

## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
HEAD OF PROJECTS AND REGENERATION	EXECUTIVE COMMITTEE	17 OCTOBER 2023	4
<b>ST ANNES SEAWALL UPDATE REPORT</b>			

### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

#### RELEVANT LEAD MEMBER

This item is within the remit of Lead Member for Environment (Councillor Thomas Threlfall).

#### PURPOSE OF THE REPORT

The report provides an update following the receipt of costed detailed design work which identifies that the cost of the St Annes Seawall capital scheme will significantly exceed the available budget set at the Outline Business Case stage. The report requests members to accept the officer recommendation not to proceed to procurement and delivery of the scheme, and instead refocus efforts to deliver elements of the Island Masterplan ahead of replacement of the Seawall by 2033, as identified in the Fylde Council Strategy Appraisal Report which sits within the Shoreline Management Plan for the Fylde coastline.

#### RECOVERABILITY

This decision is recoverable under section 7 of part 3 of the constitution.

#### RECOMMENDATION

1. The Executive Committee is requested to accept the recommendation not to proceed with procurement and delivery of the St Annes Seawall capital scheme due to significant cost increases identified as part of the detailed design work undertaken to date, and the significant risk of potential business disruption costs exceeding their budget allocation.

### REPORT

#### BACKGROUND AND SUMMARY

1. The Council remain committed to protecting the Island strategic headland which not only protects 510 properties and businesses from coastal erosion and flooding but maintains healthy beaches and dunes.
2. The project to replace the existing ageing seawall is complex due to the locality of over twenty businesses in the heart of the commercial/tourist area, and the requirement to increase its comparatively low level by 2.8m. It requires a phased construction approach but would still result in significant disruption to existing businesses, some support the project, and some do not, it will be necessary to secure legal agreements that could include business displacement and / or compensation packages.

3. Detailed analysis of the design has provided evidence that the cost of delivering the project has increased resulting in a significant funding gap of over **£15 million** triggering a necessary review of the viability of the project.
4. The likelihood of attaining funding to bridge the gap is ‘very low’ with the limited options taking a considerable amount of time and resource to secure a decision that may or may not be favourable. It is also ‘highly likely’ that further funding to support anticipated future business disruption cost and compensation claims will be required; but will be only known post construction with any budget overspend to be met by Fylde Council.
5. The financial risk with the project is considered to be so significant that the officer recommendation is **that the project is suspended** albeit with the marine licence and planning permission (with conditions) secured, and that it should be reviewed in 2030 in line with the Environment Agencies recommended time frame to consider the sea defence structure at this location. The Council had originally decided to bring forward delivery of the St Annes Seawall project from its original delivery date of 2033.
6. It has been challenging in attempting to gain signed agreements and permissions with key stakeholders, and hence there is considerable risk to the project in terms of potential business disruption costs, and construction delay costs should construction commence. Suspending the start of the construction phase will allow time for work to be carried out to rationalise lease agreements with businesses on The Island and with developers to secure potential contributions to deliver The Island element of the St Annes Masterplan potentially in conjunction with the sea defence works. This would achieve a better “fit for purpose” project in a climate where the risks are more manageable.

#### **COST BREAKDOWN**

7. Jacobs UK submitted the marine licence application in December 2022, a valid planning application in April 2023) and completed the detailed design in March 2023.
8. Volker Stevin produced a detailed cost estimate to construct the project in July 2023. The construction costs have risen considerably, as shown in Table 1 below.

**Table 1: August 2023 Construction Cost Based on Detailed Design**

Description	Costs at Various Stages £m		
	Approval of OBC 04/10/21 £m	Operational Management Committee Report approved 15/03/22 £m	Construction costs returned - 14/08/23 £m
Surveys, detailed design, consents, project management, supervision	0.890	1.429	1.429
Business support/disruption	0.600	0.600	0.600
Construction costs	8.809	8.809	<b>23.981</b>
Risk	1.811	1.273	1.273
<b>Total Project Cost</b>	<b>£12.110m</b>	<b>£12.110m</b>	<b>£27.283m</b>

