

Board/Committee:	Community and Environment Board
Date of meeting:	10 th JANUARY 2024
Title:	Stokes Bay Seawall Replacement Project
Author:	Rupert Teasdale
Status:	For Decision

Purpose

This report updates Members on the progress with the Stokes Bay Seawall Replacement Project since the last update in March 2023 and seeks approval for project procurement and delivery.

Recommendation

That the Board approves that:

- **Authority is delegated to the Chief Executive:**
 - (a) to undertake the procurement of the construction works and the evaluation of bids received, and**
 - (b) in consultation with the Section 151 Officer, to award a contract for the construction works to the preferred bidder, subject to sufficient funding, and**
 - (d) agree project financial tolerances with the delivery officer for the purpose of administering the construction contract, and**
 - (c) to undertake the construction stage of the project.**

1.0 Background

1.1 The Stokes Bay Seawall Replacement Project is required to replace 135m of failed seawall at Stokes Bay, Gosport and protect key infrastructure, including a public highway (managed by Hampshire Council Council), from flooding and erosion risk (see Appendix A for location plans). The benefits of the project include:

- Reducing flood and erosion risk impacts to important infrastructure, including a local road.
- Addressing long-term and ongoing health and safety risks.
- Supporting sustainable investment and mitigating the need for reactive, unsustainable emergency maintenance.
- Reinstatement of public amenities, recreation, and access for a strategic open area in accordance with the Gosport Borough Local Plan.
- Improve physical and mental health and well-being.

The project also aligns with the Stokes Bay Option Appraisal preferred design option for this section of Stokes Bay's frontage. Therefore, the works are considered the implementation of the appraisal's initial urgent recommendation and the first stage of delivering an adaptive 100-year solution to reduce the risk of flooding and erosion within the wider Stokes Bay frontage.

1.2 The Community and Environment Board previously received a report on the 1st March 2023 providing details on funding position, design, project expenditure, and licencing and consents required for delivery.

1.3 This report provides further updates on project progress, including the current funding position, project expenditure, licencing and consents progress and the proposed way forward.

2.0 Report

2.1 Progress Update:

Since March 2023, the project team has:

- Finalised the detailed design of the replacement seawall.
- Secured an additional £759,317 from the Southern Regional Flood and Coast Committee (RFCC) following a successful joint (Gosport Borough Council / Hampshire County Council) Local Levy bid. Further details are presented in Section 2.2.
- Planning permission granted.
- Completed the Marine Licence screening and submitted a licence application.

2.2 Finance:

The project has spent £103,362 to date. The spend has funded project critical activities including detailed design, financial analysis, Local Levy submission, project reporting, stakeholder engagement, and project and contract management.

The project budget initially consisted of contributions of £450k and £50k from Gosport Borough Council and Hampshire County Council respectively, totalling £500k.

In January 2023 the project outturn cost was re-baselined with contractor input and estimated at £1,259,317 including risk and optimism bias. This baseline confirmed that the project construction cost had increased substantially presenting the project with a funding gap of ~£760k. This was primarily attributed to:

- Hyperinflation and its impact on the cost of construction materials, fuel, plant hire and labour.
- Increase in scope due to further damage to the existing seawall from Storm Eunice.

To address the funding gap the project team reviewed all possible funding opportunities which included a Local Levy bid in July 2023 for £759,317.

As recommended by the Southern RFCC sub-committee, the final Local Levy bid was accompanied by a “letter of support” from Gosport Borough Council and Hampshire County Council to demonstrate commitment to ongoing maintenance following Local Levy capital investment in the project (see Appendix B).

In October 2023 it was confirmed that the Local Levy bid was successful. The project is currently considered fully funded and the financial position is summarised in Tables 1 and 2 below:

Funding Source	Value (£)
GBC	450,000
HCC	50,000
Local Levy	759,317
TOTAL	1,259,317

Table 1 Approved project funding.

Project Budget (£)	Spend to date (£)	Forecast outturn (£)	Contingency (£)	Variance (£)
1,259,317	102,362	1,051,933	207,384	0

