



Portfolio Holder Report

The portfolio holder will make a decision on this item after seven days have elapsed (including the date of publication).

Report of:	Portfolio Holder	Date of publication
Mark Billington, Service Director People and Places	Councillor Alan Vincent, Resources Portfolio Holder and Councillor Roger Berry, Neighbourhood Services and Community Safety Portfolio Holder	9 March 2017

Wyre Beach Management Scheme

1. Purpose of report

- 1.1 To seek approval to develop a business case for Wyre Beach Management scheme using a preferred consultant.

2. Outcomes

- 2.1 A business case for the next phase of coastal defence schemes will be prepared in order to apply for external funding to undertake capital works to protect our communities from flooding.

3. Recommendation/s

- 3.1 That approval is given to prepare and submit a business case for the Wyre Beach Management Scheme to the Environment Agency (EA) to secure funding for the design and construction of the scheme.
- 3.2 That approval is given to enter into an agreement with CH2M consultants to assist in the preparation of the business case.
- 3.3 That approval is given by the Resources Portfolio Holder to allow for the appointment of consultants using the EA's Water and Environmental Management (WEM) framework under the exemptions to Contract Procedures contained within the Financial Regulations and Financial Procedure Rules. The Financial Regulations and Financial Procedure Rules; on the grounds that exemptions many apply where "a framework agreement is available that necessitates the Council not having to go out to tender and the goods, works and services will still provide the Council with best value for money".

4. Background

- 4.1** The Wyre Urban Core Strategy (WUCS) was approved in September 2012. The strategy recommended four schemes to take forward as priorities. The highest priority schemes at Rossall and Anchorsholme were developed first. Anchorsholme is substantially complete and Rossall will be completed in October 2017. The other two schemes identified were Royles Brook and Hillylaid Watercourse which officers have been assisting the Environment Agency (EA) to develop and the Wyre Beach Management scheme, which is the subject of this report.
- 4.2** The Beach Management scheme aims to maintain beach levels along the frontage through a combination of beach control structures and beach management. The initial phase of the scheme concentrates on West facing frontage between Café Cove (at Carr Gate Cleveleys) and the Rossall North defences (at West Way, Fleetwood) currently under construction. The envisaged length of the scheme is 1,741m at a total cost of £17.6 million.
- 4.3** The scheme has been identified in the EA's Medium Term Plan (MTP) commencing 2017/18. However in order to progress the scheme to construction it is necessary to follow the EA's appraisal guidance which is in accordance with the Department for Environment, Food and Rural Affairs' (DEFRA) policy statement. The works required include the development of a business case in accordance with HM Treasury's Five Case business model which must be developed in 3 phases:
1. Strategic Outline Case (SOC) – the case for change;
 2. Outline Business Case (OBC) – preferred option, and;
 3. Full Business Case (FBC) – detailed design and firm prices.
- Assistance is required to progress the scheme in phases 1 and 2 through the use of a competent consultant who has significant knowledge of this length of coastline.
- 4.4** CH2M have assisted council officers in preparing strategies since 2000, including the preparation of the 2012 WUCS. They have also assisted in the preparation of the business case and design for the Rossall scheme. This work included significant computer modelling which will be relied upon to develop the SOC and OBC.
- 4.5** The timetable for development of the works, (allowing the EA's programme aspirations and property numbers protected to be delivered) is relatively short and requires a prompt start. It is therefore proposed that CH2M are employed for phases 1 and 2 in order for a SOC and a draft OBC to be prepared by the end of May 2017 (please see Appendix 1).

5. Key issues and proposals

- 5.1** In order to commence the construction works in accordance with the EA's MTP it is necessary for a prompt start to deliver the SOC and OBC documents. In order to achieve this it is necessary to obtain the support of a competent and experienced consultant. CH2M meet these requirements and have provided a quotation through the EA's Water and Environmental Management procurement framework (WEM) against a prepared draft scope of works (which will be formalised during the initial development of the SOC). It is proposed to directly appoint CH2M through this framework.
- 5.2** Exemption from Council's standing orders is therefore sought to use the EA's WEM framework to directly appoint a consultant. The initial cost of works to prepare the SOC is estimated at £10,000 with further works to produce the OBC estimated at £50,000. This will be dependent on requirements for site investigation and environmental works required to complete the OBC. All costs are in line with the EA's national framework and represent value for money.
- 5.3** The works required to inform the SOC and OBC will be funded externally through Grant in Aid (GiA). This cost will be reimbursed once Phase 3 has commenced.
- 5.4** The Capital costs identified for the full scheme in the financial implications section below should be entered in the Council's Capital programme.

