

## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	OPERATIONAL MANAGEMENT COMMITTEE	15 MARCH 2022	6
<b>ST ANNES SEAWALL UPDATE REPORT</b>			

### PUBLIC ITEM

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

### SUMMARY

The Council has been successful in securing Environment Agency approval for the Outline Business Case for the replacement of the hard sea defences at St Annes Seawall.

The report requests the approval of the Operational Management Committee to engage Jacobs UK to undertake the detailed design at a cost of £544,000, and to engage Volker Stevin to undertake early supplier engagement for £123,500 to support this process.

### RECOMMENDATIONS

#### The Operational Management Committee are requested:

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.

### SUMMARY OF PREVIOUS DECISIONS

#### 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

3. 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.
4. 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;
5. 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.

### 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	√

## REPORT

### BACKGROUND

1. In 2020 the Council was awarded £300,000 Pipeline acceleration funding to develop the St Annes Seawall Outline Business Case with supporting evidence to determine the preferred solution for maintaining the integrity of the strategically important 660-metre-long Island headland to reduce the risk of coastal erosion and flooding to over 400 properties.
2. The project team comprising of the Head of Technical Services and the Council's Chief Engineer have been working with Jacobs UK and Volker Stevin, the contractor responsible for delivering the Fairhaven to Church Scar Coastal Defence scheme, to develop the Outline Business Case.
3. In March 2021 a Project Board was established, and Cllr John Kirkham was selected to join the Board to act as a Councillor representative to oversee the development of the project and report progress to the Operational Management Committee.

### DEVELOPMENT OF THE PROJECT

4. Following the report to the Operational Management Committee on the 14<sup>th</sup> July 2021 the Outline Business Case was submitted to the Environment Agency and approved on the 4<sup>th</sup> October 2021.
5. Prior to the submission of the Outline Business Case the team comprising of the Council's Technical Services Team and Jacobs UK reworked the project cost plan.
6. The Environment Agency have now approved the scheme and the final award is a total cost of £12.1m funded by EA Grant of £9.69m and the council's contribution of £2.42m. This has been approved by Full Council and included in the capital programme and the Medium-Term Financial Strategy forecast as the budget for the project.

### FINANCIAL IMPLICATIONS

7. The total capital cost for the whole scheme is estimated at £12,111,000. The breakdown of this is shown in Table 1 below.

**Table 1 – Project capital cost estimate**

Cost Heading	Total £
Surveys, detailed design, consents, project management, supervision	890,000
Business support/disruption costs	600,000
Construction costs	8,809,255
Risk (defined by the Environment Agency Risk Analysis Tool with adjusted optimism bias)	1,811,745
<b>Total capital cost</b>	<b>£12,111,000</b>

8. A breakdown of the capital funding strategy is included below in Table 2:

**Table 2 -Capital funding strategy**

Funder	Total £
Environment Agency grant	9,691,000
Fylde Council contribution (2023/2024)	2,420,000
<b>Total capital cost</b>	<b>£12,111,000</b>

9. The phasing of the estimated project expenditure is included in table 3. Should the above project delivery timescales be met, it is estimated that Fylde Council's contribution will be required during the 2024/2025 financial year.

**Table 3 – Estimated phasing of costs over the life of the project**

2021/22	2022/23	2023/24	2024/25	Total
£500,000	£850,000	£3,800,000	£6,961,000	<b>£12,111,000</b>

10. As the detailed design stage progresses and the Project Manager looks to appoint consultants and a contractor to progress the detailed design stage of this project, costs are being firmed up.

**Table 4 – Shows the latest estimate to undertake the design stage of the project compared to the original approval detailed in the report to the Operational Management Committee on the 14<sup>th</sup> July 2021.**

Title	Description	Original Approved Budget	Revised Latest Estimate
<b>1) Planning and Construction stage costs-Coastal Defence Team</b>			
<b>Project Team</b>	Engagement of Project Manager	£153,000	£173,000
	Engagement of Assistant Project Manager/Site Supervisor	£84,000	£84,000
	Engagement of Quantity Surveyor	£88,000	£88,000
<b>Surveys</b>	GI including consents, licences and application fees, supervision and contract admin	£110,000	£110,000
	<b>Sub Total</b>	<b>£435,000</b>	<b>£455,000</b>
<b>2) Planning and Construction stage costs-Jacobs Consulting Engineers</b>			
<b>Surveys</b>	Topographical, ecological, and environmental impact	£75,000	£90,000
<b>Consents</b>	Licenses and applications-marine license, planning application, S61	£20,000	£23,000
<b>Detailed Design and Construction</b>	Detailed Design	£175,000	£544,000
<b>Construction</b>	Design support during construction	£50,000	£110,000
	<b>Sub Total</b>	<b>£320,000</b>	<b>£767,000</b>
<b>3) Planning and Construction Stage costs Volker Stevin</b>			
<b>Design</b>	Early Contractor involvement (ECI) during detailed design	£50,000	£83,500
<b>Stakeholder engagement</b>	Communications assistance during detailed design and construction	£40,000	£40,000
	<b>Subtotal</b>	<b>£90,000</b>	<b>£123,500</b>
	<b>RNLI Design for ramp</b>		<b>£38,000</b>
	<b>Grand Total</b>	<b>£845,000</b>	<b>£1,383,500</b>

