

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEVELOPMENT SERVICES DIRECTORATE	OPERATIONAL MANAGEMENT COMMITTEE	12 SEPTEMBER 2017	4
FAIRHAVEN TO CHURCH SCAR COASTAL DEFENCE WORKS			

PUBLIC ITEM

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

SUMMARY

The report seeks approval to enter into a contract with the Preferred Bidder for the main detailed design and construction of the Fairhaven to Church Scar Coast Protection Scheme and seeks approval to incur expenditure in the sum of £19.83m in respect of the Coast Protection Scheme which is included within the approved Capital Programme in the total sum of £19.83m.

RECOMMENDATIONS

The Committee is recommended:

1. To approve expenditure in the sum of £19.83m in respect of the Fairhaven to Church Scar Coast Protection Scheme which is included within the approved Capital Programme in the total sum of £19.83m; and
2. To authorise that a contract to be entered into with the Preferred Bidder for the detailed design and construction of the Fairhaven to Church Scar Coast Protection Scheme.

SUMMARY OF PREVIOUS DECISIONS

Operational Management Committee at its meeting on 14th March 2017 considered an information report on the Fairhaven and Church Scar Coastal Defence Project

Operational Management Committee at its meeting on 15th November 2016 considered an information report on the Fairhaven and Church Scar Coastal Defence Project

Operational Management Committee at its meeting on 24th November 2015 resolved:

To approve the use of Lot 4 of the Water and Environment Management Framework for the procurement of the enabling studies, design and construction of the Fairhaven and Church Scar Coast Protection Scheme.

Cabinet at its meeting on 15th January 2014 resolved:

To approve the engagement of a coastal management team with consultancy support to deliver the business case for central government funding for the delivery of the Fairhaven to Church Scar Coast Protection Scheme.

Community Focus Scrutiny Committee at its meeting on 14th October 2010 resolved:

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 considered a report on the adoption of the Shoreline Management Plan (SMP) at its meeting on 15th September 2010. After consideration Cabinet resolved:

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	
Spending your money in the most efficient way to achieve excellent services (Value for Money)	✓
Delivering the services that customers expect of an excellent council (Clean and Green)	✓
Working with all partners (Vibrant Economy)	✓
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	✓
Promoting Fylde as a great destination to visit (A Great Place to Visit)	✓

REPORT

BACKGROUND AND STRATEGIC CONTEXT

1. The Council adopted the Shoreline Management Plan 2 (SMP 2) in 2010 which identified policies to manage coastal flood and erosion risks over the next 100 years and covers the entire shoreline of the North West of England and North Wales. The SMP 2 policy for the Fylde Coast is to predominantly "hold the line"; this means strengthening, maintaining or rebuilding the existing sea defences to maintain the existing shoreline. The SMP 2 is a large scale assessment of the coastal processes and helps reduce associated risks to people and the developed, historic and natural environments. The SMP 2 aims to identify the most sustainable approaches to managing the coastline, in the short, medium and long terms.
2. The implementation of the SMP 2 "hold the line" policy is developed within Strategy Appraisal Reports (StAR) which are prepared for each local authority area. The StAR also identifies key areas of the coastline that requires substantial work. Following the development of the StAR, project specific Project Appraisal Reports (PAR's) explore and analyse the economic and environmental sustainability issues to determine the most appropriate option to implement the SMP policy.
3. The StAR for the Fylde shoreline was adopted by the Environment Agency in 2014. The StAR recommends that 3 strategic headlands need to be replaced with new structures over the following timescales:
 - Headland 1 (The Island), by 2033
 - Headland 2 (Fairhaven) by 2018
 - Headland 3 (Church Scar) by 2018
4. Cabinet received a report in January 2014 which agreed the preparation of a strategic headland study and production of a Project Appraisal Report (PAR), funded from an Environment Agency grant which totalled £175,000. That work has now taken place and a project appraisal report (PAR) finalised for the Fairhaven to Church Scar Coast protection Scheme (the Scheme) which cover headlands 2 and 3. The Scheme protects a total of 2,425 properties from flooding and erosion.
5. The Scheme as defined by the PAR is a concrete stepped revetment for Fairhaven and a sloping concrete revetment for Church Scar and has an overall estimated value of £19.83m (including risk contingencies).
6. The PAR was approved by the Environment Agency on the 26th August 2016; in essence the approval of the Scheme's business case for central government funding. The enabling studies (including required licenses and

consents for the works) were notified as complete to the Environment Agency on the 19th May 2017. These approvals and submissions have now enabled Fylde Council to access the capital grant from the Environment Agency for the project. A sum of £400,000 has been previously agreed by members for inclusion in the approved Capital Programme as a contribution towards the overall cost of the project, funded from the Capital Investment Reserve.

PROJECT GOVERNANCE

7. The project to date has been run in the PRINCE2 environment (**PR**ojects **IN** **C**ontrolled **E**nvironments). PRINCE2 has an established project governance structure/specific project roles and responsibilities. The proposed staffing of the PRINCE2 governance structure for the delivery of the Scheme is contained on Page 3 of the 'FCS Project Governance' document attached as appendix 1 to this report.

PROCUREMENT AND VALUE FOR MONEY

8. Following the authority received at the Operational Management Committee meeting of 24th November 2015 to use Lot 4 of the Water and Environment Management Framework for the procurement of the Scheme; a procurement exercise has been undertaken for the detailed design and construction of the Scheme.
9. The 'Fairhaven to Church scar Coast Protection Scheme Tender Report', attached as appendix 2 to this report, provides the details of the tendering process, and the process that has identified the Preferred Bidder. The Preferred Bidder is VBA Joint Venture Ltd. Authority is sought to contract with VBA Joint Venture Ltd upon the successful final negotiations of the contract.
10. With reference to Paragraph 2 and Paragraph 6; the PAR was scrutinised by the Environment Agency to ensure that the proposed Scheme constitutes value for money.