6. Delegated functions

- 6.1** The matters referred to in this report are considered under the following executive function delegated to the Neighbourhood and Community Services Portfolio Holder (as set out in Part 3 of the council's constitution):

“To consider any matter relating to the Council's responsibilities for coast protection or the provision and maintenance of sea defences.”

- 6.2** The matters referred to in this report are considered under the following executive function delegated to the Resources Portfolio Holder (as set out in Part 3 of the council's constitution):

“To consider departures from Rules relating to financial and contractual matters if appropriate.”

Financial and legal implications							
Finance	<p>The cost of developing the business case to SOC is £10,000 as detailed in the quotation from CH2M. Additional packages of work would then be drawn up based on an understanding of the requirements to produce the OBC. The estimated cost of this work is £50,000. The detailed design and pricing stage would be a separate contract either through a design and build contract as used on the Rossall and Anchorsholme schemes or a client led design which would be tendered competitively. All costs will be retrospectively funded through GiA following approval of the OBC.</p> <p>The estimated cost of the scheme as outlined in the WUCS to 2019/20 is shown below:</p> <table> <tr> <td>2017/18</td> <td>£630,000</td> </tr> <tr> <td>2018/19</td> <td>£4,029,000</td> </tr> <tr> <td>2019/20</td> <td>£2,963,000</td> </tr> </table> <p>Future costs £10,000,000</p> <p>Total costs £17,622,000</p>	2017/18	£630,000	2018/19	£4,029,000	2019/20	£2,963,000
2017/18	£630,000						
2018/19	£4,029,000						
2019/20	£2,963,000						
Legal	<p>A contract will be entered into with CH2M under New Engineering Conditions of Contract 3 Professional Service Contract Option E. As part of the initial works a scope for the project will be developed to form part of the overall contract.</p>						

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	✓
equality and diversity	x
sustainability	x
health and safety	✓

risks/implications	✓ / x
asset management	✓
climate change	✓
data protection	x

report author	telephone no.	email	date
Carl Green	01523 887215	carl.green@wyre.gov.uk	02/03/2017

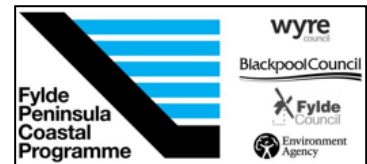
List of background papers:		
name of document	date	where available for inspection

List of appendices

Appendix 1 – Outline Business Case.

arm/ph/re/cr/17/0003cg2

**Fylde Peninsula Coastal Programme
Wyre Dune & Beach Management Scheme**



Outline Business Case

Project: Wyre Dune & Beach Management Scheme

Project Manager: Mike Pomfret

Date: 06/02/17

Executive Summary

The approved Wyre Urban Core Strategy (the Strategy) identifies that some 3,015no properties rely on the coast defences between Jubilee Gardens to Rossall Hospital.

The Strategy highlights that these coast defences ought to be renewed from 2018. The Strategy recommends that the best value for money option is concrete repairs to the promenade, seawall and revetments with beach management (groynes and recharge).

Funding is to be sought from the Environment Agency to fund the costs of the project. The costs of the project have been estimated at £7,632,000 as initial capital expenditure between 2016/17 and 2019/20; and a further £10,000,000 future costs in 20/21 to 20/24. The benefit cost ratio for the selected option above is 5.3, being the leading benefit/cost ratio from the options assessed.

The high level programme currently plans for a start on site in March 2017 until 2019/20.

Reasons

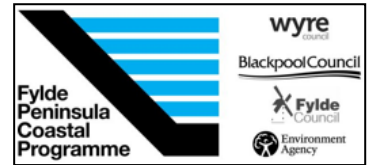
The Wyre Urban Core Strategy received approval from the Environment Agency on 09th December 2013 (the Strategy). The Strategy highlights that the coastline in sub-area Rossall South (Jubilee Gardens to Rossall Hospital (1,741m) protects 3,015 properties from coastal flooding and erosion.

