

Board/Committee:	COMMUNITY AND ENVIRONMENT BOARD
Date of meeting:	10 TH JANUARY 2023
Title:	CONSTRUCTION OF FLOOD DEFENCE STRUCTURES AT FORTON
Author:	HEAD OF STREETSCENE
Status:	FOR NOTING

Purpose

This report updates Members on progress with the Forton coastal defence scheme since the update in September 2022 and sets out the next stages for project delivery.

Recommendation

That the Board notes that:

- **There remains insufficient funding to construct the scheme, and the location of a badger sett remains a significant risk to the project.**
- **The available project funds will be utilised to progress applications to close the funding gap, while working to confirm the updated scheme costs and relocate the badger sett away from the works area.**

1.0 Background

- 1.1** The proposed scheme will reduce flood risk to 211 properties in Forton over the next 50 years, to a 1 in 100-year event (1% Annual Exceedance Probability) up to 2069.
- 1.2** The preferred contractor was approved by the Community Board on the 10th February 2021. Construction of the 240m long flood wall started in April 2022, with an estimated four-month duration.
- 1.3** During construction several risks were realised, including a live badger sett in the works area preventing works progress. The site work also coincided with unprecedented challenges from cost inflation and supply of construction materials. A decision was made to pause construction works at the end of April 2022 and to reinstate the site to ensure the mandated budget was not exceeded.
- 1.4** A status update was given to the Community and Environment Board on 14 September 2022, where the next steps were set out. This report provides a further progress update to the Board.

2.0 Report

2.1 Progress Update:

Over the past four months the following actions have been completed:

- The site has been reinstated to pre-works condition with full access returned to St Vincent College.
- The works contract has been closed out. Any future construction will require a new works tender process.
- The project budget has been reassessed, covering outstanding contractor payments and project costs. Further details are contained in Section 2.3.
- Funding sources have been explored; however no further funding has yet been fully secured.
- An Exception Plan has been developed to take the scheme forward and is presented in Section 2.4.

2.2 Stakeholder Communications:

- A brief update has been issued on the project webpage and responses provided to enquiries from the public.
- Future stakeholder communications will be developed and delivered through the Exception Plan.
- The Environment Agency and St Vincent College continue to be kept updated.
- Information on the proposed programme will be provided to the local community and public.

2.3 Funding:

The scheme is primarily funded from Environment Agency Grant Aid and Local Levy Funds (totalling £660,145). Since 2018, £600,599 has been spent to complete the detailed design, licenses and consents, procurement and site works, with £59,545 remaining.

By aborting construction work, the project has avoided exceeding its approved funding limit. This has protected the following funds which remain available and have been ring-fenced: a Grant Aid contingency fund of up to £197,000 and a £288,516 contribution of Other Government Departments Funding (OGD).

The available funding remains insufficient to meet the expected outturn costs of the construction which have risen through inflation. The funding gap will be fully quantified over the next 3 months.

A series of actions are in hand to close the funding gap, including discussions with the Environment Agency and a funding application is being assessed by the Department for Education. Further funding applications are planned covering inflation uplifts, local levy, and Other Government Departments (OGD).

2.4 Way Forward:

An Exception Plan has been developed by the project team which comprises a high-level forward plan for the next actions. There are insufficient remaining funds to enable the complete plan to be into action. Therefore, a phased approach will be adopted, contained within the remaining project budget of circa

£59,545 (see Section 2.3)

Under this, the following actions are recommended:

- Update the forecast out-turn cost for the project to confirm the funding gap, allowing for any inflationary costs and risks.
- Continue to identify potential funding sources and submit applications for additional funding to close the funding gap.
- Use the remaining project funds to mitigate the presence of badgers within the works area through relocation of the badger sett in 2023.
- Update the key stakeholders and the community over the future programme.
- Report back to Board once actions are completed, with further recommendations over next actions.

In the second phase, with funding gap closed and badgers relocated, the scheme could be implemented using the current design, updated procurement documents, licenses and consents.

3.0 Risk Assessment

3.1 Finance

- The costs of progressing the recommended actions in Section 2.4 will be met from the remaining project budget and as the upper limit of spend. The spend will be monitored using the project finance tools.
- The OGD and risk pots (Environment Agency, Local Levy, GBC) are to remain ring-fenced.
- The pressure of cost of inflation continues while the scheme is paused, and updated scheme costs will need to make appropriate allowances in line with new Environment Agency Guidance.

Programme

3.2

- Badger sett mitigation must start around January 2023, due to environmental constraints, the need for planning permission and approvals with St Vincent College. If the badgers have not moved by November 2023, then this risk is transferred to the next available window (August 2024). This will incur additional costs.
- If badger sett mitigation works are completed but we are unable to close the funding gap, then the badger works may be abortive.

4.0 Conclusion

4.1

The Forton scheme was paused, and site reinstated due to the realisation of project risk. This has avoided the project exceeding its approved budget. Since September 2022, progress has been made to secure additional funding and mitigate the risk from a badger sett. A phased exception plan has been developed to hopefully allow the project to return to site in 2024.

4.2

To ensure the project is financially viable, the outturn cost now needs to be confirmed and any additional funding secured, such that the funding gap is closed. Additionally, it is beneficial to commence actions to move the badger sett in early 2023 to mitigate future risk.

4.3 The remaining funds are to be used to progress these elements.

Financial Services comments:	As contained within the report.
Legal Services comments:	Legal Services comments received and incorporated into this report.
Equality and Diversity:	None for the purposes of this report.
Climate Change implications:	None for the purposes of this report.
Crime and Disorder:	None for the purposes of this report.
Service Improvement Plan implications:	To improve coastal defences.
Corporate Plan:	Develop the economy by encouraging investment, protecting and improving infrastructure and land use by developing a programme of coastal defences.
Risk Assessment:	Contained within paragraph 3 of the report.
Background Papers:	<p>Community Board 10th February 2021 – Award of contract to the preferred bidder.</p> <p>Policy & Organisational Board 20th July 2021 - Support of the risk underwriting by the Council for costs in excess of the current approved funding.</p> <p>Community and Environment Board, 14 September 2022 – status update: Risks and inflation have put project budget under pressure. Works paused, site reinstated and future delivery of scheme to be assessed.</p>
Appendices:	None
Report Author/Lead Officer:	Steve Fitzmaurice/Stevyn Ricketts