



COUNCIL CABINET
10 April 2019

ITEM 10

Report sponsor: Strategic Director Communities and Place
Report author: Kevin Tozer Team Leader Land Drainage

**Approval for the revised funding arrangements for the:
Cuttle Brook Flood Alleviation Scheme (CBFAS).**

Purpose

- 1.1 In October 2016 Derby entered into an agreement with Nottingham City Council to obtain European Regional Development Funding (ERDF) to deliver the joint Metro Biodiversity Action Plan Phase 1 (MBAP)
- 1.2 The original proposal included Cabinet approval to bid for £276,300 of ERDF with partnership funding from £278,300 from the Flood and Coastal Erosion Risk Management Grant in Aid. (FCERM GiA) for the CBFAS.
- 1.3 At the time of submission, the Cuttle Brook project had not been fully developed. It was considered that the £276,300 would be the maximum FCERM GiA funding that would be available to provide the match funding to support the MBAP project.
- 1.4 Subsequent to the initial cabinet report, the business case for the Cuttle Brook Flood Alleviation project has now been developed to comply with DEFRA and Government Green Book requirements.
- 1.5 Estimated scheme costs

	Costs
Staff	£30,000
Construction and Design and other	£682,600
Optimism Bias and Risk	£463,780
Totals	£1,176,380

The proposed budget for the scheme is £1,176,380. Partnership funding proposals are as follows

Funding Partner	Match Funding
ERDF	
Revenue Monies (*)	£53,870
Capital Monies (**)	£222,500
	£276,370
Flood and Coastal Erosion Risk Management Grant in Aid DEFRA	£389,850

(FCERM GiA)	
Local Levy (Trent RFCC)	£260,160
Derby City Capital - Flood Defence Budget	£250,000
Total	£1,176,380

- 1.6 (*) March 2018 Cabinet Report reported the value of secured ERDF Capital Funding at that time £222,500. Total revenue monies recoverable as part of the ERDF funding was not referenced in that Cabinet report.

(**) It is important to note that without the risk budget (£463,780) the majority of the scheme cost is covered by the ERDF and the FCERM-GiA funding (external). It is not expected that the additional funding from Local Levy or from the internal DCC Flood Defence budget will be fully spent unless unforeseen circumstances are found on site. This would include land contamination or the presence of protected great crested newts.

Recommendation(s)

- 2.1 To approve the submission of bids to the Trent Region Flood and Coastal Committee (RFCC) for £260,160 of Local Levy and delegate approval to the Strategic Director of Communities and Place following consultation with the Strategic Director of Corporate Resources and subject to acceptable grant conditions, to accept the grant monies on completion of project stages.
- 2.2 To approve the submission of the Business Case to the Environment Agency (EA) to secure the £389,850 of DEFRA Flood and Coastal Erosion Risk Management Grant in Aid funding and delegate approval to the Strategic Director of Communities and Place following consultation with the Strategic Director of Corporate Resources and subject to acceptable grant conditions, to accept the grant monies on completion of project stages.
- 2.3 To approve the commitment of £250,000 of the 2019 / 2020 DCC Flood Defence Capital Budget to underwrite a proportion of the £463,780 project risk budget.
- 2.4 To approve the take up of £35,000 of FCERM GiA funding before the end March 2019.
- 2.5 To approve slippage of any grant monies not utilised in 2018 / 2019 financial year in to the new financial year, in order to allow for completion of the works before the end of December 2019. (*) (Note £53,870 Revenue funding currently received will need to be capitalised).

Note: Unused DCC Capital monies committed to the risk budget allocation will be made available for other works should the risk budget allocation not be required as intended.

Reason(s)

- 3.1 The ERDF funding already secured needs to be spent by the end of 2019. In order to

deliver the project by this deadline the Business Case will need to be submitted to the EA for approval, and the Local Levy bid to the Trent RFCC in January 2019.

- 3.2 The reason for applying for £35,000 of FCERM GiA funding in advance of the main scheme, is to enable the ground investigation to be undertaken early. This will help resolve the potential risk of contaminated ground impacting on the project. This will not commit the council to undertaking the full scheme.
- 3.3 It should be noted that the Derby City Capital funding is to largely cover the risk budget for the project. It is believed that all the risks identified are highly unlikely to materialise. If the full risk budget is not required the funding will be returned to the DCC budget holder and the Local Levy on 50:50 basis.
- 3.4 Urgent decision is required as there is a very short timescale for the business case to be reviewed by the Environment Agency prior to full submission to the Trent RFCC meeting on 9 April 2019.

Supporting information

4.1 Risk Management

The project has been developed with a risk matrix that has been costed by Balfour Beatty.

The major risks to the scheme are the possibility of contaminated land, and the potential for find great crested newts. Both of these issues are thought unlikely to materialise as the land has never been developed and the Derbyshire Wildlife Trust have no records of the presence of great crested newts.

A budget of £463,780 has been allocated for risk management.