The Strategy highlights that the existing hard defences at Rossall South are in a fair to poor condition, showing some signs of wear and tear commensurate with their 1920's construction date.

For Rossall South the Strategy recommends concrete repairs to the promenade, seawall and revetments with beach management (groynes and recharge) from 5yr plus every 20yrs thereafter. Year 5 being 2018, hence the need to create a project now in 2017 for a start on site in 2018.

Fylde Peninsula Coastal Programme

Wyre Dune & Beach Management Scheme



The project will enable the achievement of the corporate priority:

“Protect our communities from flooding”

Business Options

Do nothing

The Strategy identified that this frontage requires intervention in the next 10-15 years to stop defences failing. Given the properties at risk (3,015no) and the corporate priority “*Protect our communities from flooding*”; ‘*Do nothing*’ is not a viable business option.

Do the minimum

To ‘*Do the minimum*’ would be to undertake essential maintenance. However, the current Standard of Protection (SoP) is for the worst storm in 25years. The current national standard for coastal SoP is for the worst storm in 200years (1:200). Again, given the properties at risk (3,015no) and the corporate priority “*Protect our communities from flooding*”; ‘*Do the minimum*’ is not a viable business option.

Do something

The Strategy identified that the most economically advantageous ‘*Do something*’ option was that of concrete repairs to the promenade, seawall and revetments with beach management (groynes and recharge) from 5yr plus every 20yrs thereafter. Other *Do something* options had lower SoP’s and/or lower benefit/cost ratios.

Expected Benefits

The present value benefits (flood/erosion damages) attributed to the 3,015no properties in Rossall South are £182,762k.

These benefits (protection from coastal flooding and erosion) will be able to be measured/ascertain on completion of the project/scheme. The project being to provide flood and erosion protection for 100years and a SoP of 1:200.

Negative Outcomes

There are no perceived negative outcomes identified by any of the project stakeholders. This is on the premise that all necessary environmental consents will be obtained for the project to proceed on site.

Fylde Peninsula Coastal Programme

Wyre Dune & Beach Management Scheme



Timescale

The forecast project timescale is from February 2017 through to March 2020. The cost/benefit analysis will only need to be re-visited if the forecast project costs are exceeded (or a significant change in the property market). Benefits can be expected to accrue toward the end of the scheme on site 2019.

Costs

The estimated costs of the scheme are:

2016/17	£10,000
2017/18	£630,000
2018/19	£4,029,000
2019/20	£2,963,000

Future costs £10,000,000 (2020 – 24)

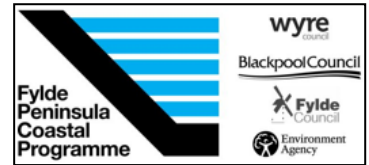
Total costs £17,632,000

Investment Appraisal

The Strategy undertook a thorough investment appraisal of the identified viable options for this frontage. The option that delivered the most robust benefit/cost ratio (the best value for money) is the option described in Do Something above. This leading benefit/cost ratio here being 5.3.

Fylde Peninsula Coastal Programme

Wyre Dune & Beach Management Scheme



Major Risks

The major risks that are identified at this Outline Business Case Stage are as follows:

Major Risk	Mitigation
No funding to progress scheme before a major breach is experienced.	Work with local community and Local Authority to secure external funds and developer contributions. Continue maintenance where possible. Failure to secure funding will require plans to be prepared by the Environment Agency and Local Authority for affected community to adapt. Work with local community to update emergency plan, increase local preparedness and resilience. Continue annual maintenance.
Cost of beach recharge and other materials increases and exceeds costs in business case.	Early engagement with <i>Suppliers</i> . Opportunities to be explored with the Environment Agency as to any potential surplus material (rock) at Rossall. Any opportunities of 'winning' surplus suitable material from other sites also to be explored.
Adverse public reaction to proposed options.	Appropriate consultation built into detailed design/planning stage, reducing the likelihood of public objections.
Non agreement on impacts upon internationally designated sites delays letter of support from Natural England and sign off of Habitats Regulations Assessment.	Continual liaison with Natural England, with support/evidence from ongoing studies.

arm/ph/re/cr/17/0003cg2 Appendix 1