ¹	£1.5 million	£1.5 million	£1.6 million	£1.6 million
By 2055	£13 million	£13 million	£13 million	£13 million
+ borrowing ¹	£4.4 million	£4.4 million	£4.4 million	£4.4 million
By 2105	£15 million	£15 million	£15 million	£15 million
+ borrowing ¹	£4.9 million	£4.9 million	£4.9 million	£4.9 million
Total funds	£36 million	£36 million	£37 million	£37 million
+ total borrowing	£12 million	£12 million	£12 million	£12 million
Overall total²	£48 million	£48 million	£49 million	£49 million
Notes:				
¹ Based on borrowing at 6% over 10 years (120 months)				
² Costs are calculated using a spreadsheet and reported here to a maximum of two significant figures, hence, there may be some rounding inconsistencies				

Table 8.4 presents the amount estimated as being payable by household through Council Tax as a result of the need to fund this option.

Epoch	Option: Provide Alternative Property ...			
	Give freehold	Give leasehold	Shared ownership	Shared ownership (affordable housing)
Payable per household per year to 2020 ¹	£11	£11	£11	£11
Payable per household per year to 2025 ¹	£27	£27	£27	£27
Payable per household per year to 2055 ¹	£13	£13	£13	£13
Payable per household per year to 2105 ¹	£8	£8	£9	£9
Total payable (over 100 years)²	£1,000	£1,000	£1,100	£1,100
Notes:				
¹ Amounts payable are given to the nearest whole £ to reflect uncertainty				
² Given to two significant figures to reflect uncertainty				

8.2.3 Helping Property Owners – Provide Financial Assistance

Table 8.5 summarises the costs, including borrowing costs, required to pay for the options to provide financial assistance to property owners. Here, the costs for underwriting values are assumed to be the same as for purchasing properties at the value if there was no risk of erosion. In fact, this is likely to be a negotiated value or a value that reflects the amount of funds available.

Epoch	Option: Provide Other Assistance...			
	Underwriting value	Subsidised maintenance		
		All properties being shown as being at risk in SMP2	All properties with residual life <25 years	All properties with residual life <10 years
By 2020	£3.8 million	£6.3 million	£1.5 million	£1.1 million
+ borrowing ¹	£1.3 million	£2.1 million	£0.5 million	£0.4 million
By 2025	£4.5 million	£2.8 million	£1.5 million	£1.5 million
+ borrowing ¹	£1.5 million	£0.9 million	£0.5 million	£0.5 million
By 2055	£13 million	£14 million	£4.6 million	£1.1 million
+ borrowing ¹	£4.2 million	£4.8 million	£1.5 million	£0.4 million
By 2105	£14 million	£13 million	£6.3 million	£2.5 million
+ borrowing ¹	£4.7 million	£4.2 million	£2.1 million	£0.8 million
Total funds	£35 million	£36 million	£14 million	£6.3 million

Table 8.5: Costs of Options to Provide Financial Assistance				
Epoch	Option: Provide Other Assistance...			
	Underwriting value	Subsidised maintenance		
		All properties being shown as being at risk in SMP2	All properties with residual life <25 years	All properties with residual life <10 years
+ total borrowing	£12 million	£12 million	£4.6 million	£2.1 million
Overall total²	£47 million	£48 million	£18 million	£8.4 million
Notes: ¹ Based on borrowing at 6% over 10 years (120 months)				
² Costs are calculated using a spreadsheet and reported here to a maximum of two significant figures, hence, there may be some rounding inconsistencies				

Table 8.6 shows how much each Council Tax payer would have to pay through increased Council Tax bills per year in each epoch, plus total payable over the 100 year time period. Subsidised maintenance may be funded through the Housing Revenue Account (HRA). This is ring-fenced and the main source of funding is from rental income. This means that any increase in the revenue budget needed to cover the costs of subsidised maintenance for the at-risk properties would have to be paid for by other rent payers (although the maintenance costs could be part paid for by the owners of at-risk properties, rather than general Council Tax). As a result, the amount to be paid per household could be significantly greater than the cost when spread over all households in Great Yarmouth Borough.

Table 8.6: Amount Needed per Household to Fund the Provide Financial Assistance Options				
Epoch	Option: Provide Financial Assistance ...			
	Underwriting value	Subsidised maintenance		
		All properties being shown as being at risk in SMP2	All properties with residual life <25 years	All properties with residual life <10 years
Payable per household per year to 2020 ¹	£11	£18	£4	£3
Payable per household per year to 2025 ¹	£26	£16	£9	£9
Payable per household per year to 2055 ¹	£12	£14	£4	£1
Payable per household per year to 2105 ¹	£8	£7	£4	£1
Total payable (over 100 years)²	£1,000	£1,000	£400	£180
Notes:				
¹ Amounts payable are given to the nearest whole £ to reflect uncertainty				
² Given to two significant figures to reflect uncertainty				

8.2.4 Recouping Costs

The increases in Council Tax bills could be reduced if the at-risk properties or land are reused (sold or rented) once obtained from the current owner (through purchase or property swap). Table 8.7 presents an estimate of how much that reduction could be per household. The Table combines the options to reuse properties or land.

Epoch	Option: Recoup Costs ...			
	Reuse Properties			Reuse Land
	Selling at the value reflecting the risk of erosion	Rent property (total income) ¹	Rent property (excluding costs) ²	Rent land for caravans
Reduction per household per year to 2020 ³	-£3	-£3	-£2	-£2
Reduction per household per year to 2025 ³	-£9	-£4	-£3	-£3
Reduction per household per year to 2055 ³	-£6	-£11	-£7	-£8
Reduction per household per year to 2105 ³	-£6	-£13	-£8	-£9
Total reduction (over 100 years)⁴	-£570	-£1,000	-£670	-£710
Notes: ¹ Assumes that properties are bought in the final year of the previous epoch and are available for rent during the following epoch (after that it is assumed that they are lost due to coastal change). ² Assumes £2,000 per year is spent on maintaining and managing the property, reducing rental income available to recoup the costs by 35%. ³ Amounts payable are given to the nearest whole £ to reflect uncertainty ⁴ Given to two significant figures to reflect uncertainty				

Table 8.7 indicates that there may be potential to result in options that could be self-funding over time²⁶. By combining options, it may therefore be possible to offset some or all of these potential Council Tax rises. Table 8.8 shows the amount of additional Council Tax that could be payable under some of the possible combination of options. The Table provides some possible combinations of options that could be partially or fully self-funding. Other combinations are available, but those in Table 8.8 illustrate the extent to which different options could be combined to reduce the potential long-term funding requirements.

²⁶ It is important to remember that these are 'cash costs' and are not discounted. Therefore, future costs are given the same 'weight' as current costs. This is different to the approach used in project appraisal, which would discount future costs at the Treasury discount rate such that future costs (and income) could be much smaller than current costs (and income).

Table 8.8: Possible Combinations of Options			
Combination	Options that Incur Costs	Options that could Recoup Costs	Overall Impact on Council Tax Charges (over 100 years)
1	Purchase property at value if there was no risk of erosion	Rent property	Self-funding to additional Council Tax of £350
2	Purchase property at value reflecting risk of erosion	Rent property	Self-funding to additional Council Tax of £90
3	Purchase property at value reflecting risk of erosion	Sell property	Additional Council Tax of £190
4	Property swap	Rent property	Additional Council Tax of £40 to £390
5	Property swap	Sell property	Additional Council Tax of £490
6	Purchase property at value if there was no risk of erosion	Rent land	Additional Council Tax of £300
7	Purchase property at value reflecting risk of erosion	Rent land	Additional Council Tax of £50
8	Convert to leasehold	-	Additional Council Tax of £300 (no potential to recoup funds, could be combined with subsidised maintenance)
9	Subsidised maintenance	-	Additional Council Tax of £180 to £1000 (no potential to recoup funds, could be combined with convert to leasehold)

Table 8.8 looks at simple combinations. More complex arrangements could be provided to allow property owners flexibility to choose which option they prefer. For example, some property owners may prefer to remain in their homes making use of options such as convert to leasehold combined with subsidised maintenance; others may prefer to have the property purchased or swap with a new (not at risk) property. Such a flexible approach could reduce the immediate funding requirements (as purchase costs would be over a smaller number of properties, rent could be collected from reusing those properties (or land) and used to help build up a fund to pay for subsidised maintenance as and when required).

The Implications of these Charges

Any additional Council Tax charges that occur would have to be paid for across all households within Great Yarmouth Borough, but would only provide assistance to households in Scratby and California. The costs per household would increase further if other properties at risk from coastal change (e.g. in

Hopton and/or Winterton) were included. The increase in Council Tax estimated in the tables above often exceeds the amounts people suggested that they would be willing to pay in the questionnaire (with this at around £9 per household per year for the option to purchase properties, £5 to swap properties, £5 for buy and rent back and £8 for help to continue living in the property). Thus, these charges may not be acceptable to the wider population. The option to convert to leasehold (which would allow people to continue to live in their property with some financial settlement to reflect the change in value) may have a Council Tax increase that is lower (for some epochs) than the £8 per household that questionnaire responses indicated that they would be willing to pay.

The additional income required to fund the options would have to be included in calculation of the budget requirement in each year so it can be included in the Council Tax bills for that year. This may require some smoothing of costs over time to minimise the risk of large increases from one year to the next. As a result, there may have to be a cap on the number of properties that could be purchased in any one year (or the number of properties that would be eligible). This could have implications for the potential to recoup costs as the greatest opportunity for self-funding options arises where there is a longer time over which to accrue rental income. This would also affect the option to convert to leasehold, as any increase in the time before an offer is made would mean the difference between the not-at-risk value and the at-risk value (assumed leasehold value) would increase.

The total costs of the options could also be reduced by restricting eligibility to those who purchased their property in advance of the policy change in the SMP2. This would mean all those who bought their properties after 2006 would not be eligible. Turnover in properties is quite low in Scratby but around 16% of the at-risk properties have been sold since 2006. Reducing eligibility to the 84% of properties that were purchased before the policy change would reduce the costs of the options by 16%. Borrowing costs would also be reduced. Table 8.9 identifies how much the increase in Council Tax required to fund the options could be reduced if options were only made available to those who purchased their properties before 2007.

Epoch	Value if there was no risk of erosion	Rebuild value	Value reflecting risk of erosion ¹	Convert to leasehold	Provide Alternative Property	Subsidised Maintenance (<10 years) ²
Reduction per household per year to 2020 ³	-£1	-£0.80	-£0.50	-£0.80	-£1	-£0.40
Reduction per household per year to 2025 ³	-£3	-£2	-£1	-£2	-£3	-£1

Table 8.9: Potential Reduction in Increase in Council Tax Bills by Restricting Eligibility to those who Purchased their Properties after 2006

Epoch	Value if there was no risk of erosion	Rebuild value	Value reflecting risk of erosion ¹	Convert to leasehold	Provide Alternative Property	Subsidised Maintenance (<10 years) ²
Reduction per household per year to 2055 ³	-£1	-£0.90	-£1	-£0.40	-£2	-£0.10
Reduction per household per year to 2105 ³	-£1	-£0.60	-£1	-£0.10	-£1	-£0.20
Total reduction (over 100 years)⁴	-£120	-£73	-£91	-£36	-£130	-£21

Notes:

¹ Assumes that properties are bought in the final year of the previous epoch and are available for rent during the following epoch (after that it is assumed that they are lost due to coastal change).

² Subsidised maintenance for properties with a residual life of 10 years or less (the minimum cost for subsidised maintenance options)

³ Amounts payable are given to the nearest whole £ to reflect uncertainty

⁴ Given to two significant figures to reflect uncertainty

The remainder of this section looks at way in which other mechanisms could be used to generate all (or part) of the funds required such that the implications for increased Council Tax in Great Yarmouth Borough is reduced.