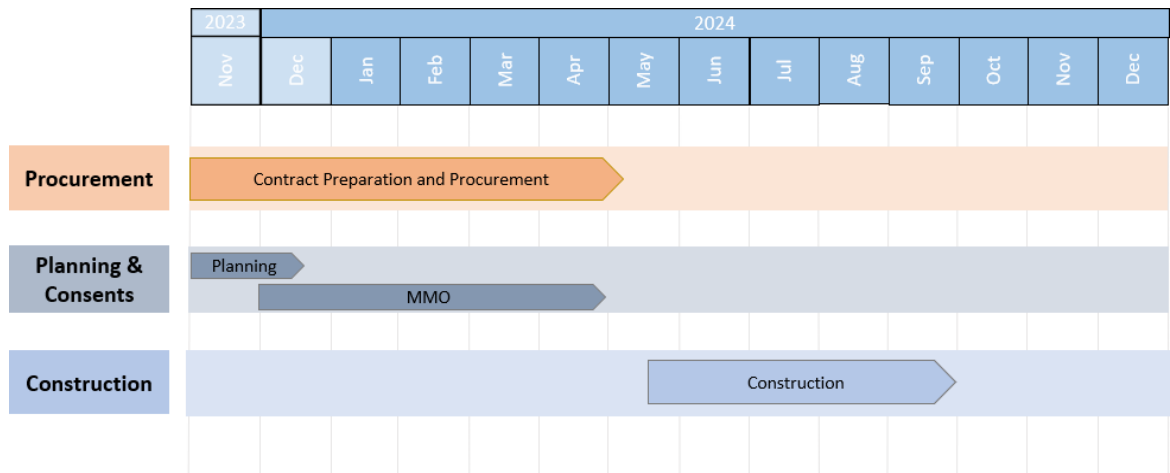
Table 2 Project financial summary

2.3 Way Forward:

A forward programme has been developed by the project team which targets a construction start date of May 2024 as the earliest achievable, see Section 2.4 below. This is primarily dependent on the procurement of a contractor and the securing of a Marine Licence. Further information on programme risks is outlined in Section 3.1. The key activities over the next 6-month period are:

- Tender, evaluate and award a construction contract for the project construction stage.
- Discharge Marine Licence pre-commencement conditions.
- Undertake communication and engagement activities and stakeholder engagement where necessary.

2.4 Programme:



Due to the proximity of the working area to a Special Protection Area, the construction stage needs to be undertaken between April and September. Subject to consultation with Natural England, it may be possible to work outside these months with additional mitigation measures adopted, such as a watching brief or constrained working hours.

3.0 Risk Assessment

The overall strategic risks to the project are set out in the table below:

3.1

<i>Description of Risk</i>	<i>Consequence</i>	<i>Proposed mitigation</i>
Programme slippage due to protracted procurement of a contractor.	<ul style="list-style-type: none"> • Project may miss the 2024 April to October construction window and be postponed until the summer of 2025. • The damaged seawall would be left exposed for another winter. • Likely increase in project costs. 	<ul style="list-style-type: none"> • Early engagement with GBC Procurement to establish a procurement programme and gain necessary approvals to proceed with the tender. • Works to be tendered through the Southern Coastal Group Minor Works Framework.
Programme slippage due to contractor availability.	<ul style="list-style-type: none"> • Project may miss the 2024 April to October construction window and be postponed until the summer of 2025. • The damaged seawall would be left exposed for another winter. • Likely increase in project costs. • Project paused due to funding shortfall. 	<ul style="list-style-type: none"> • Early engagement with contractors for notification of upcoming tender. • Float included in the construction programme. • Possibility of bird watching brief allowing works to progress beyond October.
Construction cost exceeds the current funding approval	<ul style="list-style-type: none"> • Project may miss the 2024 April to October construction window and be postponed until the summer of 2025. • The damaged seawall would be left exposed for another winter. • Likely increase in project costs. 	<ul style="list-style-type: none"> • Early Contractor Involvement provided a robust construction cost and programme. • If funding shortfall is minor additional contributions may be available.
Unforeseen ground conditions and clashes between existing and new works.	<ul style="list-style-type: none"> • Increase in project cost and project programme. 	<ul style="list-style-type: none"> • Pre-construction surveys were completed to identify possible clashes. • Contractor requested to excavate a proving trench prior to piling to clear obstructions.
Further damage to the existing seawall over the 2023/24 storm season	<ul style="list-style-type: none"> • Increase in project costs. • Closure of Stokes Bay Road. • Reputational damage to Gosport City Council. 	<ul style="list-style-type: none"> • Undertake regular inspections to monitor beach levels. • Initiate the beach management recycling contract if required.

4.0 Conclusion

- 4.1 The Stokes Bay Seawall Replacement Project is required to replace 135m of failed seawall at Stokes Bay and protect key infrastructure, including a public highway from flooding and erosion risk. If the project were not to proceed, the existing failed seawall would be at risk of further damage and deterioration, and the project benefits would not be realised.

The project has successfully secured additional Local Levy funding from the Southern RFCC and is now considered fully funded for construction in summer 2024.

Procurement of a contractor to deliver the construction stage of the project in 2024 is a critical path activity and requires a construction tender to be issued in February 2024.

