

North Yorkshire Council

Corporate Director, Resources

13 May 2024

Permission to accept an increased Environment Agency grant towards Filey Town Seawall Refurbishment

Report of the Assistant Director – Highways & Transportation, Parking Services, Street Scene and Parks & Grounds

1.0 PURPOSE OF REPORT

- 1.1 To inform the Corporate Director, Resources, the Executive Member for Finance and the Executive Member for Highways and Transportation of an ongoing former Scarborough Borough Council legacy coastal protection scheme which requires additional grant that has been offered.
- 1.2 To request the Corporate Director, Resources, the Executive Member for Finance and the Executive Member for Highways and Transportation to agree to accept an increased grant contribution from the Environment Agency of £1,303,252 providing a total project budget of £2,957,436. The revised project budget will enable the Council to proceed with appointment of a contractor to undertake the construction phase of Filey Seawall coastal protection works.

2.0 BACKGROUND

- 2.1 Despite its age and exposure, the sea wall at Filey is mostly in fair condition due to the maintenance activities that have historically been undertaken, and currently performs well against wave overtopping. However, there are some signs of deterioration in condition of the toe and face, and, during significant storm events, beach level drawdown can expose the concrete toe foundations to further erosion. However, the greatest issue is associated with ongoing outflanking of the seawall at both the northern and (especially) southern ends. In particular, a rock revetment at the southern end is in poor condition, performs ineffectually and requires improvement.
- 2.2 In April 2021 the Cabinet of Scarborough Borough Council accepted a grant contribution of £1,654,184 from the Environment Agency for works to maintain the standard of the defences with replacement of some copings, refacing of deteriorated sea wall block faces, and provision of piling works to prevent outflanking, particularly at the southern end.
- 2.3 Jackson Civil Engineering Group Limited were appointed in January 2023 on rotation call off through the YORcivil Framework to undertake the design and build phases of these works.
- 2.4 The design phase is now complete and a budget cost for the build has been provided.
- 2.5 The total project cost has been re-evaluated and found to exceed the initial grant allocation provided by the Environment Agency. The Environment Agency has awarded the Council additional grant aid to meet the shortfall.

3.0 DETAILED PRESENTATION OF THE SUBSTANTIVE ISSUE

- 3.1 The original grant contribution of £1,654,184 was deemed sufficient in 2021 to deliver both the design and construction phases of the project, however, following the detailed design a total anticipated project cost of £2,957,436 for the scheme has been identified which exceeds the current grant commitment. This has resulted in a deficit of £1,303,252.
- 3.2 The reasons for the cost disparity have been attributed to;
- i) The impact on resource availability at the local authority and contractor availability due to COVID19 which led to delays in procurement and appointment of a contractor.
 - ii) Inflation in construction costs since 2021.
 - iii) Additional inspection, survey work and intrusive investigations were undertaken to refine the extent of refurbishment of the seawall. These surveys identified that the scope of the works required to deliver the objectives from the outline business case were significantly greater than anticipated.
- 3.3 In February 2024 the Environment Agency proposed to increase the grant previously awarded to the project by the deficit of £1,303,252 providing a total project budget of £2,957,436.
- 3.4 If the additional grant is accepted it will allow the appointment of a contractor to undertake the works, following the Procurement Gateway Process.
- 3.5 Once the work has started there is a risk of cost over-run. To mitigate this the project has a substantial 21% contingency included in the budget and there is also the option of descoping the project in agreement with the Environment Agency.
- 3.6 The proposed timescales, subject to the grant being accepted are that works will start on site in Q3 2024/25 and be completed in Q2 2025/26.

4.0 CONSULTATION UNDERTAKEN AND RESPONSES

- 4.1 Consultation has been undertaken with the Environment Agency, who are currently committed to fully funding the scheme.

5.0 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Alternative funding from either the Council or other funding bodies was considered, however it was established that within the Environment Agency economic funding calculator, additional grant could be drawn down due to the favourable cost benefit score of the scheme.

6.0 FINANCIAL IMPLICATIONS

- 6.1 If accepted, the project will be 100% grant funded by the Environment Agency and includes allowances for NYC officer costs, consultants' fees, design and construction costs, permissions and consenting fees and a significant risk contingency allowance of £635k. Grant of £1.654m is already in place with £98k of expenditure being incurred in 2022/23 and the balance of £1.556m being included within the council's current capital plan. This report proposes to accept a further grant of £1.303m which would bring total funding to £2.957m. All grant is capital funding and is being offered on the standard Environment Agency terms and conditions and the same conditions as the original grant.

- 6.2 The total project cost of £2,957,436, is subject to confirmation by the contractor with the potential for changes to their budget cost during the contractual negotiations which are currently underway.
- 6.3 Should the revised grant allocation of £2,957,436 prove insufficient, it is unlikely the Environment Agency will provide further grant funding. In this case the Council would not commence the project and could opt to re-tender the works design to seek an alternative price. Descoping the project could also be considered in conjunction and agreement with the Environment Agency providing the benefits of the project were maintained.
- 6.4 Once the work has started there is a risk of cost over-run. To mitigate this the project has a substantial 21% contingency included in the budget and there is also the option of descoping the project in agreement with the Environment Agency.

7.0 LEGAL IMPLICATIONS

- 7.1 The proposed Filey seawall works will be carried out using the Council's permissive powers under the Flood Water Management Act 2010.
- 7.2 The terms and conditions of the additional grant being offered are the standard Environment Agency terms and same terms as the original grant. These have previously been approved by Legal Services.
- 7.3 Legal Services have considered the basis of the grant and deemed it a 'recurring' grant.

8.0 EQUALITIES IMPLICATIONS

- 8.1 There are no significant equalities implications arising from this report.

9.0 CLIMATE CHANGE IMPLICATIONS

- 9.1 There are no significant climate change implications arising from this report.

10.0 REASONS FOR RECOMMENDATIONS

- 10.1 This report is required as a condition of the corporate Grant Application and Acceptance Procedures.
- 10.2 The fact that these works are eligible for contributory grant aid, has the possibility, to reduce both the cost and risk to the Council.
- 10.3 To address concerns relating to the integrity of the existing sea defences and to ensure the longevity of the coastal erosion in Filey.

11.0 RECOMMENDATIONS

- 11.1 The Corporate Director, Resources, the Executive Member for Finance and the Executive Member for Highways and Transportation agrees to the Council accepting an increased grant contribution of £1,303,252 from the Environment Agency.

BACKGROUND DOCUMENTS: None

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