

ADOPTION OF OUR CITY OUR RIVER MASTERPLAN

SUMMARY

- 1.1 There are over 3,600 properties within Flood Zone 3 (the zone of highest flood risk) along the River Derwent between Milford and Shardlow. The vast majority of these properties are within the City of Derby.
- 1.2 The Lower Derwent Flood Risk Management Strategy was approved by the Environment Agency (EA) in January 2011. The strategy to reduce flood risk for Derby is to construct new defences along a new alignment stepped back from the river. This approach would allow more space for flood water along the river and ensure that flood risk in upstream and downstream communities is at manageable levels.
- 1.3 The realignment of flood defences through Derby is being treated as an opportunity to encourage the regeneration of the City and improving its connectivity to the River Derwent. To ensure that these opportunities are fully grasped, the Council is working in partnership with the EA and together have commissioned a Masterplan for the City's river frontage. The intention is that the Masterplan should guide the provision of flood defences and associated development and act as a material consideration for planning applications.
- 1.4 In January 2012 the draft Masterplan was published for public consultation. The Masterplan for consultation can be viewed on <http://www.ourcityourriver.co.uk/masterplan.html>. The consultation period ended on 30 April. On 11 July 2012 Cabinet considered a report summarising the main issues raised and recommending changes to the Masterplan in the light of the response. The amended Master Plan was approved as a basis for more detailed work on the project over the next 30 months and as a material consideration for development control. The Masterplan will now be updated to take on board the agreed changes.
- 1.5 The work programme over the next 30 months is intended to develop the design of the scheme and refine costings. It is proposed to allocate initial funding from existing Council resources to help take this forward. This will provide the necessary basis for seeking the funding needed to construct the scheme, including from the Department for Environment, Food and Rural Affairs (Defra), other public sources and private developers through integration of defences into developments. Defra funding will however provide only about 30% of the overall costs and so it is proposed to lobby Government to increase the amount available for this scheme.

RECOMMENDATION

- 2.1 To note Cabinet's decisions in relation to the Masterplan, in particular to:
- approve the amended Masterplan as a material consideration for development control purposes and to guide more detailed work on the Our City Our River scheme over the next 30 months
 - allocate up to £100,000 of revenue funding from the Trading Account contingency reserve and £250,954 Housing Planning Delivery (capital) Grant to take the project forward
 - lobby Government to increase the level of funding available to deliver the scheme.

REASONS FOR RECOMMENDATION

- 3.1 To bring to the Board's attention that the Our City Our River Masterplan has been approved, taking account of public consultation, and that more detailed work will now commence on the planning and design of the scheme.

SUPPORTING INFORMATION

- 4.1 In September 2008 the Environment Agency (EA) published its Lower Derwent Flood Risk Management Strategy Public Consultation Document and associated Strategic Environmental Assessment Report. There was extensive consultation, including member engagement, and Cabinet agreed in principle to work with the EA to deliver the Strategy in respect of Derby. The Strategy was formally adopted by the EA and published in January 2011.
- 4.2 The Council agreed to use EA funding to commission a Masterplan to identify how flood defences could be brought forward in a way that promotes the regeneration of the city, improves social connectivity and delivers environmental enhancements. The Masterplan covers a key part of the wider area subject to the EA's Strategy, focussing on seven 'opportunity sites' within and north of the City Centre. However the Masterplan proposals will impact on river flows in areas downstream and so flood risk mitigation measures for these areas will also need to be provided. These measures have been included in the projects estimated overall cost.
- 4.3 Our consultants Atkins worked with the EA's consultants, Black & Veatch, who have been undertaking detailed modelling of various flood defence alignment options. The consultants held several workshops with a wide range of officers across the Council and other organisations in order to inform the Masterplan's preparation.

- 4.4 In January 2012 the draft Masterplan was published for public consultation. The consultation period was initially to 9 March, but due to the level of interest was extended to 30 April.

Public Consultation

- 4.5 The EA appointed Counter Context to advise on public consultation on the draft Masterplan to ensure communities were actively reassured and involved in the development of the strategy. Counter Context specialise in designing effective stakeholder and community consultation programmes.
- 4.6 During the consultation, the Council and the Environment Agency worked together to engage openly with local communities. Over 7000 leaflets were circulated to local properties and made available in over 30 city centre outlets. A dedicated website and helpline were also launched. Meetings were arranged with residents, community groups and local businesses at a time and date of their choosing.
- 4.7 Up to 30 April 2012 a total of 200 formal responses were received. This included: 79 leaflet response slips; 26 online response forms; 47 emails; 36 information line calls; and 12 letters. Further to this, representatives from Derby City Council and the Environment Agency met with 14 stakeholders and attended 3 public meetings.
- 4.8 A separate consultation exercise was undertaken targeted at the Duke Street and Strutt's Park area. This generated a total of 31 formal responses, including 25 response slips, one email and five information line calls. Further to this, representatives from Derby City Council and the Environment Agency met with one resident, one stakeholder and attended a public meeting.