8.3 Generating the Income Needed to Pay for the Options

8.3.1 Recouping Income from Business Rates through Tax Increment Financing

Tax Increment Financing (TIF) has been proposed by the Coalition Government to allow Local Authorities to borrow from future additional uplift in business rates to fund infrastructure or regeneration improvements. This will require legislation, so is not yet available (HM Government, 2010). Furthermore, most of the options considered for Scratby relate to residential rather than business premises, so this funding opportunity may not be applicable.

Local Authorities will be responsible for managing the costs and risk of this borrowing alongside wider borrowing under the prudential code (HM Government, 2010). It is anticipated that TIF would be introduced through a bid-based process. The policy and legislative framework for TIF is currently being developed by Government with local authorities (HM Government, 2010).

Data from the Valuation Office Agency provides the total rateable value by category (commercial, educational, industrial, measure, etc.). These data are available for the 2005 Rateable Value List. If all the hereditaments under leisure, plus ‘camping sites, holiday centres’ and ‘hotels, boarding houses, etc.’ are included under ‘tourism’, the total rateable value is £12 million (19% of the overall rateable value for Great Yarmouth Billing Authority of £64 million).

Taking a uniform business rate multiplier of 41p²⁷, gives total business rate income of £5 million per year (this excludes any business rate relief that may be deductible). Although the options related to adaptation to coastal change are not directly linked to attracting tourism or increasing tourism income, they could be linked to providing benefits to a community that relies on tourism for many of its jobs.

Great Yarmouth Borough would need to recoup a percentage of income generated through business rates to cover the costs of the options. The percentages required are shown in Table 8.10. Here it is assumed that borrowing costs would not apply (or would be significantly reduced) due to the potential to cover all the costs within the period over which they would be incurred. The percentages to be recouped could be reduced if an annual percentage was proposed instead. However, this may then incur some borrowing charges if costs are incurred earlier than the funds have been collected. Under this funding option, no funds would need to be collected through Council Tax.

Epoch	Value if there was no risk of erosion	Rebuild value	Value reflecting risk of erosion¹	Convert to lease	Provide Alternative Property	Subsidised Maintenance²
% business rates to be recouped to 2020	75% (in one year)	45% (in one year)	28% (in one year)	48% (in one year)	78% (in one year)	21% (in one year) to 100% over 1.3 years
% business rates to be recouped to 2025	89% (in one year)	54% (in one year)	42% (in one year)	47% (in one year)	93% (in one year)	31% to 56% (in one year)
% business rates to be recouped 2055	100% (over 2.5 years)	100% (over 1.5 years)	100% (over 1.8 years)	76% (in one year)	100% (over 2.6 years)	23% (in one year) to 100% over 2.9 years
% business rates to be recouped 2105	100% (over 2.8 years)	100% (over 1.7 years)	100% (over 2.8 years)	37% (in one year)	100% (over 2.9 years)	50% (in one year) to 100% over 2.5 years

²⁷ The values for 2010/2011 are 41.4p (standard multiplier) and 40.7p (small businesses multiplier) in England. For simplification, a mean value of 41p is used.

Epoch	Value if there was no risk of erosion	Rebuild value	Value reflecting risk of erosion¹	Convert to lease	Provide Alternative Property	Subsidised Maintenance²
Total recouped (over 100 years)³	£35 million	£21 million	£26 million	£10 million	£36 million	£6.3 million to £36 million
Notes: ¹ Based on total costs shown in Tables 8.1, 8.3 and 8.5, excluding borrowing costs ² Low costs are for subsidised maintenance for properties with <10 years residual life and high costs for properties shown in SMP2 as being at risk ³ Given to two significant figures to reflect uncertainty						

As this mechanism is currently being developed by the Government, there is an opportunity for Local Authorities with coastal properties at risk to help increase the opportunity that it could be used for the purpose of promoting adaptation. The main opportunity with this funding method is that it could be used to raise money in advance of costs being incurred, thus avoiding the borrowing costs associated with many of the options.

8.3.2 Potential to Use Prudential Borrowing

The Local Government Act 2003 introduced a new financial system called the Prudential Capital System. This allows Local Authorities to use raise finance for capital expenditure where they can afford to service the debt without Government support (ODPM (now DCLG), 2003). The Local Authority is responsible for identifying a range of Prudential Indicators to help determine how much it can afford to borrow. Many of the projects identified by Local Authorities are self-financing, in that the cost of borrowing and repayment can then be met by revenues gained through increased investment.

Numerous councils have used prudential borrowing to help support the cost of major structural repairs to housing stock and to meet the decent homes standards (including Blyth Valley, Birmingham City Council, Woking Borough Council) (LGA, 2005). There may be potential to use prudential borrowing to support purchase of at-risk properties where the properties were going to be rented for social housing benefit (such as short-term rents to cover housing needs that are more difficult to meet). This would help payback the costs of the borrowing.

Without income from reusing properties or land, the only income available to offset the costs could be any increase in Council Tax or business rates that may be payable (where, for example, these may have been reduced due to material changes, as discussed in Section 4). There is a significant risk that such incomes would not be sufficient to cover the costs and payback the loans, such that this mechanism would not be available. There may, though, be an opportunity to show 'prudence' where prudential borrowing is used to

cover the delay in receiving planned capital receipts (through sale of properties) or receipts from renting out properties (see Section 8.2.4).

Reuse of properties could allow some options to become self-funding (although as shown in Section 7 this will depend on the sale price or amount of rent that can be charged and the time over which the rent could be charged²⁸). There is greater potential for a combination of options involving purchasing properties and renting to be self-funding where the residual life of the properties is longer.

The amount to be repaid annually is the full (smoothed) costs against the relevant budget heading. Using smoothed costs allows the borrowing to be staged. Internal savings from that budget heading are required in order that the costs can be offset. The period over which money is borrowed can also be extended (or shortened) to reflect the time over which capital repayments can be made. The advantage of prudential borrowing is that it is often charged at more competitive rates of interest than would otherwise be the case. For example, interest rates chargeable to Medway Council were charged at around 4.2% annual interest for a 25 year project, with rates in year 1 being 3.51% (Medway Council, 2008).

8.3.3 New Homes Bonus

In the White Paper on Local Growth (HM Government, 2010), the government provides a brief description of the new homes bonus. This could be used to help build new properties to replace those lost due to erosion. The New Homes Bonus matches the additional Council Tax for each new home and property bought back into use, for six years after that home is built. Assuming that the New Homes Bonus continues to be available to 2010, the total amount that could be generated (based on the new homes being Band D properties paying Council Tax of £1,502.19 for 2010/11²⁹ would be, to two significant figures):

- by 2020: 27 x £1,500 x 6 years = £240,000
- 2021 to 2025: 32 x £1,500 x 6 years = £290,000;
- 2026 to 2055: 91 x £1,500 x 6 years = £820,000; and
- 2056 to 2105: 101 x £1,500 x 6 years = £910,000.

Income from the New Homes Bonus could reduce the increase in Council Tax needed to pay for the options by (assuming the income from the Bonus is

²⁸ Only 'profit' over and above management and maintenance costs would be available to repay the amounts borrowed, so there is a risk that the options would not become self-funding with implications on whether the options could then be funded under 'prudential borrowing'. However, where properties are used to house those from the housing list in short-term tenancies that would otherwise not be available, there may be other savings to the Local Authority.

²⁹ From <http://www.great-yarmouth.gov.uk/advice-benefits/council-tax/council-tax-bandings.htm>. Council Tax is for a Band D property in Ormesby St Margaret with Scratby

smoothed over the full epoch and allocated to each of the 46,232 households in the Borough³⁰):

- by 2020: £240,000 ÷ 10 year epoch ÷ 46,232 = -£0.50 per household per year
- 2021 to 2025: £290,000 ÷ 5 year epoch ÷ 46,232 = -£1.30 per household per year;
- 2026 to 2055: £820,000 ÷ 30 year epoch ÷ 46,232 = -£0.60 per household per year; and
- 2056 to 2105: £910,000 ÷ 50 year epoch ÷ 46,232 = -£0.40 per household per year.

A consultation paper on the New Homes Bonus was published on 12 November 2010 (CLG, 2010). This includes a suggested affordable homes enhancement of £350 for each of the six years (potentially adding a further £57,000 to 2020, equivalent to an additional £0.12 reduction in increase in Council Tax needed to fund the options to build new properties).

8.3.4 Defra Consultation on Future Funding

The potential change in the way that coast protection (and flood defence) works are to be funded could mean that there is money available to help cover some of the costs associated with the adaptation options. There may be some barriers that need to be removed, although there is an opportunity to provide feedback to Defra as part of their consultation process. This could increase the potential that coast protection funds could be used to fund adaptation options. The key issues with the proposals as currently set out in Defra (2010b and 2010c) are:

- there is no specific mention of adaptation options in the consultation document (Defra, 2010b), other than for ‘businesses, utilities, developers and agriculture...should be encouraged to adapt to the risks and cost they face’. The only other mention is in Defra (2010c) with reference to ‘managed adaptive’ approaches, which could include adaptation options, although the example given refers specifically to defences;
- Defra (2010b) states that ‘funds from central Government should focus on increasing the resilience of society...and not be expected to pay for benefits that...result in private financial gains’. The adaptation options considered here relate to avoiding private financial losses and improving the resilience of the communities in Scratby and California. Therefore, one interpretation could be that the adaptation options should be covered and the payments set out in Defra (2010c) should be applicable. There is a risk, however, that the adaptation options that result in some form of payment to property owners could be seen as a private financial gain. Clarification is needed to confirm which interpretation is correct; and

³⁰ Data provided by GYBC for 2010

- payment rates are set for 50 years (rather than 100 years which is the basis for assessment of costs in this report, following the epochs in the SMP2). The potential income from the new funding payments is only assessed over 50 years here to avoid over-estimation.

The implications of Defra (2010c) and the payments is sets out are that some money could be available from central Government to offset the local contributions and funding needed to pay for the adaptation options. This fits well with the views of the local community (expressed through the questionnaires and at the drop-in sessions) that central Government should pay towards the options.

Table 8.11 identifies the potential payments that could be obtained from central Government as a result of adaptation options being put into place that reduce the risk to households. The requirement to reduce the risk means that not all the adaptation options may be eligible for the payments. The adaptation options that might be eligible are likely to include:

- purchase properties and demolish (as properties would be removed from the at-risk zone);
- convert to leasehold (as the future risk would be reduced as the residual life of properties would be reflected in the length of the lease, and properties are likely to be demolished at the end of the lease); and
- provide alternative property (as households would move back to areas at lower risk).

Approach	Cost Payable per Property			
	Payment	Eligible households	Funding from central Government	Potential reduction in increase in Council Tax
Potential income from payments under OM1 ¹ (value of long-term discounted economic benefits against the 'do nothing' scenario)	£1 for each £18 of benefits	- (other damages not known but not expected to be significant)	-	-
Potential income from payments under OM3 (households built before January 2009 better protected against coastal erosion ²)	Up to £209 per year that a household is protected against loss	150	£31,350 per year for 50 years = £1.6 million	£0.75 per household per year

Approach	Cost Payable per Property			
	Payment	Eligible households	Funding from central Government	Potential reduction in increase in Council Tax
Potential income from payments under OM3b (households protected against loss within 20 years due to coastal erosion ³)	An extra £400 per year per household if they would otherwise be damaged or lost due to coastal erosion within 20 years	59	£23,600 per year for 50 years = £1.2 million	£0.60 per household per year
Notes: ¹ OM1, Outcome Measure 1 includes damages to businesses, agriculture, local government, emergency services, public services, communications (including roads), utilities and public health ² Only includes those properties at risk to 2055 (i.e. 45 years so may slightly under-estimate the potential payments) ³ Only includes those properties at risk to 2025 (i.e. 15 years so may under-estimate the potential payments)				

Table 8.11 identifies the potential reduction in the amount that Council Tax would have to increase as a result of the funds from central Government. These funds may be available when the option is first implemented, such that borrowing could also be reduced. This would further reduce the required increase in Council Tax needed to fund the options. For example, the payments from central Government would cover 73% of the costs of the option to purchase property at the value if there was no risk of erosion (and demolish to reduce the risk) for all the properties at risk by 2020. Thus, it would only be necessary to borrow to raise the additional 27% (or £1.0 million). This would reduce borrowing costs (to 2020) by £0.9 million. Over the 10 years to 2020, this would mean Council Tax would only have to increase by £9 per household per year (rather than £11 per household per year).

