

TITLE OF REPORT: Team Valley Flood Alleviation and Water Meadows (TVFA)
– Outline ERDF Application

REPORT OF: Paul Dowling, Strategic Director, Communities and
Environment

Purpose of the Report

1. To approve the submission of an outline application to the ERDF Axis 5 Climate Change to support the delivery of phase 2 of the proposed Team Valley Flood Alleviation and Water Meadows (TVFA) project. The proposal is for the Council to act as the accountable body for the ERDF funding with the Environment Agency the lead delivery partner.
2. In making this decision the Council will be committing resources to support the development of the Full ERDF application by the 1 September 2017.

Background

3. Following significant flooding on the Team Valley Trading Estate (TVTE) in June and September 2012, the Council and the Environment Agency (EA) have been working in partnership to consider catchment-wide options for flood risk management. This project also combines flood alleviation benefits with habitat creation and water meadows expansion.
4. Team Valley is of significant importance as a trading estate to the local, regional and national economy, supporting over 700 businesses and employing over 24,000 people. Modelling exercises for the 'do nothing approach' show that 464 non-residential properties and 14 residential properties are at risk from a 1 in a 100 year flood event. There are currently no formal flood defences in the Team Valley Trading Estate. Many businesses have stated that they are at serious risk of closure or relocation if further flood events occur.
5. In terms of qualifying the scope of flood intervention measures required to reduce the flood risk on the Team Valley Trading estate, Capita was commissioned in 2015 by the Environment Agency, to undertake an options appraisal. This work revealed that a package of catchment wide approaches is required to ensure that flooding from all sources in the Team Valley are better managed.
6. An opportunity has been identified to seek ERDF funding to help facilitate the delivery of the proposed work given the strategic fit of the proposed works with the priorities outlined within the funding call, particularly given the investment will benefit sustainable economic growth and business. However, whilst the EA are considered a key partner and the information within the funding call is targeted towards areas highlighted as a risk by the EA, they are not eligible to apply for this funding stream directly.

7. The ERDF component of the project, the Water Meadows Project at Lamesley will provide increased protection to 343 businesses by storing water upstream and acting as a key catalyst for further phases of work. It is important to stress that the delivery of all interventions is required and that each phase of project delivery will reduce risk both in terms of removing the risk for some properties and reducing the level of flood water in extreme events.

Proposal

6. The scope of work currently proposed is divided into three phases of development and it is proposed that the Core Scheme and Phase 2 described in the table below are delivered in the period up to September 2019.
7. The ERDF Outline Application deadline is 28 April 2017. The ERDF Full Application deadline is 1 September 2017. A total of £2,713,000 of ERDF funding is being requested for the Water Meadows at Lamesley (Phase 2) and it is proposed that the Council act as the accountable body for the project.
8. In undertaking an accountable body role there are a number of risks that would pass to the Council during the delivery stage and beyond its completion. These risks will be clarified during the application process and will reflect the funding conditions outlined within an offer letter and will extend to the potential clawback of funding arising from any deemed non-compliance during the delivery stage. To manage these risks the Council is proposing to develop legal agreements with our delivery Partners which will clarify how the risks will be shared.
9. It is understood that the Core Scheme will be delivered by the EA, subject to the successful outcome of an EA 'Grant in Aid' funding application, regardless of the outcome of the ERDF application and the Council has already approved a contribution of £100,000 towards the Core Scheme as part of the capital programme. As stressed above, whilst the Core Scheme still has considerable benefits it is not adequate on its own to reduce the flood risk to an acceptable level. A detailed report on all flood measures in this project will be presented at the point of seeking approval for the ERDF Full Application.