Consultation response and proposed changes to the Masterplan

- 4.9 A summary of the main issues arising for each of the seven opportunity sites identified in the Masterplan is set out below together with the main resulting changes. It should be borne in mind that the Masterplan is by no means be set in stone. It is intended to provide guidance and a flexible framework for the preparation of more detailed flood defence and regeneration proposals. There will be ongoing liaison with the public and key stakeholders as more detailed proposals are drawn up and further consultation will be undertaken as appropriate.
- 4.10 **Darley Abbey Mills.** Comments focussed on the need to support regeneration while protecting the World Heritage Site. There was some concern over the location of the proposed new footbridge. The Masterplan has been amended to indicate a preference for adaptation of the existing Toll Bridge instead of a new footbridge.

- 4.11 **Darley Playing Fields.** There were some local concerns about banking proposed on Parkers Piece. The proposals around Darley Abbey Playing Fields and at Parkers Piece could impact on the existing provision of playing fields which is of concern to Sport England. The aim is that there would be no net loss of playing fields but at this stage this cannot be confirmed. English Heritage flagged up concerns about the impact on the scheduled monument and other archaeological interests. The Masterplan clarifies that the form of the defences will be informed by further archaeological investigation and consultation.
- 4.12 **Aida Bliss to St Mary's Bridge (City Road).** The Little Chester Residents Association (LCRA) expressed concerns over the reliance placed on private sector led redevelopment to provide improved defences in part of this area. They consider that this creates uncertainty and could lengthen the project's timescale at a time when residents are faced with increases in insurance premiums. LCRA argue that stand alone flood defences should be provided as soon as possible by the public sector in advance of any proposals for regeneration of sites on City Road.
- 4.13 The LCRA's approach would require land acquisition by the Council and/or the EA and would be substantially more expensive (an extra £5.2 m in this area). The greater the overall cost, the more difficult and time consuming it will be to secure Defra and other public funding. The potential involvement of developers on the other hand brings down the cost of the project. In our view this is the best way to deliver improved flood defences as quickly as possible. The landowners along City Road have welcomed the proposals. On balance therefore it was decided that the Masterplan's approach should be maintained. However it has been amended to make clear that, if private development does not come forward in a reasonable timescale, the strategy in this area will be reviewed. There will be ongoing liaison with the LCRA and other local residents and businesses as detailed proposals come forward.
- 4.14 **Duke Street/ Strutts Park.** The draft Masterplan identified that the preferred option for the area around Duke Street would need to be confirmed through further engagement with local residents. Following this exercise, it has been concluded that in principle the solution for Duke Street should be based on standalone defences rather than a comprehensive regeneration scheme. This will be less disruptive to the local community as well as less expensive. There are still detailed issues to be resolved, particularly relating to the close proximity of the potential defences to certain properties. .
- 4.15 **St Mary's Bridge to Holme's Bridge West Bank.** Christchurch Court was shown for demolition in the draft Masterplan, but an amendment now retains it subject to provision of appropriate adaptation measures.
- 4.16 **North Riverside.** Delivery of the Masterplan proposals for the North Riverside area will be complex as there are a number of different landowner interests and several properties which would need to be cleared. There are difficult issues to address and decisions to be made. Delivery for this area is however likely to be phased towards the end of the overall project.