8.3.5 Combining Public and Private Funding

Public Funds Used to Pay the Difference between the at-risk and not-at-risk Property Values

One method for reducing the costs to the public sector would be to involve private investors. If private investors bought the at-risk properties at a value reflecting the risk of erosion, the public body could fund the difference to the not-at-risk market value. This would reduce the total amount that would have to be paid by the public body (and, potentially, reduce the amount that Council Tax would have to increase by or the amount of business rates that would have to be borrowed to fund the options).

The cost of the option for the public body would depend on the value of the properties to be paid by the private investors (i.e. the value reflecting the risk of erosion). Table 8.12 summarises the costs that would be incurred in each epoch by the public body and by private investors.

Approach	Cost Payable per Property			
	by 2020	2021 to 2025	2026 to 2055	2056 to 2105
Private funders (at value reflecting risk of erosion)	£51,800	£65,800	£98,000	£137,200
Public funders (difference between the not-at-risk value and the value paid by private investors)	£88,200	£74,200	£42,000	£2,800
Number of properties eligible (all properties considered eligible)	27	32	91	101
Total costs: private funders	£1.4 million	£2.1 million	£8.9 million	£14 million
Total costs: public funders	£2.4 million	£2.4 million	£3.8 million	£0.3 million
Increase in Council Tax required to cover public funded part of the costs ¹	£7	£14	£4	£0.20
Number of properties eligible (only properties purchased before 2006 eligible) ²	23	27	76	85
Total costs: private funders	£1.4 million	£2.1 million	£8.9 million	£14 million
Total costs: public funders	£2.0 million	£2.0 million	£3.2 million	£0.2 million
Increase in Council Tax required to cover public funded part of the costs ¹	£6	£11	£3	£0.10
Notes: ¹ Includes borrowing costs (see Annex 4 for a breakdown of the borrowing costs) ² Assumes 16% would not be eligible (based on sales of properties in at-risk roads since 2007)				

The at-risk properties would belong to private investors and could be rented. To ensure that rents are managed at affordable levels, this could be limited to Registered Social Landlords (RSLs), as accredited by the Local Authority. The Local Authority would work with the RSLs to provide short-term tenancies for families on the housing waiting list that are in need of specific properties (such as three bedroom properties) that are otherwise in short supply. The RSLs would have guaranteed tenants such that the risk to them is reduced, potentially increasing interest from the private sector.

Planning Gain

Planning gain (through Section 106 agreements) could be used to encourage developers to assist with the costs of, or to provide, affordable housing that could be used to provide alternative properties. This could help bring in private money from developers and would deliver affordable housing for the community. However, it would only benefit those living in at-risk properties if they wanted to move to a new property through the property swap options.

An example of a similar type of approach is that used at East Lane, Bawdsey (Suffolk) to raise money for a coast protection and flood defence scheme. Local landowners and residents formed the East Lane Trust (a not-for-profit charitable organisation) to raise the £2.2 million needed. The money was raised by selling plots of land in nearby villages for residential development. To enable the development to go ahead, special permission was needed from the government as the plots were not identified in the Local Plan as being available for residential development. A total of 26 homes were built and the money raised was given to the District Council to commission the coast protection scheme³¹.

Housing Associations

There may be an opportunity to look for funding to build new affordable properties away from the at-risk areas by involving housing associations. Housing Associations (HAs) can be seen as reasonably low-risk investments such that it can be easier for them to raise funds needed to build properties. Discussions with HAs suggest that they may not be as interested in participating in purchasing existing properties or being involved in property swap options because of the requirements for affordable properties to meet the 'decent homes' standard. There is a risk to them that purchasing existing properties could involve significant costs to meet these standards.

To remove this potential obstacle there would need to be a change in the requirement for the decent homes standards to be met. Housing Associations may then be more willing to become involved.

8.3.6 Opportunities under the Flood and Water Management Act 2010

Under the Flood and Water Management Act (FMWA), Regional Flood and Coastal Committees (RFCCs) determine Environment Agency flood defence policy within their area of control. They determine a local levy on council tax that is used to fund projects that do not receive investment through Grant in Aid (Defra, 2009a).

In order to be set, a levy must be agreed by the local authority members of the Regional Flood Defence Committees (RFDC). Once set, the levy is paid

³¹ Source: <http://www.environment-agency.gov.uk/news/121034.aspx>

by all county/unitary local authorities within the region in proportion to the number of Council Tax Band D properties within their boundaries. Replacement of RFDCs with RFCCs under the FWMA will provide an extended role and membership to cover coastal erosion as well as flood risk management. The FWMA includes provision to extend the local levy so it can be used to raise local funds connected to coastal protection and to prevent erosion (Defra, 2009a).

The local levy has to be used to deliver the coastal risk management function, as defined in Section 5 of the FWMA as 'a function ... which may be exercised by a risk management authority for a purpose connected with coastal erosion'. The functions listed are (FWMA, 2010):

- 'a function under this Part;
- a function under the Coast Protection Act 1949; and
- any other function, under an enactment, specific for the purposes of this section by order made by the Minister.'

If the definition of a function includes 'risk management' (rather than just coastal erosion) then it can be interpreted as covering the types of options being considered under the Pathfinder project, through the examples of risk management given in Sections 3(a) and (g) of the FWMA:

- '(a): planning, erecting, maintaining, altering or removing buildings or other structures;
- (g): making arrangements for financial or other support for action taken by persons in respect of a risk of, or in preparing to manage the consequences of, flooding or coastal erosion.'

The levy is raised by the Environment Agency and issued to the local lead authority (the County Council) with the agreement of all the local authority members of the RFCC. Levies are issued in accordance with regulations made under Section 74 of the Local Government Finance Act 1998 (i.e. through Council Tax and/or business rates) (Defra, 2010a).

Local Authorities can also choose to invest more if they choose to (at their discretion through the RFCC) with funding established through the local government revenue support grant settlement, as well as local sources of funding (such as Council Tax and business rate supplements).

Overall, therefore, the use of a local levy provides a potential mechanism for raising the required funds through Council Tax or business rates, with the agreement of the RFCC. The RFCC may agree a lower levy but the Local Authority can raise additional funds through its local sources of funding (Council Tax/business rates). Where the levy is raised through the RFCC, the costs would be distributed wider than just Council Tax payers in Great Yarmouth Borough such that the payments required would be lower than given in Table 8.2.

As in Section 8.2.1, there may be a need for an agreed annual levy (rather than a levy that could change significantly from one year to the next) to reduce the risk of significant council tax/business rate increases. This could affect how many properties could be purchased in any one year³².

8.3.7 Not-for-Profit Organisations

Arms Length Management Organisation

An Arms-Length Management Organisation (ALMO) is set up by a Local Authority to manage and improve all or part of its housing stock. ALMOs are companies that are owned by the Local Authority and are non-profit-distributing. The aim is to give tenants a greater say in how their properties are managed. ALMOs were set up mainly to help deliver the decent homes standard and the Local Authority could apply to set up an ALMO following an options appraisal that showed the ALMO to be the preferred option. Tenants had to be involved in the appraisal procedure and through a ballot or survey to obtain their views on the potential change in management.

Funding was available through six bidding rounds, but no further bidding rounds are planned. This may limit the potential for development of an ALMO to help manage the properties at Scratby and California if they were purchased from the current residents.

Social Enterprises

These are 'businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or community'. They have explicit social aims and social ownership with a structure based on participation by stakeholders. Most aim to be viable trading concerns, making a surplus from trading alone.

There are two primary ways that social enterprises can manage funds: a trust and a company.

- **Trusts**

A trust dictates how assets given by an individual or organisation are to be used. They are unincorporated and do not distribute profits. They are managed by trustees who cannot be beneficiaries. They make up their own governing rules. Trustees remain liable for any liabilities of the trust. They may or may not need to be registered with Companies House.

If the trust has exclusively charitable purposes for the public benefit they may be eligible to be registered with the Charity Commission as Charitable Trusts.

³² Defra suggests that 200 homes are at risk of complete loss to coastal erosion in the next 20 years. A further 2,000 could become at risk over this period
Source: www.defra.gov.uk/environment/flooding

It would appear that a Trust may not be the most appropriate for coastal management by individuals as those at risk would need to be a part of the trust management and would therefore be beneficiaries (as illustrated by the example for East Lane, Bawdsey, above). The more appropriate option would be a social enterprise company/organisation and a not-for profit company may be the most suitable.

- **Company**

A company is a business entity, ownership of which is divided into units (shares), which are owned by shareholders who have limited liability. The business is managed by directors.

A not-for-profit company:

- has limited liability;
- is a separate legal entity;
- can own property;
- can have membership;
- must publish and file accounts;
- has a public constitution;
- must file an annual report with Companies House;
- is not a taxable body;
- charity law does not apply; and
- company law does apply.

One type of social company is a Community Interest Company (CIC). This is a limited company with special features to ensure that it works for the benefit of the community. It differs from a charitable company in that it can be established for any legal purpose that benefits the community (whereas a charity must have exclusively charitable purposes). A CIC may not be eligible for funding which is available to a charity.

CICs commit their assets and profits permanently to the community by means of an 'asset lock' ensuring that assets cannot be distributed to shareholders. They report to the Regulator of Community Interest Companies. A big advantage is that not-for-profit status is visible as well as assured. A CIC cannot register as a charity but it may set up its trading subsidiary as a charity.

CICs have to register with Companies House as a company either limited by guarantee or by shares and then apply to the Regulator for CIC status.

Bucklebury village in Berkshire set up a CIC to help fund a flood alleviation scheme. This included mechanisms for raising funds through (Bucklebury FAG, 2010):

- a village pledge mechanism: this calculates suggested pledges from the villagers based on the council tax band of their property. The mechanism

also used pledge anonymity so people could pledge what they could afford. It is important to note though that almost all the properties (24 out of 26 houses) were affected by flooding in 2007. This is different to Scratby/California where not all the properties are at risk. In addition, responses to the questionnaire suggest pledge monies might be around £9 per household per year for an option to purchase the properties, see Section 3.3.3);

- a financial mechanism that allows more money to be collected than is needed and then allows money to be returned to contributors where there is over-collection. The company is 'asset-locked' so it can only spend money on the flood alleviation scheme. Asset locking could similarly be applied to the options considered for Scratby/California to ensure that money cannot be spent on activities other than specified in the options. The inclusion of a financial mechanism that allows more money to be collected than is needed could help smooth some of the potential costs associated with more (or fewer) properties needing to be purchased in any one year; and
- a contract was set up between the CIC and the Environment Agency. This commits the CIC to pay the Environment Agency and in return for the Environment Agency to implement the scheme. A similar contract could be used to commit other organisations delivering the options. The organisation responsible could vary according to the option being considered. For purchase of the properties this could be through an organisation that would manage the properties to ensure a rental income or to sell them on to recoup capital funds. A contract may not be required where these action are undertaken by the CIC itself.

The potential to use a CIC as a mechanism to enable the option to purchase properties will require expert advice to ensure that it allows those involved to manage the funds in the way required. The CIC will also require an income. This could be initially from pledges (as in the Bucklebury example) supported by income generated by selling or renting the properties or land once they have been obtained (see Section 8.2.4).

Businesses could be involved in a similar way through a Business Improvement District. Business Improvement Districts (BIDs) are intended to provide a flexible mechanism for funding the management of, and improvements, to a clearly defined commercial area. The BID requires a vote to be carried out across all defined business ratepayers to agree an additional levy (which could be the level of contributions needed to ensure continued management of the coast). The vote is considered successful if a majority of the ratepayers (in terms of number and rateable value) agree with the proposal to set up the BID, the levy becomes mandatory on all defined ratepayers. The levy is then collected in the same way as business rates³³.

