

## Finance Comments: DDM

### European Regional Development Fund Priority Axis 6 – Preserving and Protecting the Environment.

There has already been some approval for this scheme and for completeness, the previous approval and new requirements are detailed here.

DDM2612 (September 2016) gave approval on the Day Brook Scheme as follows:

ERDF £2,525,000

Flood Defence Grants £1,175,000

However the ERDF funding was for projects on River Leen and Day Brook. As the DDM states, the River Leen project is not continuing at this time and the revised ERDF funding required for Day Brook only is £1,256,188.

Costs have been incurred on assessing both schemes viability to date and ERDF has been secured where appropriate. The ERDF funding that was approved in DDM2612 for the River Leen project that has not been spent will need to be returned.

The Daybrook scheme has funding as follows:

The Daybrook project requiring approval will come in within a funding package as below:	
	£
Flood Defence Grant (confirmation received from EA)	1,168,447
Local Levy (allocation agreed)	255,000
ERDF (allocation agreed in principle but amounts applied for after spend)	1,256,188
Homes England (letter stating approval)	50,000
	<u>2,729,635</u>
Flood Risk Reserve - City Council contribution - total confirmed	332,000
<b>Total funding available</b>	<b>3,061,635</b>

It should be noted that at the moment the Outline Business Case (OBC) shows £2.729m of costs and an estimated £0.424m of post construction costs.

The post construction costs of £0.424m are for maintenance and post construction costs that cannot be funded from ERDF and FDGiA. There are two elements of this:

- The maintenance costs for Channel Maintenance at Daybrook and Jubilee Ponds are not the responsibility of the City Council and are included for whole life cost purposes only
- In year 9 there have been £329k of PLR costs identified and this will be need to be managed through the Flood Risk Reserve. At the moment there is sufficient in this reserve. Should further drawdowns be required from this – additional contributions will be needed from within Traffic to ensure that this cost can be met.

The final business case costs will be confirmed at the end of March 2019 and if final project costs exceeds the total funding shown, further funding can be granted from Flood Defence Grant in Aid. If

this is not granted and costs exceed the available funding a further decision will be required and this has been delegated in the decisions section to the Corporate Director of Development and Growth.

To spend between financial years is shown below:

	£		£
Total spent in 17/18	235,619	Estimated spend 19/20	<u>2,042,441</u>
Total spent to end Q3 18/19	232,822	(awaiting final cost)	
Forecast spend 18/19	451,387	Total project spend (est)	<u>2,729,447</u>
Total of project up to end 18/19	<b>687,006</b>		

The majority of the spend will take place in 2019/20.

In order to comply with ERDF grant conditions, the project must be complete by the end of December 2019 and if this is not the case, we will not be eligible to draw down all the ERDF funding. The decisions taken include delegation of authority to the Corporate Director for Development and Growth to approve the continuation of the Day Brook project after each financial milestone and this is an important to safeguard the Council's financial position. However this risk should be noted. At this stage it is not possible to put a financial value to this.

Finances are fixed for this project at the end of March. The OBC includes an element of contingency and therefore changes may be able to be accommodated. The final cost of the scheme and the funding package should be signed off by the Corporate Director of Development and Growth.

Each of these different funding mechanisms have their own conditions attached and in recognition of this, support is included (and funded) within the project team for a Project Manager from Major Projects and support from the ERDF Project Co-ordinator on this project.

In the Flood Reserve there is also £100k which is required for the Tottle Brook. This scheme was outline in DDM 2612 but confirmation is required for use of the Reserve for this scheme, which is part of the overall Blue Green Infrastructure Scheme.

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