

<b>Report of:</b>	<b>Head of Economic Development</b>
<b>Contact Officer:</b>	<b>Michael Tichford</b>
<b>Telephone No:</b>	<b>01543 464 223</b>
<b>Portfolio Leader:</b>	<b>Environment</b>
<b>Key Decision:</b>	<b>Yes</b>
<b>Report Track:</b>	<b>Council 15/04/15</b>

**COUNCIL****15 APRIL, 2015****RUGELEY FLOOD ALLEVIATION SCHEME, REQUEST TO ALLOCATE CAPITAL FUNDING AND ENTER INTO MEMORANDUM OF UNDERSTANDING****1 Purpose of Report**

- 1.1 To update Council on progress on delivery of a flood alleviation scheme for Rugeley town centre in partnership with the Environment Agency (EA) and Staffordshire County Council (SCC).
- 1.2 To seek approval for a capital allocation of up to £375,000 towards the Rugeley Flood Alleviation Scheme.

**2 Recommendations**

- 2.1 That Council agree to support the Rugeley Flood Alleviation Scheme.
- 2.2 That Council allocate capital expenditure of up to £375,000 towards the Rugeley Flood Alleviation Scheme.
- 2.3 That Council delegate to the Head of Finance and Head of Economic Development authority in consultation with the Environment Portfolio Leader to negotiate with Staffordshire County Council the mechanism for funding the Scheme should Local Growth Fund grant not be available.
- 2.4 That Council agree to enter into a Memorandum of Understanding with the Environment Agency on terms to be agreed by the Head of Finance and Head of Economic Development and generally as described in the report to match fund equally with Staffordshire County Council an amount up to £375,000 to support the Rugeley Flood Alleviation Scheme should Local Growth Fund support not be made available by Central Government.
- 2.5 That Council delegate to the Head of Finance and Head of Economic Development authority in consultation with the Environment Portfolio Leader

authority to enter into any agreements necessary to implement the Rugeley Flood Alleviation Scheme, including with the Environment Agency and Staffordshire County Council.

### **3 Key Issues and Reasons for Recommendation**

- 3.1 In order to ensure that the FRMS remains a priority project for the Environment Agency's (EA) Flood Risk Grant in aid fund a decision to proceed with the Rugeley Flood Alleviation Scheme (FAS) needs to be made before a final decision is made on grant from the Local Growth Fund (LGF). The Rugeley FAS is not part of the capital programme and needs to be, even if this is in order to provide, with SCC, capital funding temporarily until grant is achieved as expected through the LGF.

### **4 Relationship to Corporate Priorities**

- 4.1 This report supports the Council's Corporate Priorities of creating an improved living environment through reducing the risk of flooding in Rugeley town centre. It further supports economic resilience through reducing flood risk to businesses in Rugeley town centre and allows the redevelopment of key sites currently in the flood plain.

### **5 Report Detail**

#### **5.1 Background**

- 5.2 Rising Brook rises in Hednesford before flowing through Cannock Chase and onto Rugeley. Within Rugeley it is culverted under the town centre before entering the River Trent. Flooding occurred in the 1950s, 1970s and 1980s and most recently in June 2012. There are currently 114 residential properties at risk of flooding along with addition commercial properties, some of which are in Cannock Chase Local Plan as being earmarked for redevelopment. Currently, these commercial properties cannot be redeveloped as they are in the floodplain. The extent of flooding is shown on the map attached to this report as Appendix 3.
- 5.3 A flood alleviation scheme would reduce risk to residential property and allow for future redevelopment of the town centre. The Environment Agency and the Councils are proposing a scheme involving constructing a flood storage area on Hagley Park adjacent to Western Springs Road, upstream of the town centre. The current estimated cost is £1.8m exclusive of risk. Under government funding rules, Flood Defence Grant in aid (the Environment Agency's source of funding) cannot fund all costs for flood defence schemes and therefore, third party

contributions are required for this scheme. In April 2014 Cannock Chase District Council and the Environment Agency agreed to work together to secure Local Enterprise Partnership funding to match fund flood defence grant in aid funding. The EA's preferred option for securing agreement of its partners, allowing it to progress the scheme is through a memorandum of understanding. A draft is attached as Appendix 2.