9. The construction cost has increased by **£15.172m** from the original OBC cost estimate in 2021, this is primarily due to inflation of materials, professional fees, labour, development of the detailed design, as well as the OBC original cost estimate being based on the Fairhaven and Granny’s Bay design.
10. The design requirements for the sea wall at St Annes have proven to be significantly different requiring more material for deeper sections of stepped revetment (increased from 210mm to 350mm), and thicker concrete blinding over the lower sections of revetment (increased from 100mm to 250mm and now reinforced), the introduction of a pile cap and heavier and longer steel piles, a higher specification of permitted backfill materials, and very robust retaining and set back wall sections and foundations.
11. The works will require an additional three-month programme (June – September 2024) to excavate the boating lake bank to construct a large foundation for a 135m long wall to retain the seaward lake bank (originally a

grassed slope at OBC stage), which also has the knock-on effect of increasing the preliminaries (site establishment costs).

**Table 2: Headline Cost Increases**

Ref	Description	Cost Increase from OBC estimate in 2021 (£m)	Comment
1	Precast Concrete	4.90	A generic rate of £500/unit was used in the OBC estimate, the current rate is £2,000/unit + specials.
2	Piling	0.83	Due to more robust design and an increase in steel costs
3	Promenade Slab	0.71	The promenade width has increased from 5.5m to 8.2m to allow for defence raising in Year 50 by building on top of the structure whilst maintaining a minimum 5.5m width, associated with an increase in material cost.
4	Blinding & Pile Cap	0.64	More robust design.
5	Ducting & Electrical	0.61	Three electrical diversions are required to accommodate the beach huts and miniature railway – nominal provision at OBC stage.
6	Earthworks	0.58	Higher material specification and material cost increase.
7	Wall foundations & Steps	0.54	More robust design.
8	Handrailing	0.40	New item on V shaped walls.
9	Landscaping	0.36	New item to accommodate the design.
10	Flood Barrier	0.32	New item (RNLI rejected previously agreed OBC layout)
11	Boating Lake Wall	0.22	New item to accommodate the design.
12	Boating Lake Pipework & Chambers	0.17	New item to accommodate the design.
13	Miniature Railway Track	0.13	New item to accommodate the design.
14	RNLI Temporary Compound	0.10	New item to accommodate the design.
15	Suction Lifter	0.10	Not allowed for in OBC
16	Miniature Railway Earthworks	0.88	New item to accommodate the design.
17	Swimming Pool Car Park	0.79	New items to accommodate the design.

#### **COSTS TO DATE**

12. The final account for the detailed design commission by Jacobs UK is still to be finalised and agreed however it has been confirmed that all costs incurred on the scheme to date including the costs for the detailed design phase of the works will be covered in full by the Environment Agency. Once the final costs are known and agreed these will be reflected in the Council's Capital Programme and regular Capital Monitoring Reports, with the costs fully funded by the Environment Agency.

#### **NEXT STEPS**

13. If the Committee approves the recommendation, a press release will be issued to confirm the decision not to progress the delivery of the project. Officer capacity will be used to progress elements of the St Annes Island Masterplan, working with funders and stakeholders to bring forward development on the site. The Fylde Council Strategy Appraisal Report commits Fylde Council to replacing the St Annes Seawall by 2033.

## CORPORATE PRIORITIES

Economy – To create a vibrant and healthy economy	√
Environment – To deliver services customers expect	√
Efficiency – By spending money in the most efficient way	√
Tourism – To create a great place to live and visit	√

## IMPLICATIONS

Finance	The council’s capital programme contains St Annes Seawall capital scheme in accordance with the previous decisions made by the council as summarised in the report. Funding for the scheme includes the council’s contribution of £2.3m towards the total project cost to be met from the Funding Volatility Reserve. This report recommends not proceeding any further with the scheme at this time, and notes that confirmation has been received from the Environment Agency that all costs incurred to date will be met in full by them. Therefore the council’s earmarked £2.3m contribution will no longer be required and will remain in the Funding Volatility Reserve.
Legal	None arising from this report
Community Safety	None arising from this report
Human Rights and Equalities	None arising from this report
Sustainability and Environmental Impact	None arising from this report
Health & Safety and Risk Management	None arising from this report

## SUMMARY OF PREVIOUS DECISIONS

### **Operational Management Committee – 15<sup>th</sup> March 2022**

1. To draw down £538,500 funding from the approved risk/contingency budget for the project to deliver the development stage at a total cost of £1,383,500 (expenditure detailed in Table 4) through the Councils approved capital programme as detailed within the report and update the overall phasing of the programmed expenditure as detailed in Table 3.
2. To approve the engagement of Jacobs UK at a cost of £544,000 and Volker Stevin Civil Engineering Contractors at a cost of £123,500 to deliver the Planning Stage as detailed below in paragraphs 16-19 from within the £1,383,500 described above.