³³ London BIDs (2005): **Local Authority Guide to Business Improvement Districts**, available from: <http://www.ukbids.org/files/files/LA-BIDs.pdf>.

The levy is collected from the owner of the property (rather than the occupier) and relies on businesses being able to afford a small additional levy. As a result, BIDs are more likely to be successful where there is sufficient scope for businesses to pay the levy. In addition, the BID may require some up-front funding (although this could come from another source, such as the Local Authority). The money collected through the BID could be used to help fund business adaptation options, such as access to advice and support or through a Coastal Adaptation Fund that is supported by money raised from BID members.

The development of the BID could take up to two years and could cost between £100,000 and £500,000. It will require strong involvement from the local authority and would benefit where there are already good levels of communication with local businesses.

Credit Union

A Credit Union is a profit sharing, democratically run financial co-operative that convenient savings and low interest loans to its members. The Union is owned and managed by its members. Members are required to make savings that provide a pool of money that can be used to make loans to members. Member can apply for a loan after making savings for a period of time. These savings provide a pool of money that can be used to make loans to members. This period of time is usually around 12 weeks. Interest on the loans is generally charged at around 1% per month (giving an Annual Percentage Rate (APR) of 12.68%. The interest charged on the loan forms the Credit Union's income. The amount that any member can borrow is also linked to the savings that have been made.

For Scratby and California, a Credit Union could work where the local community, which could include public bodies or community groups, make regular savings. This could provide the basis for loans to those living in at-risk properties, providing they had made some savings into the Credit Union. The questionnaire responses showed that there was a willingness by many members of the community to pay towards adaptation options (with willingness to pay varying from £5 per household per year to £9 per household per year).

The main problem with the Credit Union approach is the link between savings made and the amount that a member can borrow. This could limit the extent to which those living in at-risk properties can be assisted financially. A change would need to be made to the way that the Credit Union is organised to allow members to borrow in a way that was not linked to savings. It may also not be possible for those living in at-risk properties to easily pay back any loans. A not-for-profit organisation may offer greater opportunities to provide help to those living in at-risk properties, without the need for any financial assistance to be paid back.

8.3.8 Other Funding Sources

Bond Financing

Bond financing allows Local Authorities to issue long-term bonds to finance the costs of purchasing properties. However, although there may be potential to raise revenue through renting those properties, there is a considerable risk that the rental income may not be sufficient to meet the bond finance payments. As a result, the bond itself may not be considered creditworthy by an external credit rating agency so would not attract the investors needed to fund the option. In addition, bond issues are considered to need to exceed £200 million to be viable. It can be seen from Table 8.1 that such costs may not be applicable to Scratby and California in isolation. There may be merit in exploring this option further if all coastal authorities were to consider a combined bond issue, although the risky nature of the investment would still remain as a considerable constraint.

Funding from the European Union

Money is available from the European Union through (European Commission, 2008):

- grants (linked to specific thematic objectives);
- structural funds (in 'convergence' regions);
- financial instruments (and financial intermediaries to help provide credit for SMEs); or
- action and operating grants for non-governmental organisations (under specific EU programmes, to pursue a specific aim of general European interest or has an objective forming part of a European Union policy, usually linked to structural funds).

None of these sources provide funds or opportunities for coastal change, or adaptation to coastal change. Access to such funds would require projects to be identified (usually with partner countries) that reflect the specific objectives of specific funds. For example, works to repair the wall at Southwold Harbour have been part funded through the European Fisheries Fund, as this would benefit the local fishing industry. This fund would not be applicable to Scratby or California. The LIFE+ looks for projects that are based on nature and biodiversity, environment policy and governance. Even if it were possible to generate a project that would enhance the environment (for example, by purchasing and demolishing properties to create a nature reserve), there are restrictions that 50% of the costs must be spent on supporting conservation and biodiversity. It is unlikely that such a stipulation could be met. Other funds, such as those on Civil Justice, are focused on cross-border civil proceedings and exchange of information and networking.

The Civil Protection Financial Instrument is focused on protecting people, the environment and property in the event of natural and man-made disasters.

However, it is focused more on prevention and preparedness actions, training, exercises and change of expertise (European Commission, nd).

Opportunities for funding for social housing are advertised through CECODHAS (European Liaison Committee for Social Housing). CECODHAS aims to represent and negotiate for strategic common interests and maintains dialogue with European Ministers, the European Parliament and international institutions. There may be opportunities to lobby for funds to be made available through this route at a national level through the national representative who sits on the Executive Committee (CECODHAS, nd).

Lottery Grants

Lottery grants have to be applied for through a formal application process and usually require an applicant to contribute to the cost of the project or to find additional funding or contributions from a private or other source. There are currently six programmes that could fund projects requiring £500,000 or more:

- **community investment fund:** this is distributed by Sport England for projects that open up new opportunities or improve the quality of sport and physical activity in England. There may be opportunities under this fund to look at funding for benches that could encourage more of the community to walk along the cliffs, otherwise, this fund is unlikely to be applicable to the options being considered here.
- **parks for people:** this is distributed by the Heritage Lottery Fund for projects that regenerate an existing designated green space of heritage value that actively involves local people. The need for existing space to be designated may mean that this fund would not be open to the option of purchasing and demolishing properties to provide open space for the community. It is also only open to not-for-profit groups so would have to be applied for through the community, were it to set up a CIC (or similar social enterprise). The maximum amount that would be funded is £5 million, although it may be unlikely that the money would be made available to purchase properties as this could be seen as profiting the property owners.
- **access to nature programme:** this is distributed by the Big Lottery Fund (through Natural England) and supports projects that encourage more people to understand, appreciate and enjoy the outdoors. All projects must be finished by September 2013. This could be applicable to options to relocate facilities, although further development of the options may be required to meet the specific requirements.
- **heritage grants:** this programme is focused on heritage projects and as such is unlikely to be relevant to the types of options being considered as part of coastal change (although this will depend on the interpretation of heritage).

- **landscape partnerships:** this programme is to support projects and activities intended to restore the built and natural features that create the historical landscape character. Again, it may be difficult to argue that the adaptation options being considered here would meet the requirements of this programme.
- **townscape heritage initiative:** this programme aims to help communities regenerate the historic parts of their towns and cities, aimed at areas of particular social and economic need. It is focused on partnerships that carry out work to historic properties within a conservation area, so is not relevant to Scratby/California.

It appears, therefore, that opportunities for funding from the lottery are likely to be limited (at least under the current programmes). There may be potential to investigate opportunities for funding of benches to enable more of the community to enjoy the sea views along the cliff top. Otherwise, it is unlikely that lottery funding could be used to support any of the options.

Funding from Marine Aggregate Companies

Stakeholders have suggested exploring the potential for funding of coastal change options through funding from marine aggregate companies. Money from aggregate extraction is already used (through the Crown Estate) to fund the Marine Research Fund. This funds projects to understand and mitigate the impacts of aggregate dredging, aquaculture and other marine activities. This includes studies to investigate how aggregate dredging affects sediment movement, mapping projects and investigations of coastal processes. Coastal Impact Studies have been produced (for example, for the Great Yarmouth and Norfolk Bank Systems³⁴).

The Crown Estate is clear on its web-site (www.thecrownestate.co.uk) that:

- ‘it understands the concerns of stakeholders with respect to coastal erosion’
- it knows of no evidence whatsoever that links licensed marine aggregate dredging to enhanced coastal erosion or loss of material from beaches. There is good evidence for the lack of impact.’

In addition, the Anglian Offshore Dredging Association (AODA) in a note on questions and answers prepared for a presentation on the Marine Aggregate Regional Environmental Assessment (AODA, 2008) states that ‘Dredging is not affecting the coast in any way, so compensation from the dredging companies would be inappropriate’.

As a result, it is extremely unlikely that any funds would be forthcoming to mitigate the effects of coastal change as that could be interpreted (by some)

³⁴ See: http://www.thecrownestate.co.uk/our_portfolio/marine/marine-stewardship/marine_research_fund/mrf_aggregates.htm.

as an admission of fault³⁵. Legally (and as a precedent) that means this is unlikely to be forthcoming as a source of funds for adaptation options.

³⁵ Organisations such as MARINET (Marine Information Network for Friends of the Earth), the National Voice for Coastal Communities (NVCC) and the Scratby Coastal Erosion Group (SCEG) have queried many of the findings.

9. Potential Ways Forward

9.1 Overview

Section 6 of this report identifies how the options perform against the most important factors for the local community. Section 7 discusses how much it might cost to implement the options and whether there are opportunities to recoup some of these costs. Section 8 then looks at ways that the options could be funded, including how much would have to be raised and what this could mean to Council Tax payers across Great Yarmouth Borough. This Section brings together all these findings and identifies where there are opportunities to remove or reduce the constraints and obstacles identified in Section 5 (Figures 5.2 to 5.11). These figures have been redrawn as Figures 9.1 to 9.8, covering the 25 options that were brought forward for detailed investigation. There is no update of Figure 5.4 (provide land) or Figure 5.6 (provide other help – property owners) as these options were screened out in Section 5.

Barriers Associated with the Options

Figures 9.1 to 9.8 illustrate the effectiveness of the opportunities identified in Section 6, 7 and 8 in removing or reducing each obstacle and constraint. In some cases, new constraints have been identified. In these cases, the figures identify further actions that are required to enable these options to be taken forwards. Table 9.1 summarises the barriers that could affect whether the options could be taken forwards, the actions that are needed to remove or reduce the barriers and the opportunities that could be exploited to improve the chance the adaptation options can be taken forwards.

Table 9.1: Barriers, Actions and Opportunities Affecting if the Options can be Taken Forwards			
Option	Barriers	Opportunities that could be Exploited	Actions Needed to Reduce or Remove Barriers or Exploit Opportunities
<p>Purchase property:</p> <ul style="list-style-type: none"> • at value if there was no risk of erosion • at rebuild value • at value reflecting the risk of erosion • compulsory purchase 	<ul style="list-style-type: none"> • funding mechanisms need to be applicable to options, this includes approaches that are currently proposed and/or at the consultation stage (e.g. Defra future funding mechanisms, Tax Increment Financing) • people living in at-risk properties suggested they would prefer to stay in their homes for as long as possible • restriction placed by Homes Standards requirements if properties are to be purchased by public body/for affordable housing • option may be seen as easy, quick way of selling property, so eligibility would have to be controlled (to avoid risk of incurring high costs very early on) 	<ul style="list-style-type: none"> • creation of a Community Interest Company (CIC) to manage the options for the community • raising of Council Tax to help cover the costs of the options 	<ul style="list-style-type: none"> • need to assess whether future funding (Defra) applies to adaptation options • need to assess applicability of Tax Increment Financing to bring money in from tourism businesses (is this applicable when linked to avoiding potential future reductions in business rates rather than potential future increase) • need to provide feedback to consultations/lobby government to ensure that the potentially available funding mechanisms are made applicable to adaptation options • discussions with those living in at-risk properties to assess interest in selling their property (and the value they may sell at) • discussions with RSLs to assess their likely level of interest and what purchase price might be offered • need to assess interest in local community on creating and running a CIC with/without Local Authority assistance • need to assess willingness to pay across all households in the Borough (and potential additional costs if options are to be opened up to all properties at-risk from coastal erosion in the Borough)
<p>Purchase property: through private buyers purchasing at the value reflecting the risk of erosion and public money used to make up the difference</p>	<ul style="list-style-type: none"> • as for purchase property, plus issue with proving that people knew (or should have known) about erosion risk even after publication of the SMP2 in 2006 (especially as SMP2 has not been agreed or adopted, therefore, the policy has not officially changed) 		<ul style="list-style-type: none"> • need legal advice on the potential to restrict eligibility for financial assistance on the publication date of the SMP2

