



Report sponsor: Strategic Director of
Communities and Place
Report author: Director of City Growth and
Development

Our City Our River (OCOR) Environment Agency – Flood Defence Grant in Aid (FDGiA) - Acceptance of Grant Funding

Purpose

- 1.1 To approve additional grant funding of £10m of Flood Defence Grant in Aid (FDGiA) funding from The Environment Agency as a contribution towards the remaining OCOR works.

Recommendation(s)

- 2.1 To approve the acceptance of additional grant funding of £10m of Capital Flood Defence Grant in Aid (FDGiA) funding from The Environment Agency (EA)

Reason(s)

- 3.1 At the June 2017 Cabinet meeting, the Our City Our River (OCOR) Project secured approval for delegation to bid for grant funding opportunities to help reduce the funding gap in the project. The acceptance of grant funding offers still requires Cabinet approval.

Supporting information

Background

- 4.1 The objectives of the OCOR programme are to reduce flood risk to 1,500 homes and 700 businesses, 'make space for water', unlock the economic potential of land that is at significant flood risk, deliver environmental improvements in the river corridor and protect and enhance heritage assets.
- 4.2 The OCOR Masterplan was approved by Cabinet in July 2012 to guide the provision of flood defences in Derby City and associated regeneration opportunities. The OCOR Business Case, developed jointly by the Environment Agency (EA) and the Council was approved by Cabinet in November 2013.

- 4.3 The EA's original delivery programme for OCOR was split into three packages stretching a total of 13.2km along the River Derwent, with an optimum sequence of delivering the sites within each package. The approval of the OCOR Business Case in 2013 triggered the award of grant funding totalling £36.16m from the EA and from the Department for Environment, Food and Rural Affairs (Defra), which allowed a first phase of works to start.
- 4.4 In October 2014, Cabinet approved entering into a legal agreement with the EA. This legal agreement delegates the use of the necessary EA powers to the Council to enable the delivery of OCOR and clarifies the roles, responsibilities and liabilities of both organisations in the delivery. Under this legal agreement, the Council agreed to lead on delivering the OCOR programme and accepted responsibility for the long- term maintenance and operation of the flood alleviation assets delivered. The agreement acknowledges that the Council is not committed to underwriting the cost of delivering the entire OCOR programme. Additionally, there are no 'clawback' requirements in the EA and (Defra) grant conditions that oblige the Council to repay grant or to complete the entire OCOR programme of works.
- 4.5 Local Growth Funding from D2N2 Local Enterprise Partnership was secured in 2016 totalling £12m and further funding from the European Regional Development Fund has enabled elements of Packages 2 and 3 to be delivered. These works ("Project Munio") have brought OCOR into the city centre and are now on site. Munio has delivered the flood gate on Exeter Bridge (Derwent Street); flood resilience works to the Riverside Chambers, the River Gardens and Pride Park. The final stage of Munio is the construction of a new pumping station at Mill Fleam on Bass' Recreation Ground which will provide further resilience for the city. Munio will also deliver a portfolio of environmental enhancements at a number of locations along the OCOR corridor. The entire Munio project is due to be completed by the end of 2022 and is expected to cost approx. £9m with up to 50% of costs supported by ERDF grant funding.
- 4.6 In February 2020, Cabinet approved OCOR's priorities for next steps until 2023. OCOR's current work programme includes the preparation and submission of the necessary documents to secure full planning consent for proposals at Derby Riverside. This will place OCOR in a much better position to secure further funding for the delivery of this important scheme. We will also be able to provide certainty for key stakeholders and landowners about how we intend to deliver OCOR in the city centre.

Acceptance of further grant funding from the Environment Agency.

- 4.7 The entire OCOR programme of works is forecast to cost approximately £95m. There is still a funding gap, however funding secured by the Council has reduced the gap from approx. £60m in 2015 to around £32m today.
- 4.8 In summer 2020, the EA announced the award of an extra £10m towards the completion of Package 2 of OCOR. We have been exploring the grant conditions, expectations and obligations around this money and we are now recommending we accept the grant. The recent offer from grant from the EA is a significant and raises the total amount of funding secured to date to approx. £62m.

- 4.9 The EA's £10m award will contribute towards the delivery of the following Package 2 work:
- Munio II – Mill Fleam Pump Station - part funded by ERDF – completion by Dec 2022.
 - Next Steps work programme as approved by Cabinet 12 February 2020, primarily to progress OCOR Derby Riverside as the priority, achieving Full Detail Planning status of this section in 2022.
 - Identify and secure the remaining funding to deliver the Derby Riverside Section – current gap estimated to be somewhere between £6 - £16m depending on Planning detail secured.
 - Delivery of the Derby Riverside flood mitigation works (once all funding is in place)
- 4.10 The Grant Funding will be administered via the established EA protocols as there is no formal Grant Funding Agreement
- 4.11 The acceptance places an obligation on the Council to:
- progress and accelerate the completion of the remaining Package 2 works of OCOR; specifically, the Derby Riverside (Derwent east bank) section as soon as possible.
 - Commence physical works (which can include site preparation) by end of March 2022. The Munio Mill Fleam project will satisfy this obligation.
 - make every effort for enhanced flood protection status for 673* residential properties by the end of the current EA funding programme – 2026.
 - Draw down the £10m as a priority over other grant funding secured by OCOR with the single exception of Munio ERDF.
- *Residential properties as identified as benefiting from the PK2 OCOR measures in the approved 2014 OCOR Business Case*
- 4.12 There is no additional risk for the Council of clawback of this funding, provided the Council spends the Capital grant funding on the delivery of Package 2 measures. We are confident we will be able to achieve this level of spend within the required timescale.
- 4.13 There is a risk that the Council will not be able to achieve the outputs attached to this funding within the timescale. The Environment Agency are fully aware of the Council's position and that whilst every effort will be made to complete the Package 2 phase of OCOR, the Council is not able to provide total assurance of complete delivery and the achievement of outputs within the desired timeframe.
- 4.14 The Environment Agency, remain fully committed partners to the delivery of OCOR with the Council and continue to support Derby where possible.

Public/stakeholder engagement

- 5.1 OCOR continues to liaise with all key partners, stakeholders, members and residents as part of the ongoing work package delivery programme.

Other options

- 6.1 The Council fully explored the implications of accepting the grant prior to recommendation for Cabinet to do so.

Financial and value for money issues

- 7.1 The OCOR programme would like to draw down the first tranche of this FDGIA grant within this financial year.

Legal implications

- 8.1 Cabinet Approval is required to allow for the grant funding to be formally claimed. There are no other significant legal implications arising from this Report.

Climate implications

- 9.1 The OCOR programme of works is intended to better prepare Derby for the impacts of Climate Change. The measures are planned to provide enhanced resilience against flood risk by the River Derwent to the City.

Other significant implications

- 10.1 None noted

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Emily Feenan	
Finance	Simon Riley	
Service Director(s)	David Fletcher	
Report sponsor	Rachel North	
Other(s)		

Background papers: None
List of appendices: None