- 4.17 A key issue is Exeter House, a locally listed building managed by Derby Homes. Exeter House is proposed for eventual demolition as it represents a significant blockage in the flood conveyance corridor envisaged by the draft Masterplan. Exeter House could potentially be retained by building a 2.5 m wall around its ground floor and demolishing the Brewery Tap public house. The adverse visual and physical implications of this approach would however be incompatible with the Masterplan's principle of opening up the riverside. The anticipated delivery programme fits with the design life of the recent refurbishment of Exeter House in that it is not expected that the flats would be lost before 2024. The Masterplan has however been amended to clarify that alternative appropriate accommodation would be provided in order to allow existing residents to relocate and remain within the area.
- 4.18 Phoenix Properties, who are a major landowner on North Riverside, objected to the proposals as part of their land holding will be within the conveyance corridor, thereby impacting on the redevelopment potential of their land. However the alternative to this would involve the demolition of the existing riverside office and residential properties on Stuart Street. It is estimated that this would cost an additional £9 million and has therefore been discounted. The City of Derby Local Plan adopted in 2006 allocates the flood conveyance land for residential and commercial use, however this predates current Government guidance on development and flood risk and the EA's Lower Derwent Flood Risk Management Strategy. No changes to this aspect of the Masterplan have been made.
- 4.19 Crompton House is currently home to the NatWest Bank and is a locally listed building. This building would need to be lost as it would be a significant blockage in the flood conveyance corridor. Again an alternative would be to lose the riverside properties on Stuart Street, but this was not considered realistic.
- 4.20 **Meadow Lane to Castleward.** Proposals in this area involve the relocation of the Trent Barton bus depot. The bus company is willing to consider moving if a suitable site can be provided within the vicinity of the Pentagon roundabout. The draft Masterplan proposed that Meadow Lane be closed. This would create access difficulties and so it will now remain open with a flood gate installed instead. Finally, the proposed flood wall alongside Bass's Rec has been deleted, allowing easier access from Castleward to Bass's Rec. This would result in the flooding of Station Approach in extreme flooding conditions, but would not affect residential or commercial properties

Delivering the Programme in Partnership

- 4.21 Flood risk management schemes are partially funded through the EA by Defra's Flood Defence Grant in Aid (FDGiA). Partnership funding is required to complete the financing of the scheme. The EA will apply for the FDGiA when a Funding Strategy is agreed which sets out how the whole scheme will be funded. In order for the EA to secure funding and support the delivery of the scheme, it will be necessary for the Council to take more of a lead role in implementing the Masterplan.

- 4.22 A Memorandum of Understanding (MoU) between the Council and the EA has been signed following approval by Cabinet on 17 April 2012. The purpose of the MoU is to set out how both parties will work together. An agreed MoU at this stage is necessary for the EA to get the project included in the Department for Environment, Food and Rural Affairs (Defra) medium term programme in order to pursue funding. It is not however a legally binding agreement and does not commit the Council to future financial commitments.

Costs and Funding

- 4.23 The current estimated total cost of the Lower Derwent Flood Risk Management scheme, including potential gap funding of the developer led sites, is £83m. Without the developer involvement the cost would increase by an estimated £40m to £123m. Of the £83 million estimated cost, £19 million will be required to provide improved defences downstream of the Masterplan area. This is because of the need to provide mitigation in areas that would be at greater risk of flooding as a consequence of the Masterplan measures. At this initial stage it is difficult to estimate costs and therefore there is a possibility that costs will be lower or higher than estimated. However, more cost certainty can be developed over the coming months.
- 4.24 Delivery of the project is expected to take up to 20 years. We currently estimate that Defra will contribute £25 million over this period through Flood Defence Grant in Aid (FDGiA) funding. This figure is estimated using Defra's current cost / benefit model and is therefore considered a reasonably accurate estimate. Cabinet agreed to lobby Central Government to increase this level of funding given the need to provide improved protection as a matter of urgency. Previously such flood protection schemes have traditionally been largely funded by Central Government. Work will need to be undertaken to identify further external grant funding from other sources, for example European or regional growth funding. It is expected to be done by a working group headed by the Council and the EA and which will include other partners (changing over time) as the project progresses. It is considered that that a reasonable assumption at this stage is that approximately £30m in additional grant funding could eventually be secured over the life of the project. This leaves £28m that will potentially have to be found by the Council. Without developer involvement however this would rise to £68m.

- 4.25 There will be the potential for the Community Infrastructure Levy (CIL) to contribute towards the project, but this still needs further work. Developers' viability will be an important consideration when setting the CIL charge and only a limited amount of CIL money will be available to divide up into certain projects. But as a rough guide it may be reasonable to assume that CIL could contribute £250,000 each year, so contributing £5 million over the estimated 20 year life of the project.
- 4.26 A further cost for the Council will be the new public realm and public open space areas alongside the river that will need to be maintained. The estimated ongoing revenue cost of this and how it will be funded is not currently known.
- 4.27 The Council already has significant land holdings in the Masterplan area which could be used to help deliver key elements of the proposals.
- 4.28 Cabinet has approved revenue funding of £100,000 and capital funding £250,954 from existing reserves to assist in moving the scheme forward. This will help to fund work over the next 30 months, including the development of designs and the establishing of firm costings so that funding can be applied for from Defra and other sources.
- 4.29 The EA has already incurred substantial costs to this project since its inception in 2010 with a value of approximately £900,000. This includes a £122,000 contribution to the Council to support the development of the Masterplan. The Council's initial funding commitment will enable the EA to make further bids to its funding sources, including an initial bid for FDGiA. It is hoped that EA FDGiA and Local Levy sources should broadly match the Council's proposed funding over the next 30 months.