Table 9.1: Barriers, Actions and Opportunities Affecting if the Options can be Taken Forwards			
Option	Barriers	Opportunities that could be Exploited	Actions Needed to Reduce or Remove Barriers or Exploit Opportunities
Convert to leasehold	<ul style="list-style-type: none"> as for purchase property, plus issue with building structure and need for a building survey prior to conversion to leasehold people living in freehold properties may not want their property to be converted to leasehold 	<ul style="list-style-type: none"> opportunity for community landlord that could provide assistance with subsidised maintenance for properties with short residual lives use of leasehold would ensure that all future purchasers of the property would be full aware of the risks, reducing future need for adaptation options 	<ul style="list-style-type: none"> need legal advice on actions needed to convert properties from freehold to leasehold discussions with those living in at-risk properties to assess interest in moving from freehold to leasehold (with payment for difference in property value)
<p>Build new properties:</p> <ul style="list-style-type: none"> to replace at-risk properties when they are lost to erosion to replace at-risk properties when they are lost to erosion for shared ownership 	<ul style="list-style-type: none"> New Homes Bonus could help partially fund option, but unclear if it would be available to replace properties lost due to coastal erosion if new properties are to be built by a public body, there would be a need to borrow funds households on Local Authority housing waiting list may take priority in being offered the new homes planning restrictions people living in at-risk properties suggested they would prefer to stay in their homes for as long as possible, indicating that they may not want to move until their property is at imminent risk of loss. There was little interest in shared ownership (but this could change if it as made clear that the equity in the shared home was equal to the value of the at-risk property and if no rent was payable) availability of new properties may mean eligibility may have to be linked to estimated residual life (to avoid risk of over-subscription) 	<ul style="list-style-type: none"> potential to involve Housing Associations to deliver affordable housing involvement of developers (through S106 agreements and planning gain to deliver affordable homes as part of larger development) creation of a Community Interest Company (CIC) to manage the options for the community 	<ul style="list-style-type: none"> clarification on New Homes Bonus (currently out for consultation, so could provide views and feedback to consultation), followed by lobbying to ensure it is applicable where properties are being replaced discussions with planners on potential planning restrictions (but also opportunities as is being explored through the Planning project as part of the Pathfinder) discussions with Housing Association, Homes and Communities Agency, landowners and developers to assess interest in the options discussions with Local Authority housing department to assess whether there are constraints of who could offered affordable/replacement housing (waiting list versus those living in at-risk properties) discussions with those living in at-risk properties to assess interest in moving to a property outside the at-risk area need to identify potential borrowing source (or could raise money through increase in Council Tax, but that may mean the option has to be open to all properties at-risk form coastal erosion in the Borough)

Table 9.1: Barriers, Actions and Opportunities Affecting if the Options can be Taken Forwards			
Option	Barriers	Opportunities that could be Exploited	Actions Needed to Reduce or Remove Barriers or Exploit Opportunities
Underwriting value	<ul style="list-style-type: none"> • may be limited potential for Local Authority (or other public body) to take on the role of underwriter • precedence could be set by underwriting coastal erosion risk, could mean other risks could be considered eligible (e.g. in legal terms) • funds to cover the costs of the option would have to be borrowed 		<ul style="list-style-type: none"> • need for legal advice on both ability of public body to offer underwriting value and risk of precedence • need to identify potential borrowing source (or could raise money through increase in Council Tax, but that may mean the option has to be open to all properties at-risk from coastal erosion in the Borough)
<p>Subsidised maintenance:</p> <ul style="list-style-type: none"> • all properties shows as being at risk in SMP2 • all properties with residual life of <25 years • all properties with residual life of <10 years 	<ul style="list-style-type: none"> • use of Town and Country Planning Act 1990 would result in charge being placed on the property which could reduce its value on being sold • interest of those living in at-risk property in subsidised maintenance if a charge is placed on their property (only likely to affect those who were considering moving) • where maintenance costs are covered by the Local Authority there may be a need to raise the rents for other tenants to cover the additional costs (if the costs are Borough wide it may be necessary to offer subsidised maintenance to all those living in properties at-risk for coastal erosion in the Borough) 	<ul style="list-style-type: none"> • Town and Country Planning Act 1990 provides mechanism for helping with costs of external condition to maintain visual amenity • combining with other options (e.g. convert to leasehold provides opportunity to extend subsidised maintenance to more than just external condition, but at increased cost to landlord) • potential for local control/management of options through Community Interest Company or not-for-profit organisation 	<ul style="list-style-type: none"> • discussions with tenants to assess their views on increased rent to help those living in privately owned properties with their maintenance costs • discussions with those living in at-risk property to assess their interest/likely need for subsidised maintenance • discussions with local community to assess interest in being involved in/running management

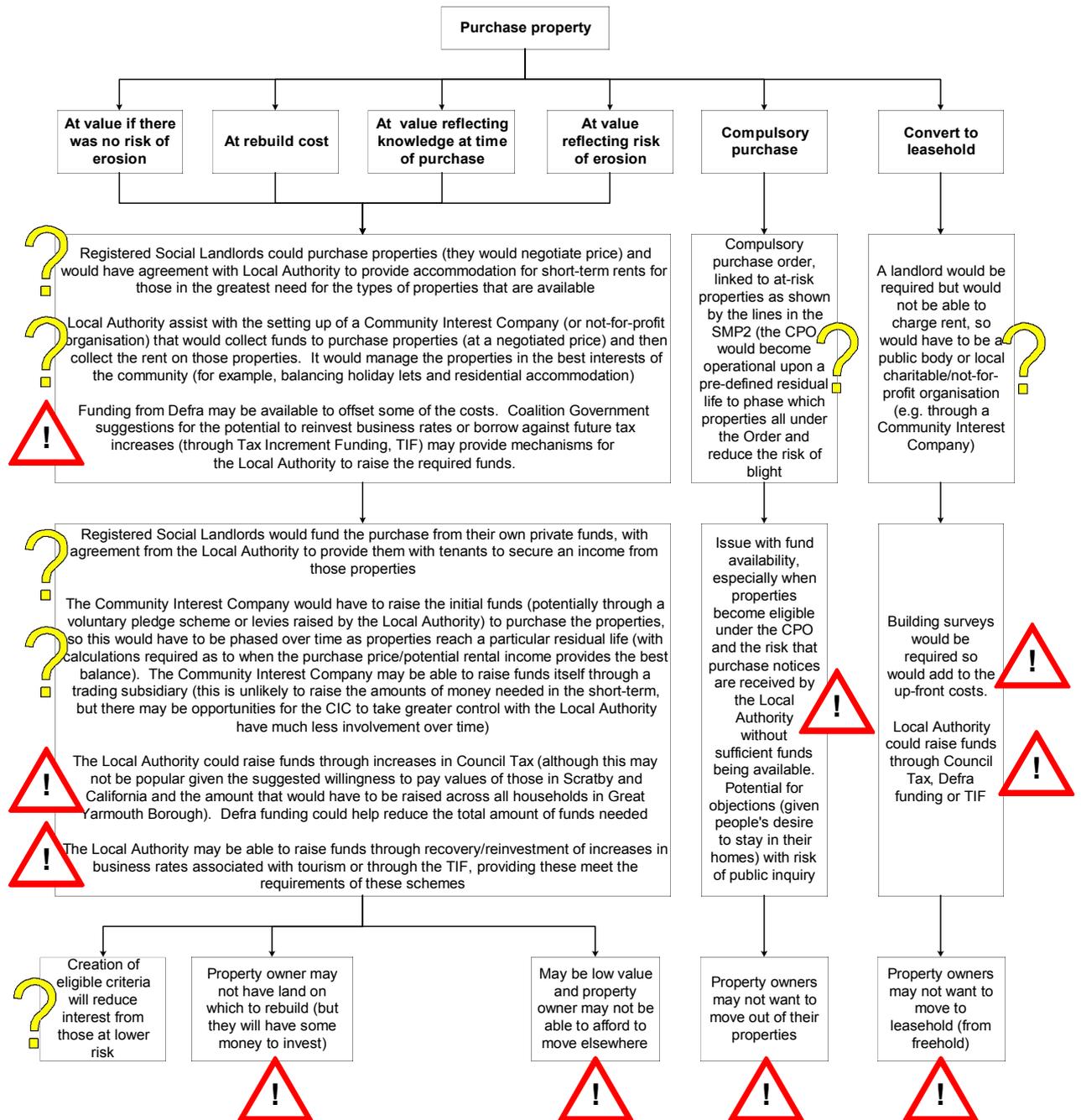
Table 9.1: Barriers, Actions and Opportunities Affecting if the Options can be Taken Forwards			
Option	Barriers	Opportunities that could be Exploited	Actions Needed to Reduce or Remove Barriers or Exploit Opportunities
<p>Financial assistance for businesses:</p> <ul style="list-style-type: none"> • low interest loans • access to advice • subsidised maintenance • Adaptation Fund • streamlined planning permission 	<ul style="list-style-type: none"> • interest of businesses in adaptation options, based on very low level of response received from businesses during this study • commercial landlords have role in maintaining their property so it can be rented; commercial tenants in maintaining their business so it is attractive to customers so there may be limited scope for subsidised maintenance 	<ul style="list-style-type: none"> • potential for local control/management of options through Business Improvement District 	<ul style="list-style-type: none"> • discussions with businesses to talk through specific options and business needs, including likely interest in the possible adaptation options • discussions with local (business) community to assess interest in being involved in/running management
<p>Recoup funds: sell property at the value reflecting the risk of erosion</p>	<ul style="list-style-type: none"> • limited market to sell at-risk properties to, especially when the residual life is short (this may reduce the value of the properties such that the income recouped maybe much smaller than the costs of other adaptation options) • people living in at-risk properties suggested they would prefer to stay in their homes for as long as possible 	<ul style="list-style-type: none"> • potential for management company to be responsible for buying/selling property to achieve efficiencies in terms of legal costs, etc. 	<ul style="list-style-type: none"> • discussions with those living in at-risk property to assess their interest in selling property so it can be used to recoup funds • would still be a need to borrow funds to cover any shortfall between costs of adaptation options and amount that could be recouped

Table 9.1: Barriers, Actions and Opportunities Affecting if the Options can be Taken Forwards			
Option	Barriers	Opportunities that could be Exploited	Actions Needed to Reduce or Remove Barriers or Exploit Opportunities
<p>Recoup funds:</p> <ul style="list-style-type: none"> rent property (total income) rent property (excluding costs) 	<ul style="list-style-type: none"> people living in at-risk properties suggested they would prefer to stay in their homes for as long as possible also community concerns that rents could be raised to high levels that local people could not afford may be limited interest in renting the properties (especially if work is needed to meet decent homes standards) income from renting would be annual so would not cover costs of adaptation options meaning some funds/borrowing would be needed to secure properties that could then be rented (see purchase property) may be restriction on amount of rent that can be chargeable (linked to affordable rents) with public or RSL as landlord 	<ul style="list-style-type: none"> involvement of Local Authority or Registered Social Landlords (RSLs) in purchasing property may be interest in short-term rents or as holiday accommodation (due to sea views) potential for local control/management of property through Community Interest Company or not-for-profit organisation 	<ul style="list-style-type: none"> need for revision to Decent Homes Standards or exclusion for properties at risk from coastal erosion discussions with those living in at-risk property to assess their interest in selling property so it can be used to recoup funds discussions with local community to assess interest in being involved in/running management (to reduce risk of 'profiteering' by raising rents for private gain) need for clarity on what is meant by affordable rent (e.g. what is considered market rent for Scratby and California, and would (up to) 80% of market rent be affordable?)
<p>Recoup funds: rent land for caravans</p>	<ul style="list-style-type: none"> people living in at-risk properties suggested they would prefer to stay in their homes for as long as possible, this option requires a number of properties to be purchased in an area/shape that is suitable for caravans 	<ul style="list-style-type: none"> land could be used for temporary siting of caravans (to maximise cliff top location for as long as possible), especially where infrastructure (roads, utilities, etc.) has been retained after properties have been demolished 	<ul style="list-style-type: none"> discussions with owners of caravan sites to assess interest in temporary relocation of caravans discussions with those living in at-risk property to assess their interest in selling their property so it can be demolished to free up land
<p>Relocate infrastructure</p>	<ul style="list-style-type: none"> lack of interest from utility companies in advance of immediate threat ability for those living in at-risk property to be able to afford to contribute 	<ul style="list-style-type: none"> local people could group together to pressure the utility company or contribute towards the costs of relocating key infrastructure to maximise the residual life of their property potential to provide benches/seats to allow more people to enjoy the seaviews 	<ul style="list-style-type: none"> discussions with utility company(ies) to ensure that they are fully aware of the risks to their assets discussions with those living in at-risk properties to assess their willingness and ability to contribute towards relocation of infrastructure (to reduce risk that their properties are affected sooner)

9.2 Options to Purchase Properties

Figure 9.1 discusses the potential mechanisms and funding opportunities that exist to enable options to purchase the properties. However, the figure also shows that there are a number of constraints that remain before this option could be taken forwards.