Phase	Interventions	Start on Site – Anticipated completion	Budget required	Funding sources
Core Scheme	Consisting of a package of measures such as 'daylighting' (opening up) of culverts and removal of the upstream weirs, water attenuation and natural flood management	April 2018 – Sept 2019	£1.7m	EA, GMBC £100k, UK Land Estates £500k, Local Levy £249,000
Phase 2	Upstream storage on the River Team and its tributaries, expanding upon and enhancing the existing Lamesley Pastures project	April 2018 – Sept 2019	£5.4m (including a 60% optimum bias)	EA 50%, ERDF 50% (GC accountable body)
Phase 3	Improved surface water management on TVTE	tbc	tbc	tbc

Recommendations

10. It is recommended that Cabinet

- (i) Approves the submission of an outline application to the ERDF Climate Change fund as the accountable body.
- (ii) Notes that the outline application does not commit the Council to a contractual undertaking prior to the development of the full ERDF application.
- (iii) Agrees that a further report is presented outlining the detail of the proposed interventions, alongside identification of the project impact and implications during construction and post completion and that this report be submitted in advance of seeking approval for the Full ERDF application (due on 30 September 2017).

For the following reasons:

- Significant flood risk will be reduced to 343 properties;
- To prevent reputational damage to TVTE, resulting in businesses relocating and/or closing;
- Enabling new industrial development on the TVTE;
- Protect and enhance business rate income;
- Expansion of the existing nature reserve at Lamesley Pastures, including 30 hectares of wetland and new public access, which could become a visitor attraction;
- Improvements to the water quality status of the River Team which is a failing water body under the European Water Framework Directive; Reducing the risk of future, costly Council clean-ups resulting from flooding.

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APPENDIX 1

Policy Context

1. The project directly supports the delivery of Vision 2030, contributing to all of the 6 big ideas and specifically the development of a robust economic base for the City of Gateshead, promoting strong economic performance Sustainable Gateshead and Gateshead Goes Global.
2. The proposal is consistent with the three shared objectives of the 2015-2020 Council Plan particularly Live Well Gateshead and Prosperous Gateshead.
3. In the Gateshead and Newcastle Core Strategy and Urban Core Plan, policy CS5 'Employment and Economic Growth Priorities' identifies the growth potential of advanced manufacturing and engineering at Team Valley
4. The project is aligned with the Rural Economic Strategy objectives to increase economic growth in rural Gateshead through tourism and improved land use.
5. Gateshead Economic Growth Acceleration Plan identifies the need to bring forward premises to meet the needs of locally expanding companies and inward investment.

Consultation

6. In preparing this report, consultations have taken place with the Cabinet Members for Environment and Transport Portfolio and Ward Councillors.

Alternative Options

7. The Council is not positioned strategically or financially to undertake the complexities of this project independently of utilising the EA's statutory powers and financial support. The EA is not known to be exploring other studies or approaches to flood risk management in the Team Valley area.

Implications of Recommended Option

8. Resources:

- a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that the ERDF scheme is anticipated to cost £5.4m in total, with £2,713,000 of ERDF funding being requested to complement Environment Agency resources. As part of the application process the Council is agreeing to act as the accountable body in the event that the scheme is approved. The risks associated with this process will be considered as part of developing the project.
- b) **Human Resources Implications** – Following the submission of the Outline ERDF Application there is a period between May and September where specialist teams within services will be supporting the development of the full application at risk.
- c) **Property Implications** – The Council has land ownership at Lamesley Pastures which is leased to Durham Wildlife Trust for 35 years. There are discussions underway between partners to evaluate maintenance implications.

9. **Risk Management Implication** – A risk register has been prepared for the project and is being managed by the Project Team. A key requirement is to develop a legal partnership agreement between the Council and the EA to stipulate the terms of the financial arrangement and to define the extent of shared risk between partners. This will be developed at full application stage and will be reported to Cabinet for approval.
10. **Equality and Diversity Implications** – There are no implications arising from this report. A full equality statement will be developed to support the full ERDF Application.
11. **Crime and Disorder Implications** – There are no implications arising from this report.
12. **Health Implications** - There are no direct health implications arising from this report. Indirectly health linkages will be explored through connections with other leisure access projects such as the Bowes Railway Path.
13. **Sustainability Implications** –Environmental, economic and social sustainability are key considerations in the design of this multi-faceted project and a full impact statement will be prepared to support the Full ERDF Application.
14. **Human Rights Implications** – There are no implications arising from this report.
15. **Area and Ward Implications** – Lamesley