5.4 Hagley Playing Fields is owned by Staffordshire County Council. A paper was taken to their Strategic Property Board for the use of the County Council land for the flood storage area and approved on the 17<sup>th</sup> of February 2015.

5.5 In addition to being the land owner Staffordshire County Council is the flood authority for the area and shares a responsibility with Cannock Chase Council for the wellbeing of residents and the economic development of the town.

#### 5.6 **Objectives**

5.7 The aim of the scheme is to protect people and property in Rugeley from the 1:100 Annual Exceedance Probability (plus an allowance for climate change) flood event. This would reduce flood risk to residential and commercial property and allow for re-development of sites in the town centre.

#### 5.8 **Project Funding, Timing and Delivery**

5.9 Timing and Delivery - The Environment Agency will lead delivery of the scheme, which is currently programmed to start in 2015-16 and be substantially complete in 2016-17. It is intended to minimise disruption to the annual Rugeley Charter Fair held on the Hagley Park, commencing the main works after the 2016 event.

5.10 Project Funding - The Environment Agency will provide funding to cover the cost of the scheme minus the contribution from the LGF (to be potentially funded by Cannock Chase District Council and Staffordshire County Council should the Local Growth Funding not be made available by Central Government).

5.11 A number of options exist to fund the County and District Council's contribution of £750,000 to the Rugeley flood alleviation scheme. Foremost amongst these is as part of a £1.29m grant for improvements to Rugeley town centre, identified in the £15.4m Stoke on Trent and Staffordshire Local Enterprise Partnership (S&SLEP) Growth Deal Extension, itself part of the LGF. Currently no detailed business case has been agreed with Central Government overall for Rugeley town centre or for the flood alleviation scheme as part of this package of funding. However, Staffordshire County Council has, in its programme management role on behalf of the S&SLEP provisionally allocated £750,000 to the scheme, subject to Central Government approval, profiled for spend in 2016/17.

5.12 There is in addition a possibility of £250,000 funding from the Trent Regional Flood and Coastal Committee (TRF&CC) to which a report will be put in April, potentially reducing matched funding requirements to £500,000.

5.13 In order to ensure that the Rugeley FAS remains a priority project for the Environment Agency's (EA) Flood Risk Grant in aid fund a decision to precede needs to be made before a final decision is made on grant from the LGF by Central Government. Until then it is recommended that Staffordshire County

Council and Cannock Chase District Council jointly and equally provide up to £750,000 towards the scheme. Should the grants identified above not be secured Staffordshire County Council and Cannock Chase District Council will jointly and equally fund the £750,000 match to the Environment Agency funding for the scheme.

- 5.14 The detail of any repayment required to both Councils in the unlikely circumstance that LGF grant not be available is yet to be agreed. However, an option exists to achieve payback through increased local income streams such as New Homes Bonus and uplift in Council Tax received through residential development in the area of the town centre. Cannock Chase will also have a Community Infrastructure Levy charging scheme in place from June 2015 which will generate income to fund a prescribed list of local infrastructure, including the Rugeley flood alleviation scheme. The Council's Head of Finance is content that should LGF grant not be allocated the Council's share of the matched funding amounting to a maximum of £375,000 can be managed within the overall budget.

## **6 Implications**

### **6.1 Financial**

The estimated cost of the Flood Alleviation scheme is £1,800,000.

The scheme forms part of an overall Rugeley Town Centre Scheme and is included within the Staffordshire and Stoke on Trent LEP Growth Deal extension and is subject to Local Growth funding.

The Local Growth funding will provide the match funding contribution to Environmental Agency contribution.

The formal approval process for the Town Centre scheme is at present unclear with in particular uncertainty of whether DCLG will require a detailed business case. Officers from SCC and CCDC are attempting to resolve the issue, however in order to ensure that the scheme is included within the Environment Agency programme of works, CCDC and SCC are effectively required to underwrite the match funding contribution up to a maximum of £750,000. This amounts to £375,000 per authority.