COST OF SCHEME AND METHOD OF FINANCING

11. The cost of the Scheme in the PAR is estimated at £19.83m (including risk contingencies) and is to be funded by a combination of capital grant from the Environment Agency of £19.43m and a Fylde Council capital programme contribution of £0.4m, with the Fylde Council (non-deductible) contribution being funded from the capital investment reserve.
12. The current forecast spend profile is as follows:
 - 2017/18 - £2.5m
 - 2018/19 - £12m
 - 2019/20 - £5.33m
13. As noted in the minutes of the Operational Management Committee meeting of 14th March 2017, neither the public realm enhancements to the core sea defence Scheme, nor any coast protection works at Granny's Bay are able to be funded from the grant received from the Environment Agency. The core sea defence Scheme being new seawalls, re-surfaced promenades, and like-for-like street furniture at Fairhaven and Church Scar.
14. The public realm enhancements may not be funded from the Fairhaven and Church Scar coast protection grant due to the express terms of the Environment Agency grant prohibiting such. The coast protection works at Granny's Bay, whilst by their nature being core sea defence works and able to be funded by the Environment Agency, are not part of the current approved scheme as they do not meet the Environment Agency affordability criteria.
15. Is therefore recommended that a contract is entered into with the Preferred Bidder for the core sea defence Scheme at Fairhaven and Church Scar in the first instance which is set to be around £17m (subject to final negotiations). With Fylde Council retaining £500k for its fees/staff costs to manage the Scheme over 2 years; and also retaining 10% of the contract price as a sum for Fylde Council's contract risks (circa £1.7m).
16. Around half way through delivery of the Scheme the majority of Fylde Council's key risk events will have passed. Therefore it is recommended that remaining risk monies are reviewed when these risk events have

passed with a view to re-investing any such coast protection monies into coast protection works at Granny's Bay, subject to the agreement of the Environment Agency.

FUTURE REVENUE BUDGET IMPACT

17. Once completed the coastal defences maintenance will be undertaken by the Preferred Bidder for the first year. After that there ought to be nominal maintenance required for the foreseeable several years (such as for instance, annual inspections). Certainly less than Fylde Council's current maintenance liability of over £500k over the last 12 years in emergency repairs to the time expired defences.

RISK ASSESSMENT

18. Corporate direction has been received that the Scheme is to be a low risk project. To this end the form of contract proposed is a lump sum design and build contract. With reference to appendix 3 of this report (Project Board Procurement Meeting Report, August 2017) it is proposed that Fylde Council initially retain 10% of the contract price for Fylde Council's contract risks (circa £1.7m).

VIABLE ALTERNATIVES

19. The Environment Agency's PAR process demands that a thorough and transparent optioneering process is undertaken to ensure that all the viable options for the Scheme are assessed. The PAR process then determines and documents the preferred option on cost and sustainability factors. The whole optioneering process and resulting preferred option being scrutinised by the Environment Agency before it approved the PAR.

OBJECTIVES, OUTPUTS AND OUTCOMES

20. The objectives, outputs and outcomes of the project are to provide urgent coast protection to over 2,400 properties for the next 100years.

DRAWINGS AND PLANS

21. With reference to Paragraph 15, the core sea defence Scheme at Fairhaven and Church Scar is illustrated in appendix 3 of this report (Project Board Procurement Meeting Report, August 2017).

CONCLUSION

22. The Committee is requested to authorise that a contract to be entered into with the Preferred Bidder for the detailed design and construction of the Fairhaven to Church Scar Coast Protection Scheme and to approve expenditure in the sum of £19.83m in respect of the scheme, which is included within the approved Capital Programme in the total sum of £19.83m.

IMPLICATIONS	
Finance	The scheme is included within the approved Capital Programme in the sum of £19.83m, being funded by a Council contribution of £0.4m from the Capital Investment Reserve, and a grant from the Environment Agency of £19.43m.
Legal	The report requests authority to enter into contract with VBA Joint Venture Ltd.
Community Safety	The Scheme will be designed and constructed in line with all applicable safety standards.
Human Rights and Equalities	The design of the Scheme's promenade will be accessible and conform to national standards.
Sustainability and Environmental Impact	The Scheme has been developed to date embracing the principles of sustainability. The Scheme will be designed to withstand the storm that has the probability of occurring once every 200 years. The Scheme will have a lifespan of 100 years with built-in adaptability for sea level rises.
Health & Safety and Risk Management	The Contractor will have full responsibility for ensuring health and safety both in the detailed design of the Scheme and its construction. Commercial risk management will be overseen by the Project Board and Project Assurance.

LEAD AUTHOR	CONTACT DETAILS	DATE
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BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Memorandum relating to capital grants for local authorities and internal drainage boards in England (2016)	April 2016	https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/516680/LIT_10458.pdf
Water and Environment Management Framework User Guide	19 June 2013	http://fylde.cmis.uk.com/fylde/MeetingsCalendar/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/96/Committee/16/Default.aspx
Planning Consent	21 April 2017	http://www3.fylde.gov.uk/online-applications/applicationDetails.do?activeTab=summary&keyVal=FYLDE_DCAPR_47511

Attached documents

1. FCS Project Governance
2. Fairhaven to Church Scar Coast Protection Scheme Tender Evaluation Report
3. Project Board Procurement Meeting Report, August 2017