11. The additional cost of £538,500 shown in Table 4 above is to be fully funded from the contingency / risk budget of £1,811,745. The contingency / risk budget will therefore be reduced to a remaining balance of £1,273,245.
12. The ongoing revenue costs to maintain the new seawall will be met from existing revenue budgets. Due to continued sea level rise it is anticipated that in year 50 the defences will need raising further. This will be the subject of a further bid to the Environment Agency or the appropriate government department/agency at the time.

**PROJECT STAGES & NEXT STEPS**

13. Delivery of this project has been split into 3 distinct phases as shown in Table 4 below.

**Table 4 – Phases of the project**

<b>Phase</b>	<b>Description</b>	<b>Status</b>
Phase 1	Feasibility production of the Outline Business Case	Complete
Phase 2	Planning Stage surveys, consents, licenses and applications and detailed design	Commenced in October 2021
Phase 3	Construction	Commence Autumn 2023

14. Phase 2 Planning Stage consists of technical surveys including topographical and geotechnical surveys which have been completed, detailed design, ecological, and bird surveys (ongoing) and environmental surveys and reports. It will include securing all the necessary licenses, consents and approvals including: Marine License, Planning Permission and Environment Agency Flood Risk Activity Permit (FRAP) licence.
15. The Project Manager has commissioned the Geotechnical Investigation and Bird Surveys complying with the Councils Procurement Regulations and Contract Rules and Procedures.
16. Fylde Council have received a fee proposal from Jacobs UK to carry out the detailed design for £544,000. The original Outline Business Case budget estimated was £245,000. However, this estimate, submitted by the project team, was based on the requirement for similar sea defence projects across the Fylde coast. Whilst the sea defence project at the Island is of lower value than most others along the Fylde coast, the location and inclusion of several business and community stakeholders means it is a more complex project. The design and study cost has been impacted significantly by an unavoidable delay of at least six months, firstly because of the pandemic’s impact on resources and availability, and secondly the requirement from one of the lead stakeholders to amend the outline design initially agreed at the Outline Business Case stage, leading to additional work to meet their operational requirements. These factors have led to an increase in cost for the detailed design and studies.
17. Fylde Council have also obtained a revised quote from Volker Stevin for £123,500 to provide support during the detailed design in terms of buildability, health and safety, cost estimates and ongoing communications support.
18. The increased costs are because of the complexity of design, build, stakeholder numbers and the level of risk that has been recognised and included in the significant project contingency. There are 20 adjacent businesses and other community stakeholders that have an interest in the project, the level of detail design required to tie in the proposed sea wall with the adjacent businesses on the landward side, the phased construction with sectional completion along with handover requirements, and general post Covid price increases in oil, materials, inflation, “claw back” and fees has resulted in a revised costing for detail design and studies.
19. It is recommended that £538,500 is drawn from the £1,811,745 contingency/risk element of the project to cover the cost of the detailed design and preliminaries. This will leave a £1,273,245 contingency risk pot for the remaining phases; the project board have been advised that the significant contingency set aside

remains sufficient for the project.

20. The revised cost plan and the engagement of Jacobs UK and Volker Stevin Civil Engineering was presented to the project board on the 24<sup>th</sup> February 2022 and recommendation was to proceed to formal Operational Management committee approval.

**PROCUREMENT AND VALUE FOR MONEY**

21. The procurement approach for the project is to commission through the Environment Agency’s National Framework, Jacobs UK and Volker Stevin have undergone a national tendering process to be selected as the approved consultant and contractor respectively. The Environment Agency have bench marked Jacobs UK £544,000 fee proposal plus the costs to undertake the ecological and environmental impact studies with similar projects concluding that it is within the benchmark estimate of £624,000 for this element of work on a £12.1m contract of this nature.
22. The Construction Phase of the project is currently programmed to commence in Autumn 2023 with completion by April 2025, subject to confirmation by the detailed design and survey works.

**PROJECT/RISK MANAGEMENT**

23. The project is being delivered in the PRINCE2 environment (Projects in Controlled Environments). PRINCE2 has an established project governance structure with specific project roles and responsibilities. The St Annes Seawall Project Board is now established and will continue to meet monthly throughout the project, part of the standing agenda is to review the risk log to identify and manage anticipated risks to the project.

IMPLICATIONS	
Finance	The report recommends: draw down of an additional £538,500 from the approved 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; and 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 set out in the report.
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

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BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
None		