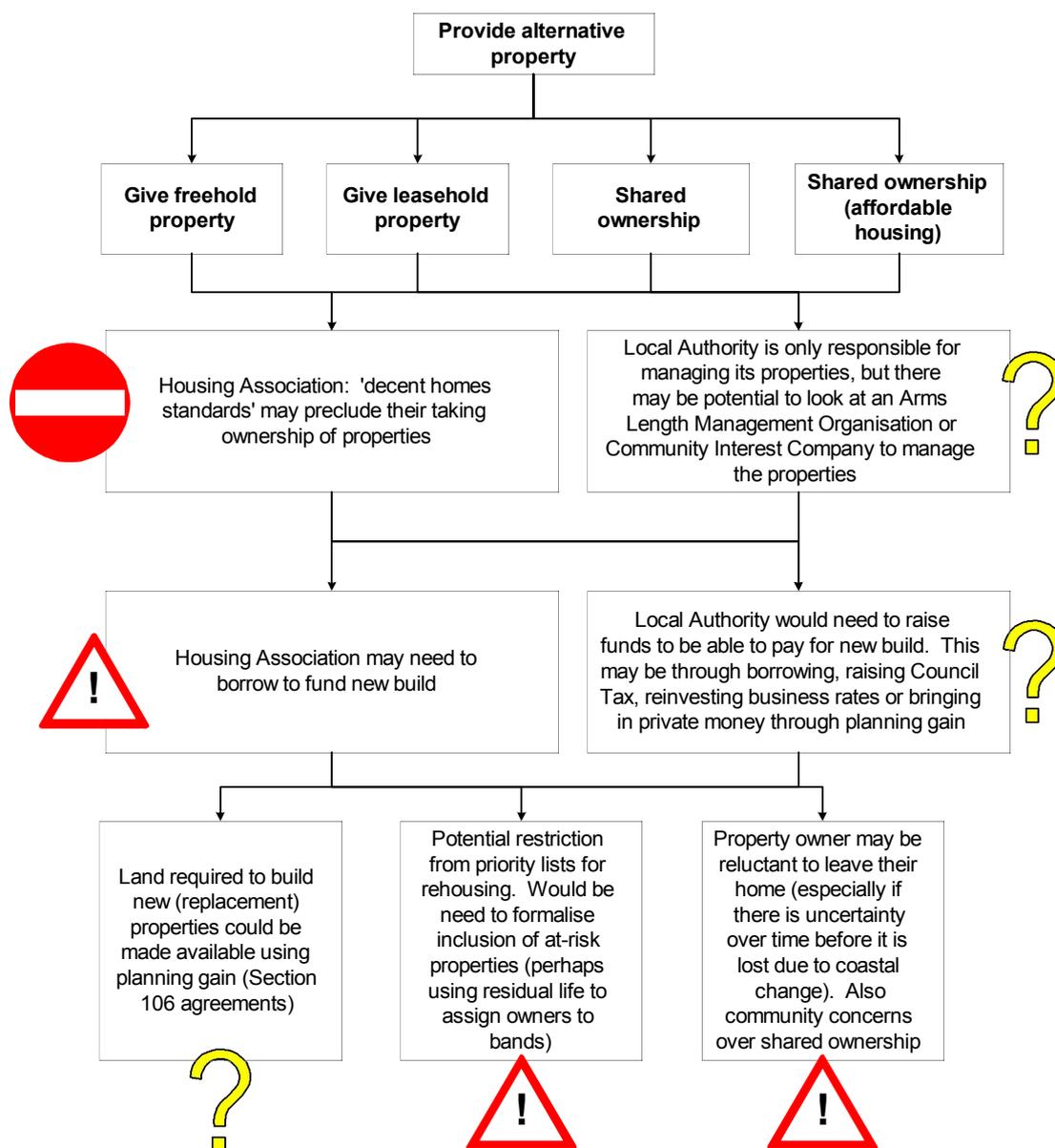
Figure 9.1: Options to Purchase Properties



9.3 Options to Provide Alternative Properties

Figure 9.2 shows the potential mechanisms and funding opportunities associated with providing alternative property. The figure shows that there are still constraints that remain before this option could be taken forwards.

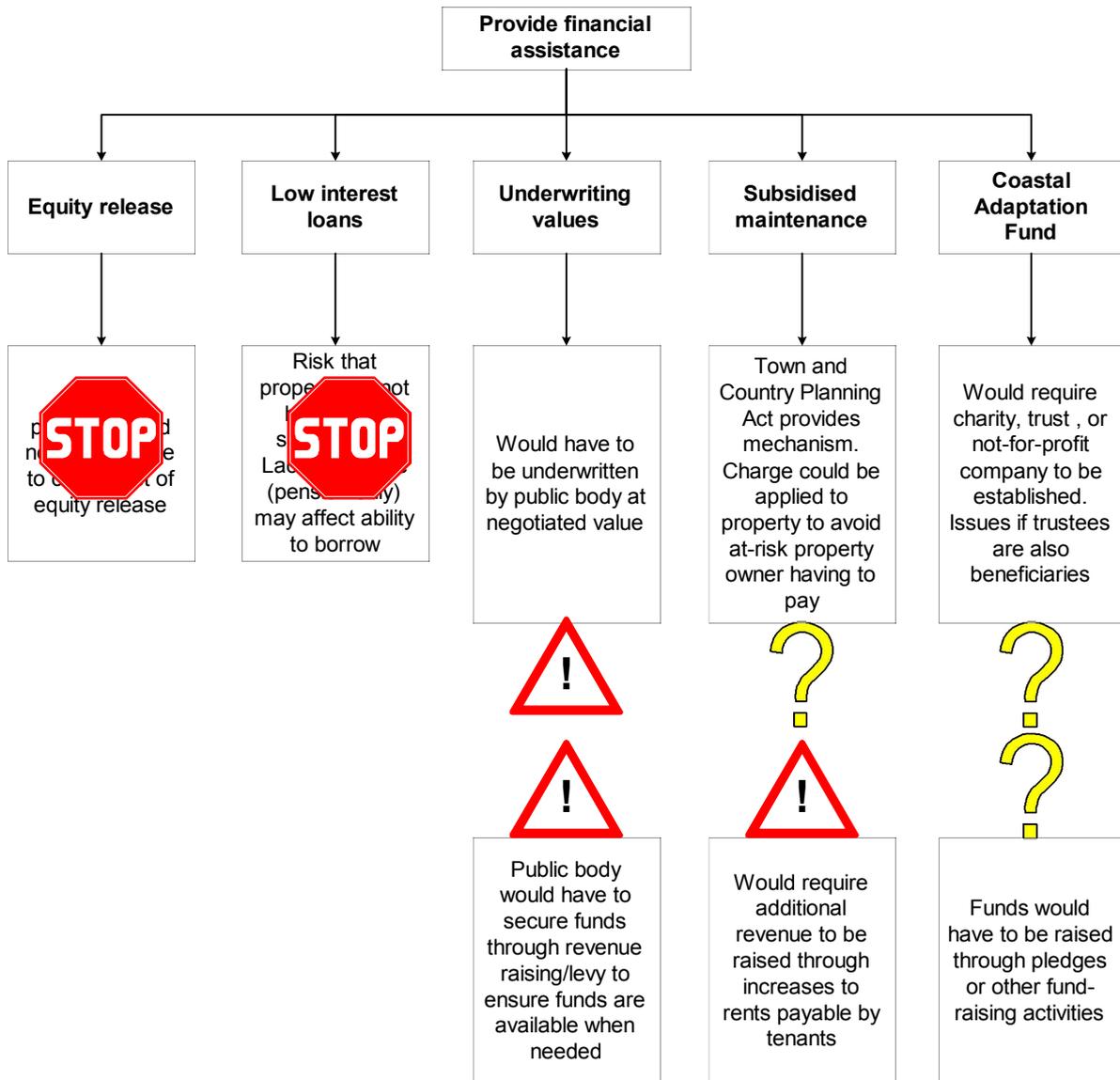
Figure 9.2: Option to Provide Alternative Properties



9.4 Options to Provide Financial Assistance (Property Owners)

The remaining issues and constraints associated with providing financial assistance to property owners are shown in Figure 9.3.

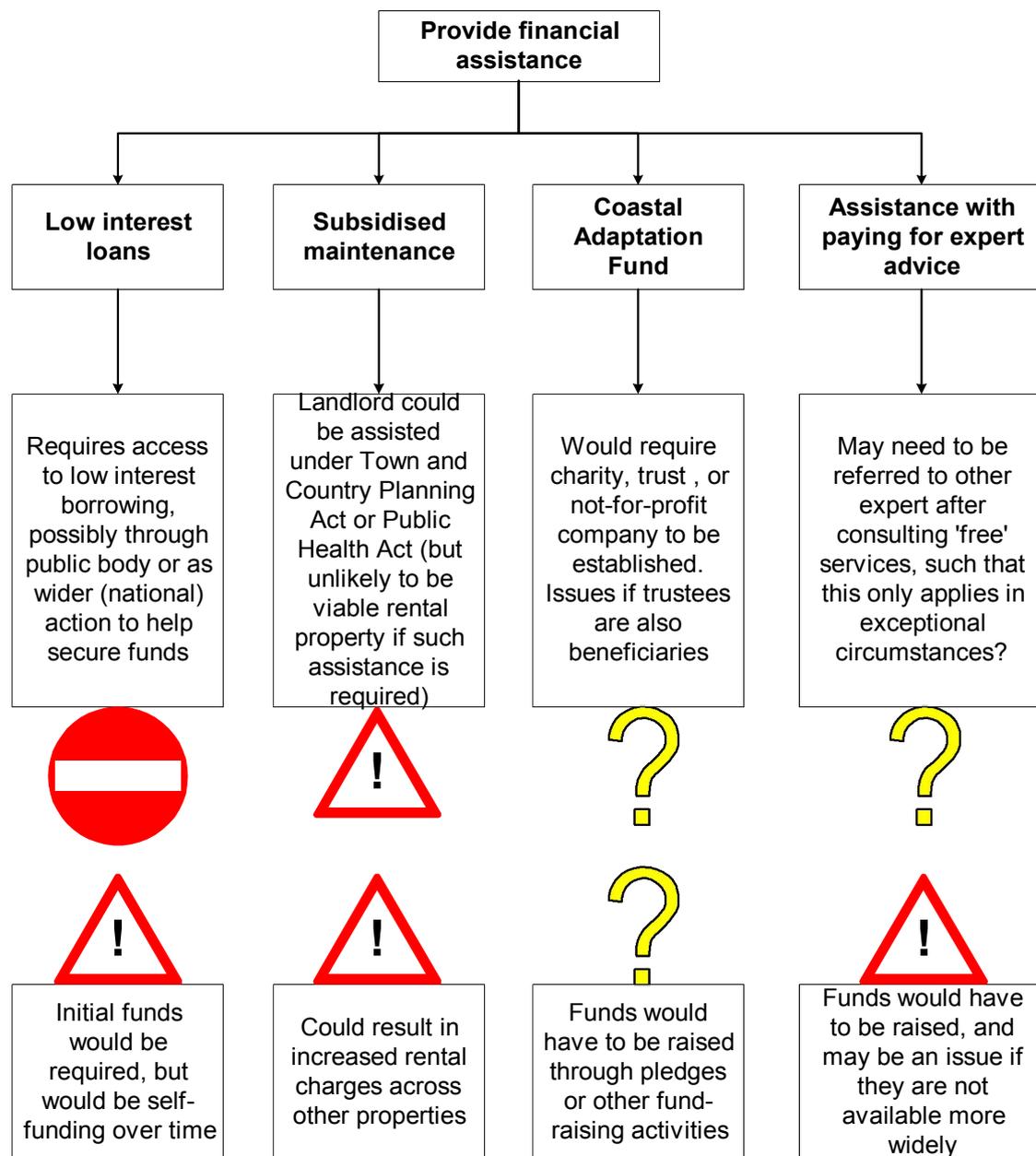
Figure 9.3: Options to Provide Financial Assistance (Property Owners)



9.5 Options to Provide Financial Assistance (Businesses)

Actions to reduce constraints associated with the options to help businesses are subject to ongoing discussions with businesses. As such, Figure 9.4 is not much changed from Figure 5.7.