### **Operational Management Committee -14<sup>th</sup> July 2021**

1. To recognise the volume and strength of response as part of the consultation exercise and incorporate the retention of local attractions such as the miniature railway, beach huts and pitch and putt golf course.
2. To approve Option 3C as detailed in the report as the Council’s preferred option.
3. Subject to Environment Agency approval of the Outline Business Case, approve the commencement of the Phase 2 Planning Stage of this project set out in the report at an estimated cost of £845,000 with the works being funded from the Environment Agency flood defence grant in Aid programme: £600,000 from the Council’s 2021/22 capital programme and £245,000 from the 2022/23 capital programme.
4. Subject to Environment Agency approval of the Outline Business Case, approve the drawdown of the £600,000 business support budget.
5. Approve the procurement approach as set out in the report to use the Environment Agency’s National Framework to procure the consultant and contractor, and to deliver the development stage of the St Annes

Sea Wall project. To authorise that contracts are to be then entered into through the Environment Agency's National Framework for the Planning Studies.

Council – 5 July 2021

1. To approve a fully funded addition to the St Annes Seawall capital scheme within the Council's capital programme to the sum of £11,820,700 funded by Environment Agency grant of £9,520,700 and the Council's contribution of £2,300,000 towards the total project cost to be met in full from the Funding Volatility Reserve and phased as detailed within the body of this report from 2021/22 – 2024/25.
2. Subject to approval a further report will be presented to the Operational Management Committee to seek agreement of the final design, scheme costs and procurement route.

Operational Management Committee – 16 June 2021

1. To recommend to Council approval of a fully funded addition to the St Annes Seawall capital scheme within the Council's capital programme to the sum of £11,820,700 funded by Environment Agency grant of £9,520,700 and the Council's contribution of £2,300,000 towards the total project cost to be met in full from the Funding Volatility Reserve and phased as detailed within the body of this report from 2021/22 – 2024/25.
2. Subject to approval a further report will be presented to the Operational Management Committee to seek agreement of the final design, scheme costs and procurement route.

Operational Management Committee - 16 March 2021

To appoint Councillor John Kirkham as the representative to join the project board, oversee the development of the project and report back to the Operational Management Committee on progress on a regular basis.

Operational Management Committee - 8 September 2020

1. To recommend to Council approval of a new fully funded capital scheme 'St Anne's Sea Wall' within the Council's Capital Programme for 2020/21 in the sum of £300,000, to be met in full, from the Environment Agency flood defence grant in Aid programme.
2. Subject to 1 above, approve the commencement of the proposed development studies as identified in the report in the sum of £300,000, with the works being funded from the Environment Agency flood defence grant in Aid programme;
3. To approve the procurement approach detailed in the report to use the Environment Agency's National Framework to procure the consultants to deliver the development stage of the St Anne's Sea Wall project. To authorise that a contract(s) to be then entered into through the Environment Agency's National Framework for the Development Studies.

Community Focus Scrutiny Committee - 14 October 2010

To endorse the decision of Cabinet to adopt the policies set out in the North West England and North Wales Shoreline Management Plan for the Fylde coastline.

Cabinet- 15 September 2010

Adoption of the Shoreline Management Plan (SMP)

That subject to consideration and comment by the appropriate scrutiny committee to adopt the policies set out in the North West England and North Wales Shoreline Management Plan for the Fylde Coastline.

**BACKGROUND PAPERS REVELANT TO THIS ITEM**

Name of document	Date	Where available for inspection
N/a		

LEAD AUTHOR	CONTACT DETAILS	DATE
Charlie Richards	<a href="mailto:Charlie.richards@fylde.gov.uk">Charlie.richards@fylde.gov.uk</a> 01253 658520	6 <sup>th</sup> October 2023