The project team seeks approval to issue an invitation to tender in February 2024 and award a construction contract to the preferred contractor, subject to available funding.

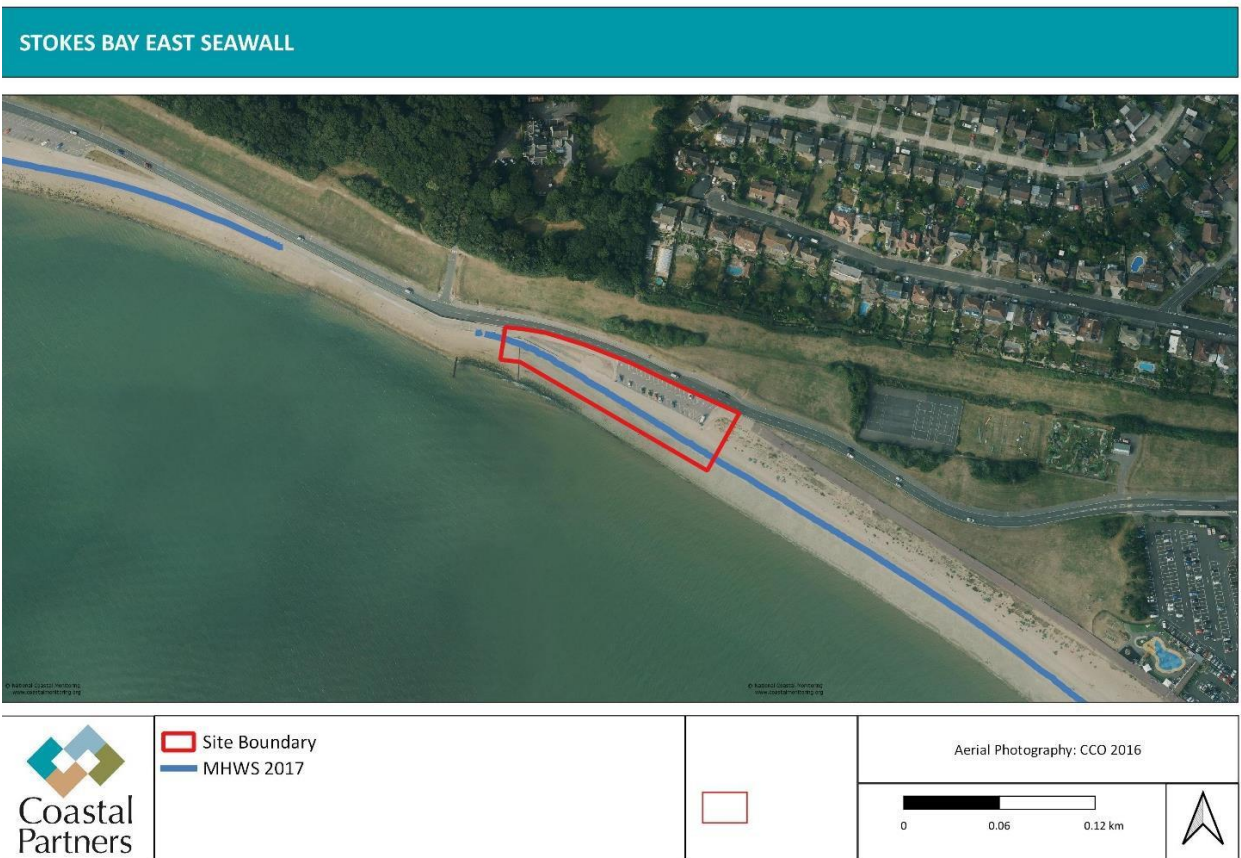
The project team seeks approval to deliver the construction stage of the project in 2024, subject to available funding.

If the construction stage of the project is deferred beyond 2024, the project forecast outturn cost will likely increase presenting a further funding gap. If this risk is realised the project team will continue to explore project efficiencies to reduce costs, mitigate residual risks and seek additional funding.

Financial Services comments:	As set out in para 2.2 of the report
Legal Services comments:	None for the purposes of this report.
Equality and Diversity:	None for the purposes of this report.
Climate Change implications:	To reduce the communities' risk to sea level rise and climate change impacts through provision of new defences.
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 section 3 of the report.
Background Papers:	Community & Environment Board Report: 1 st March 2023.
Appendices:	Appendix A – Project location plans.

	Appendix B – Letter of support from GBC and HCC regarding commitment to ongoing maintenance.
Report Author/Lead Officer:	Katie Gill / Rupert Teasdale

Appendix A – Project Location Plans



Appendix B – Letter of support from GBC and HCC regarding commitment to ongoing maintenance.