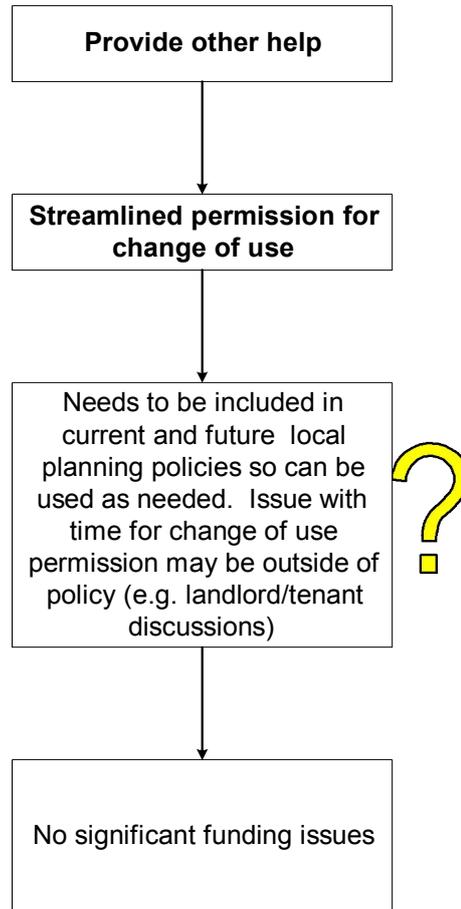
Figure 9.4: Options to Provide Financial Assistance (Businesses)



9.6 Options to Provide Other Help (Businesses)

The need for streamlined planning permission as an opportunity for businesses to move outside the at-risk area while remaining in Scratby/California needs to be investigated further with as part of detailed discussions with affected businesses. Thus, Figure 9.5 shows no changes from Figure 5.8.

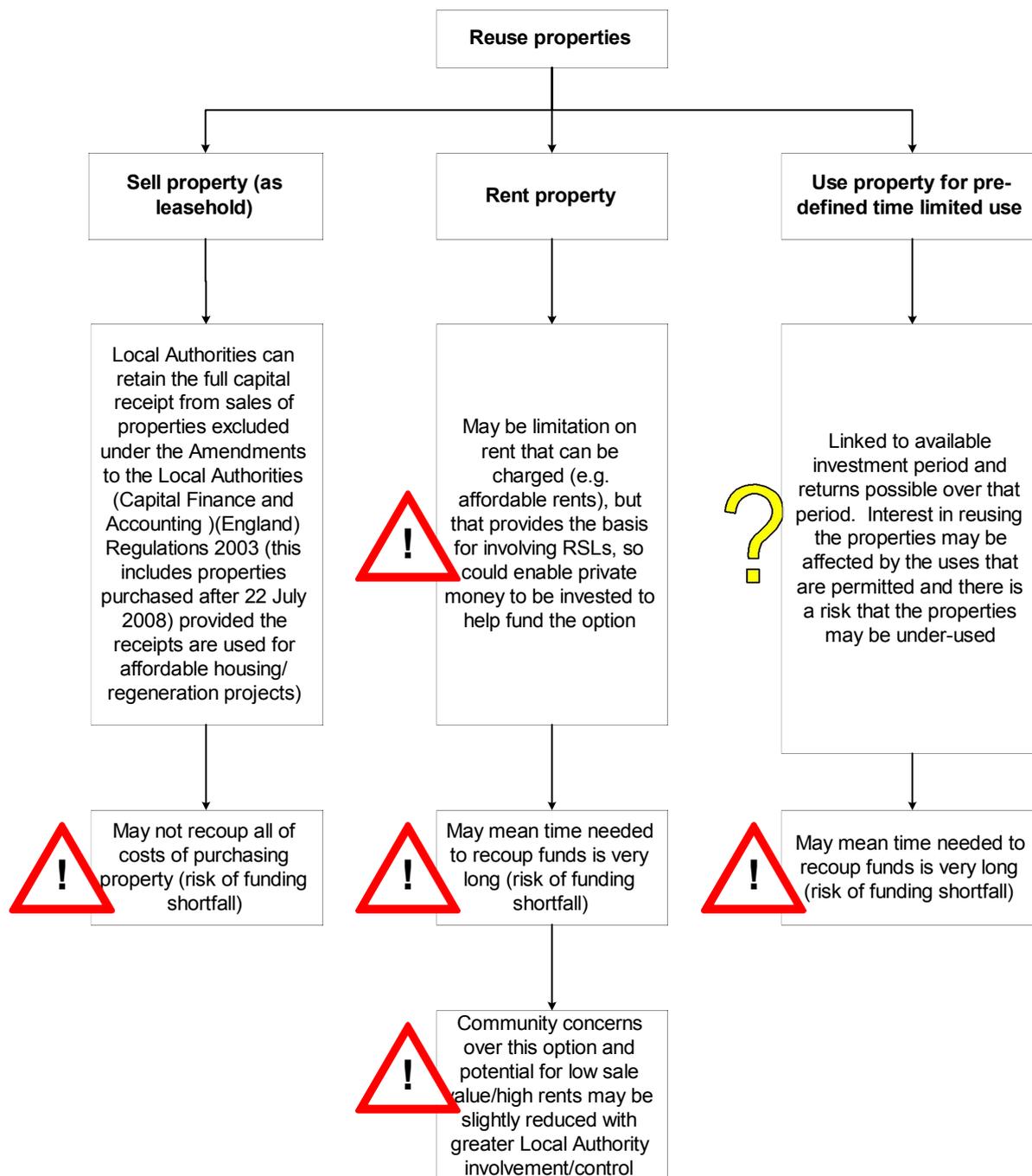
Figure 9.5: Options to Provide Other Help (Businesses)



9.7 Option to Recoup Costs (Reuse Properties)

While there are opportunities to reuse properties purchased or acquired through other options, there do remain some constraints that could affect implementation of these options and the potential to maximise income to help offset the initial funding costs. Figure 9.6 identifies these remaining constraints.

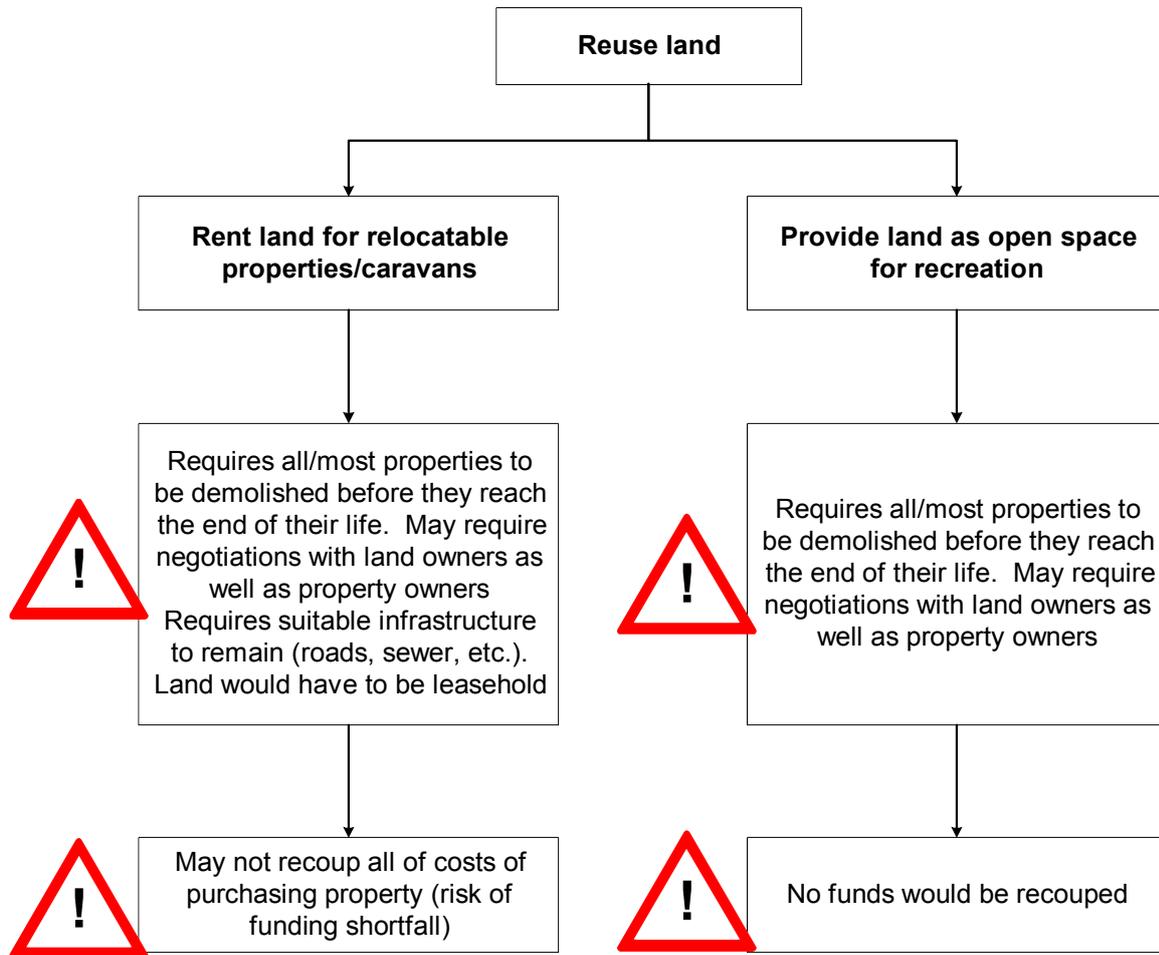
Figure 9.6: Option to Reuse Properties



9.8 Option to Recoup Costs (Reuse Land)

Figure 9.7 shows that few of the constraints associated with reuse of land have been removed or reduced to date. Further discussions are needed to assess whether these options are viable.