The contribution however may be offset by a contribution of £250,000 funding from the Trent Regional Flood and Coastal Committee (TRF&CC), potentially reducing matched funding requirements to £500,000 (£250,000 per authority).

No provision exists within the Capital Programme for this amount and Council approval is requested for the scheme to be included.

The scheme will be financed from the Local Growth Fund; however the scheme is also included in the Community Infrastructure Levy Regulation 123 list included elsewhere on the agenda and hence provides an alternative funding mechanism.

The scheme itself will enable local development to take place, as reflected in the business case, with additional revenue income from Business Rates, Council Tax and New Homes Bonus.

**6.2 Legal**

No comment as long as the memorandum of understanding is signed after agreement from Council.

**6.3 Human Resources**

None.

**6.4 Section 17 (Crime Prevention)**

None.

**6.5 Human Rights Act**

None.

**6.6 Data Protection**

None.

**6.7 Risk Management**

There is a risk that LGF grant may not be achieved to provide match funding to the EA grant in aid. Discussion have been held with SCC to cover how both Councils would then jointly fund their contribution and this is covered in a recommendation to Council.

**6.8 Equality & Diversity**

None.

**6.9 Best Value**

Match funding from the Council and SCC will achieve at least that amount in grant from the EA. The EA will manage and deliver the scheme.

**7 Appendices to the Report**

**Appendix 1 – Draft Memorandum of Understanding between the Environment Agency, Cannock Chase District Council and Staffordshire County Council.**

**Appendix 2 – Rugeley Flood Risk Map.**

**Previous Consideration**

None

**Background Papers**

Rugeley Improvement Package – Report to the Economic Growth and Governance Board, 11 March 2015

## Appendix 1

### **Draft Memorandum of Understanding- Rising Brook, Rugeley FAS**

#### **1. Introduction**

This Memorandum of Understanding is not a legal agreement. It covers the intentions of the partners to fund the Rising Brook, Rugeley Flood Alleviation Scheme.

#### **2. The Partners**

- Environment Agency;
- Cannock Chase District Council;
- Staffordshire County Council.

#### **3. Summary**

The Environment Agency and Cannock Chase District Council and Staffordshire County Council are working together in partnership to deliver a flood alleviation scheme for the Rising Brook, Rugeley. The scheme is part of the Environment Agency's flood risk management capital programme and Cannock Chase District Council's Local Plan. There are currently 114 residential properties at risk of flooding in Rugeley and also commercial properties, some of which are in Cannock Chase Local Plan as being earmarked for redevelopment. Currently, these commercial properties cannot be redeveloped as they are in the floodplain. A flood alleviation scheme would reduce risk to residential property and allow for future redevelopment of the town centre. The scheme will involve constructing a flood storage area on Hagley Park adjacent to Western Springs Road. The current estimated cost is £1.8m exclusive of risk. Under government funding rules, Flood Defence Grant in aid (the Environment Agency's source of funding) cannot fund all costs for flood defence schemes and therefore, third party contributions are required for this scheme. In April 2014 Cannock Chase District Council and the Environment Agency agreed to work together to secure Local Enterprise Partnership funding to match fund flood defence grant in aid funding.

#### **4. Objectives**

The aim of the scheme is to protect people and property in Rugeley from the 1:100 Annual Exceedance Probability (plus an allowance for climate change) flood event. This would reduce flood risk to residential and commercial property and allow for re-development of sites in the town centre.

#### **5. Project Funding, Timing and Delivery**

Timing and Delivery - The Environment Agency will lead delivery of the scheme, which is currently programmed to start in 2015-16 and be substantially complete in 2016-17. Project Funding - The Environment Agency will provide funding to cover the cost of the scheme minus the contribution from Cannock Chase District Council and Staffordshire County Council.

There is additional potential funding from Stoke-on-Trent and Staffordshire Local Enterprise Partnership which is expected to be secured in the future. Until this is secured, Staffordshire County Council and Cannock Chase District Council will jointly and equally provide up to £750,000 towards the scheme.

Signed by:

..... Date ..... on behalf of Staffordshire  
County Council

Signed by:

..... Date ..... on behalf of Cannock  
Chase District Council

Signed by:

..... Date ..... on behalf of Environment  
Agency