Next Steps

- 4.30 The proposed work programme over the period to 2014/15 will seek to:
- Build on the finalised Masterplan to work up outline designs for the various sections along the river
 - Develop a fuller understanding of the costs of the project
 - Provide a basis for funding bids including FDGiA and Local Levy
 - Identify potential external funding sources
 - Draw up a draft legal contract for the Council and EA to sign
 - Promote a flagship regeneration scheme incorporating flood defences
 - Maintain ongoing community engagement, including the further development of the proposals for the Duke Street area

OTHER OPTIONS CONSIDERED

- 5.1 A longer period for consultation on the Masterplan. This would however extend the period of uncertainty for local property owners and occupiers within the area affected by the strategy.
- 5.2 To reduce the work programme for next year. However, the momentum built would be lost and there would be further delay in implementing the flood risk scheme. There would also be a risk the opportunity to bid for Defra funding would be lost.

This report has been approved by the following officers:

Legal officer	Stuart Leslie
Financial officer	Maz Hussain
Human Resources officer	N/A
Service Director(s)	Christine Durrant
Other(s)	N/A

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Background papers:	Adoption of Our City Our River Masterplan – Council Cabinet Report on 11 July 2012
List of appendices:	Appendix 1 – Implications

IMPLICATIONS

Financial and Value for Money

- 1.1 Paras 4.23 – 29 set out estimated costs and potential sources of funding. It is likely that the Council will need to commit significant funding as outlined over a number of years. However the scheme offers great benefits for Derby. Specific financial commitments will need to be made through partnership agreements with the EA in order to access Flood Defence Grant in Aid (FDGiA). However, the project can be delivered in phases through a series of such agreements, thereby limiting the financial exposure of the Council.
- 1.2 The chances of securing FDGiA will be increased in proportion to the amount of funding secured from other sources, including the private sector, other grants and the Council's own resources.

Legal

- 2.1 The Council will need to enter into a series of legally binding partnership agreements with the EA in order to access Flood Defence Grant in Aid for different phases of the project. Agreements with developers and other funders may also be required.
- 2.2 There may be a need for the Council to use its compulsory purchase powers in due course.

Personnel

- 3.1 The Council will need to commit additional staff resources to help develop and deliver the project. In 2012/13, 2013/14 and 2014/15 revenue and capital funding from service reserves will help to fund this.

Equalities Impact

- 4.1 An Equalities Impact Assessment for the Masterplan has been undertaken. It does not identify any major issues relating to equality and diversity. However the needs of vulnerable groups such as older people and those with physical disabilities should be considered when drawing up final design proposals particularly in relation to access and escape routes during flood events. It is proposed to add this point to the access objectives of the Masterplan.

Health and Safety

- 5.1 None arising directly from the report.

Environmental Sustainability

- 6.1 The Lower Derwent Flood Risk Management Strategy was subject to a Strategic Environmental Assessment. The Masterplan addresses environmental considerations in more detail. The Masterplan provides ways of increasing the value of the river as a wildlife corridor and encourages more wildlife to travel through Derby City Centre and to make use of habitats it provides.
- 6.2 Potential impacts on the Derwent Valley Mills World Heritage site, listed buildings conservation areas and areas of archaeological interest have been taken into account. Crompton House and Exeter House are locally listed buildings, but would however need to be demolished as they would represent significant blockages in the proposed flood conveyance corridor.

Asset Management

- 7.1 The Council has significant land and property holdings along the river corridor which may have a role in facilitating the project. As identified in the body of the report this may be to:
 - Facilitate flood alleviation along the flood conveyance corridor
 - Support redevelopment of privately owned sites to allow developer contributions to be made to the project
 - Provide for flood defences.
- 7.2 The Council will need to consider the potential loss of capital receipts or disposals at an undervalue on land used for the purposes of the project. Some sites along the corridor have been marketed over the last few years but have not been sold due to prevailing poor market conditions and also the potential impact that the project will have on them. It was envisaged that once market conditions improved that some of the sites along the corridor would generate capital receipts.
- 7.3 Some Council properties fall within areas identified as flood conveyance corridor and these will eventually need to be demolished with loss of revenue and potential requirements for re-housing and possible compensation payments.
- 7.4 Further work needs to be undertaken on the impact of the project on the Council's land holdings including the potential loss of receipts and support for regeneration projects. This will be initially reported back to the Project Board and Asset Management Boards.

Risk Management

- 8.1 To be addressed as more detailed proposals are developed.

Corporate objectives and priorities for change

9.1 The Masterplan will further the aim of a thriving, sustainable economy.