4.2 Corporate objectives and priorities for change

This Programme will contribute towards creating for the people of Derby:

- An inspiring start in life by improving educational attainment.
- An inspiring working life by improving skills and creating jobs.
- An inspiring place to live by improving inner city areas.

4.3 Statutory Obligations

This Scheme will contribute to DCC Local Flood Risk Management Strategy objectives as follows

- Objective 2 : Develop economical risk-based flood risk management schemes and infrastructure maintenance regimes that form a sustainable approach to reducing flood risk.
- Objective 5 : Promote flood risk management activities that consider climate change, enhance the natural environment, improve water quality and provide amenity benefits.

4.4 Statutory Obligations

In 2017 the DCC fulfilled its statutory duty to publish a 'Local Flood Risk Management Strategy' (LFRMS) for the area. The LFRMS outlined how the authority would manage flood risk from all sources other than Main River (River Derwent) sources. The LFRMS had to include a costed action plan of measures the council intended to implement to manage flood risk in the city.

The Cuttle Brook Flood alleviation scheme which includes the enlargement of an existing flood defence structure within Sunnydale Park was one of the outlined measures as agreed by cabinet in 2017.

Public/stakeholder engagement

- 5.1 Public consultation has already taken place involving local residents and stakeholder groups that may be affected by the proposed works. DCC working in partnership with the Derbyshire Wild Life Trust and the Environment Agency held a number of open forum information days, where details of the proposed scheme were made available for consideration.
- 5.2 Comments received during the consultation days, indicated that the proposed scheme was thought to be beneficial from both flood risk and biodiversity perspectives.
- 5.3 DCC staff will be available throughout the scheme as part of the ongoing consultation exercise.

Other options

- 6.1 The Business Case has considered a number of various options for the project. The option selected was the most cost beneficial of all the options considered.

Financial and value for money issues

- 7.1 The EU Structural and Investment Fund 2014-2020 provides an opportunity for Derby to access European Funding to support the delivery of the City's economic regeneration priorities.
- 7.2 The Council entered into an agreement with Nottingham City to deliver the Metro Biodiversity Collaboration Agreement. Failure to deliver the projects within the agreement on time could result in financial penalties being imposed on the council.
- 7.3 The project when completed is anticipated to provide cost benefits to the local community of £2,323,000, these include a reduction of flood damages to property, other assets in the area and environmental benefits.
- 7.4 The council has a statutory duty to plan for and manage flood risk in the city. As a category one responder the council also has a duty to respond to flood emergencies should they occur. Once completed the scheme will reduce the likelihood and cost of property clean up following an event, due to there being increased flood storage and lessening of flood damages.
- 7.5 The scheme will deliver a cost benefit ratio of 2.0 which is greater than the minimum 1.0 required by the Treasury Green Book. The scheme is therefore considered to deliver value for money.
This project requires the commitment of the £250,000 capital funding already included in the 2019/20 capital programme to cover the risk element of the works. If this funding is required, no other flood defence works will take place in 2019/20.

Legal implications

- 8.1 The council has entered into a legal agreement to deliver the Metro Biodiversity Collaboration Agreement. Failure to deliver the outcome measures in the agreement could result in financial penalty.

Other significant implications

- 9.1 **Equalities Impact**
The ESIF programme will provide opportunities for the City Council to target projects at our most deprived communities with a particular focus on individuals who are furthest from the jobs market. One of the ESIF Programme cross cutting themes is Equality and the impact of projects on this issue will be a key part of the project assessment process. The Building Better Opportunities programme aims to tackle Poverty and Social Inclusion and will be targeted at minority communities.

The scheme will protect properties in the Normanton Ward in the Caxton Street/Coleridge area. 8 of these properties are in the 10% most deprived neighbourhoods in the country.

9.2 Health & Safety

It is not anticipated that the scheme will have a significant effect on Health and Safety. It is a requirement of Construction Design and Management (CDM) Regulations that Health and Safety is considered at all phases on the design and construction stages of the project. Health and Safety will therefore be considered in detail during the detailed design and construction phases.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu – Head of Legal	25-03-2019
Finance	Amanda Fletcher – Head of Finance for Communities and Place	07-03-2019
Service Director(s) Report sponsor	Christine Durrant – Strategic Director of Communities and Place	28-03-2019
Other(s)	Richard Antcliff – Director of Public Protection and Streetpride	29-03-2019

Background papers:	Approval to Bid for European Regional Development Fund
List of appendices:	Appendix 1 – Cuttle Brook Outline Business case Appendix 2 – Cuttle Brook – Options Sketch, Sunnydale Park 2018s0445-JBA-ZZ-00-DR-C-0001-D1-P02-GA Appendix 3 – Cuttle Brook – Sunnydale Park West 2018s0445-JBA-ZZ-00-DR-C-0003-D1-P02-Sunnydale_park_west Appendix 4 – RMA Short Form Cuttle Brook Flood Alleviation Scheme Outline Business Case