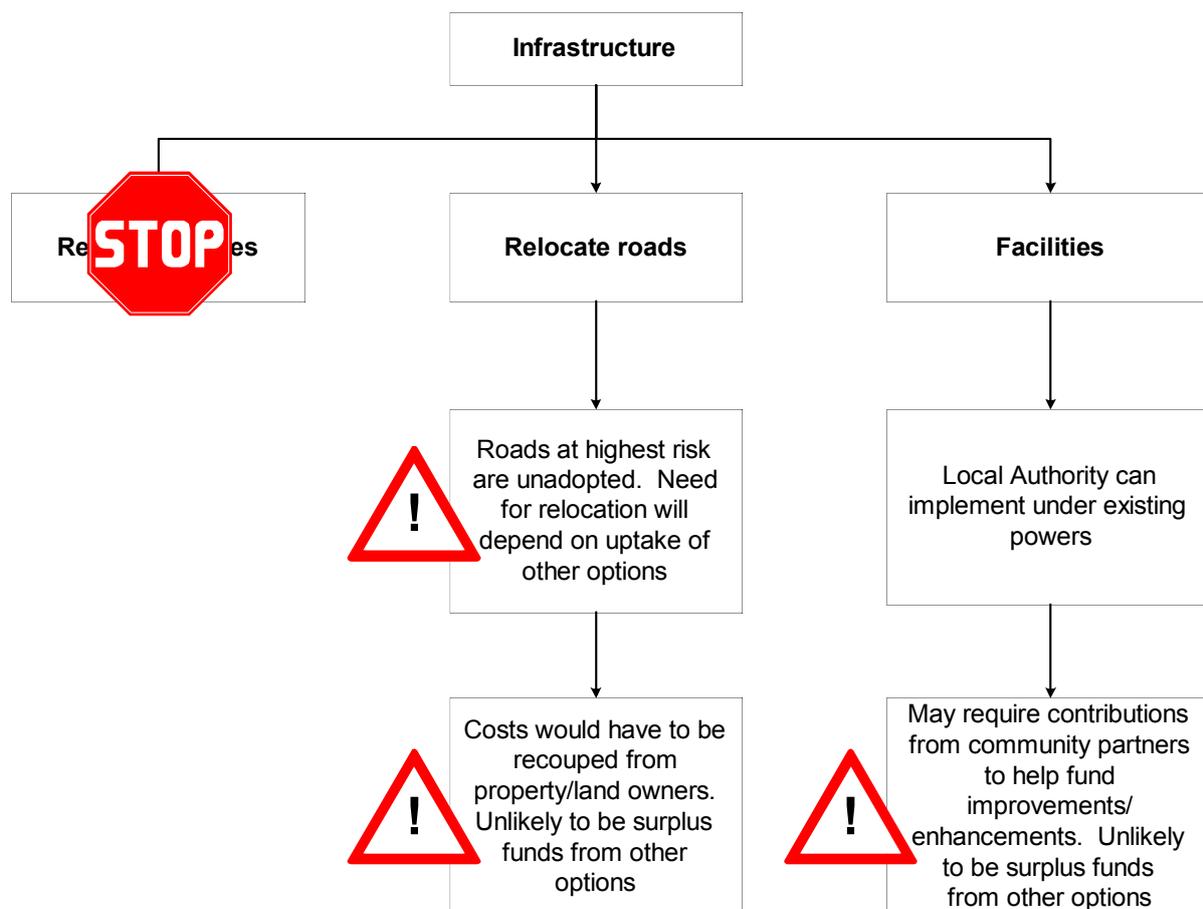
Figure 9.7: Options to Reuse Land



9.9 Options to Relocate Infrastructure

Figure 9.8 shows that many of the constraints associated with relocating infrastructure remain.

Figure 9.8: Options to Relocate Infrastructure



9.10 Combining Options and Offering Flexibility

The results of this study, including views and opinions from the local community and the consideration of the extent to which existing obstacles and constraints could be removed suggests that the best outcome would be to provide a menu of options. Owners of at-risk property would then be able to choose what best meets their requirements, as well as being flexible enough to enable property owners to choose a different option should their circumstances change.

The exact menu of options will depend to a large extent on the outcome of the further discussions suggested above. However, one possible menu could be as follows:

- people that wish to stay in their property are offered subsidised maintenance when their property reaches a particular residual life (this could be based on the lines in the SMP2);
- people who wish to move but to stay in Scratby/California could be offered the opportunity to participate in a property swap. Small affordable housing

developments could be permitted (facilitated through planning gain or borrowing by the Local Authority, as appropriate and agreed with the community). Although the property swap would be offered as shared ownership, the at-risk property owner would be given an agreed equity share in the new property. For those over 55, there would be no rent payable on any unowned share (in line with the Shared Ownership for the Elderly scheme); and

- people who wish to sell up and move out of Scratby/California would be offered the opportunity to sell their property at a negotiated price to a pre-defined organisation (which could be the Local Authority, a Registered Social Landlord or Community Interest Company).

The exact mechanisms and funding requirements would have to be established through further discussions (as highlighted in Section 9.2 to 9.9) and ongoing discussions with the local community as a whole.

9.11 Views of the Community on the Results of the Study

The results of community engagement throughout the study showed that people living in at-risk properties would like to stay in their homes for as long as possible. Most support was for an option that would purchase the at-risk property. The questionnaire results showed that many in the community were willing to pay for such an option at up to £9 per household per year. However, there was still a strong preference from many (but not all) for a rock berm that would buy time for those living in the properties in the highest risk areas. Adaptation options were accepted as a longer-term solution that should be put into place in the future.

10. Next Steps

10.1 Next Steps Required

Section 9 identifies the further actions needed to research the options in detail. These actions are as follows, in most cases lead by the Local Authority (or an intermediary appointed by the Local Authority):

- **discussions with owners of the at-risk properties:**
 - a. to explore the potential uptake of the various options and to allow more accurate estimates to be made of likely funding requirements;
 - b. to identify the risk of objections or new constraints associated with the options;
 - c. to explore the amount of equity that would be released under the various options (especially if shared ownership options are available);
 - d. to assess their views on having a charge placed on their property if they take advantage of subsidised maintenance or if they would prefer to pay an agreed/negotiated proportion of the costs; and
 - e. to identify the most appropriate menu of options and the likely need for some degree of compromise given the likelihood of funding constraints.
- **discussions with the local community:**
 - a. to assess interest in taking responsibility for managing at-risk properties through a not-for-profit organisation;
 - b. to discuss the need for legal advice;
 - c. to assess the potential for raising funds, including working with the Local Authority to raise funds; and
 - d. to inform the community of the outcomes of all the discussions to obtain their views on which options should be implemented in their local community (assuming the required funds can be found).
- **consultation with all households in the Borough:**
 - a. where there is a need to raise funds through increases to Council Tax; and
 - b. to identify who else might be eligible for help across the Borough.
- **discussion with tenants:**
 - a. where there is a risk that rents may have to increase to cover costs incurred to help those living in at-risk properties.
- **lobbying Government:**
 - a. to influence the way that proposals to allow business rates to be reinvested or borrowed against can be used to help communities at risk of coastal change (e.g. Tax Increment Financing). This could be through co-ordinated action by all Local Authorities affected by coastal change, or through the Local Government Association (LGA);
 - b. to influence future funding of flood and coastal erosion risk management and to ensure that the proposals in Defra's consultation paper (Defra, 2010b) are applicable to adaptation options. As above, this could be through co-ordinated action by all Local Authorities affected by coastal change, or through the LGA; and

- c. to influence applicability of New Homes Bonus and lobby to ensure this includes replacement properties (where homes would be lost due to coastal erosion).. Again, this could be through co-ordinated action or through the LGA.
- **discussions with the Housing and Communities Agency (HCA):**
 - a. to discuss whether some of the constraints affecting Housing Association involvement could be reduced or removed.
- **lobby the Government/Environment Agency:**
 - a. to investigate the potential for government/Environment Agency contributions due to savings made from withdrawing funding from defences. This could include a consultation response from the Local Authority (or a co-ordinated response from all Local Authorities with properties at risk due to coastal erosion/through the LGA) to ensure that the proposals take full account of coastal erosion and adaptation options, and that the issue of private financial gain does not affect eligibility of adaptation options for funding from the FCERM budget.
- **discussions with Registered Social Landlords:**
 - a. to assess their interest in being involved;
 - b. to assess what purchase prices they might offer;
 - c. to discuss issues raised by the local community such as the risk of low offers to purchase the at-risk properties; and
 - d. to identify the potential to provide short-term tenancies for those on the housing waiting list.
- **discussions with Housing Associations:**
 - a. to identify their interest in being involved in coastal change options.
- **discussions with landowners/developers:**
 - a. to discuss the potential that Section 106 agreements could result in land being available to support options to provide alternative properties.
- **discussions with planners:**
 - a. to identify planning restrictions and opportunities for the options; and
 - b. to identify what land uses could be allowed in the at-risk areas.
- **discussions with the housing department:**
 - a. to assess the potential to amend the points system used when allocating households to bands; and
 - b. to assess the likely costs of maintenance and type of maintenance work that would be covered (this may need to include discussions with the maintenance contractors).
- **discussions with legal advisers:**
 - a. to investigate the potential for a public body to act as an underwriter;
 - b. to investigate any precedence that could be set by any of the options;
 - c. to assess the legal case for restricting eligibility for access to financial assistance based on the publication date of the SMP2; and
 - d. to investigate the legal requirements associated with moving from freehold to leasehold.
- **discussion with existing action groups:**
 - a. to investigate the potential to set up a national charity (or organisation) that could provide financial assistance through an Adaptation Fund.

- **discussions with businesses/caravan parks:**
 - a. to investigate the detail and practicalities of some of the options.

10.2 Lessons Learnt from this Study for the Pathfinder Project

This study allows a number of general lessons to inform the Pathfinder Project as a whole. These lessons are:

1. **the need for strong communication from the outset** to help develop a common understanding of coastal erosion issues. This project has shown that there is large variation between people's opinions of coastal change. Whilst there may never be agreement across the whole community, there should be access for all to clear, concise and consistent information.
2. **the need for need for better dissemination of the Shoreline Management Plan (SMP)** and understanding of what the information in the SMP means. This project has shown that there is no consistent understanding of what the SMP shows or what the information in the SMP means to people living in Scratby and California. Effort needs to be made to communicate the SMP findings to the whole community so everyone has an opportunity to review the information. This lesson could be tackled in combination with lesson 1.
3. **the need for better dissemination of the purpose of the Pathfinder Project**, especially where there are local pressure groups pushing for funding of defences. This project has shown that there is concern from some members of the community that the aims of the Pathfinder Project could conflict with work being done by local pressure groups. Engagement has also resulted in comments that the Pathfinder Project is causing blight by raising the issue of coastal change. These issues have been tackled, where possible, throughout this project through discussion with the community. Care will be needed when publicising the results of the Pathfinder Projects (both locally and nationally) to ensure that these issues are addressed.
4. following on from lesson 3, is **the need for effort to really implement measures that can help reduce blight** (or the potential for blight). It is essential that the findings from this study are taken forwards and that the suggested further research is undertaken. This will require continued investment at the national level to help answer the many queries received during engagement as to why the money is not being spent doing something 'real' to protect people and property rather than talking about it. **Further funding must be forthcoming from Defra and/or the Environment Agency** to enable these options to be taken forwards and to support the actions proposed to ensure that the most appropriate options can be implemented.

5. **the need to recognise wider issues/small changes that could make a big difference**, even where these may fall outside the remit of the Pathfinder Project itself. Engagement has raised a number of issues that the local community would like to see addressed. These include providing benches to enable more people to be able to walk along the clifftop as they would be able to rest periodically. There may also need to be specific local debate on the issue of garden waste as this was a topic that raised many comments.
6. **action from Local Authorities to join together to promote some of the possible funding mechanisms**, especially through opportunities being suggested by the coalition government. A combined effort from all local authorities facing coastal change (supported by the local MPs and the Local Government Association) could provide a powerful lobby to make sure that these opportunities are worded in such a way that they can be applied to help coastal communities;
7. **identification of the potential for opportunities to involve the community in managing the risks themselves through whole community actions**. There may also be opportunities for Local Authorities to work together to combine knowledge and experience to help the local communities set up not-for-profit organisations. Local Authorities could also lobby for common guidance, or could help develop this guidance using lessons learnt from their own communities.
8. **the need to work closely with the Environment Agency** during the development of SMPs, strategies, schemes to ensure that the full costs of policies such as No Active Intervention and Managed Realignment are taken into account. This needs to draw on work from the Pathfinder Projects and the likely costs of mitigation/adaptation measures (not just in monetary terms but in terms of risks to people now and in the future, and to make sure that people are investing in sustainable locations).

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Annex 1:
Drop-in Session Report

Annex 2:

Detailed Analysis of Questionnaire Responses

Annex 3:

Results of Applying the Evaluation Matrix

(due to the size of the table, this Annex is on A3 paper)

Annex 4:

**Detailed Explanation of the Calculation of
Funding and Option Costs**

