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**COASTAL RISK MANAGEMENT PROGRAMME – FULL BUSINESS  
CASE AND PROCUREMENT OF CONSTRUCTION CONTRACT**

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**Reason for the Report**

1. A report titled 'Coastal Risk Management Programme – Full Business Case & Procurement of Construction Contract' is due to be considered by Cabinet at its meeting on the 17 June 2021.
  
2. The reasons for taking the report to Cabinet are described as:
  - To provide a briefing to Cabinet on the principle design for the coastal protection scheme along with the requirements for the Full Business Case which is scheduled to be submitted to Welsh Government in November 2021.
  - To seek Cabinet approval for the procurement approach including the evaluation criteria/weightings for the construction contract to deliver the coastal defence improvements.
  - To seek Cabinet approval to commence procurement for the construction contract to inform the Final Business Case for the coastal defence improvements, which are estimated to cost £23.5M. As detailed in the draft Cabinet Report, 85% of the project cost is to be funded by Welsh Government, with 15% to be identified by the Council.

## Structure of Papers

3. The following Appendices are attached to this cover report:
  - **Appendix 1** – draft Cabinet Report
  - **Appendix A** - provides the draft drawings being utilised to develop the Full Business Case.
  - **Appendix B** – A procurement options Report produced by Faithful & Gould.
  
4. A copy of the draft Cabinet Report is attached at **Appendix 1** and provides:
  - Relevant background information;
  - A short summary on the Welsh Government’s Coastal Risk Management Programme;
  - An explanation of Cardiff Council’s Full Business Case;
  - The implications & issues relating to the relevant options associated with the proposal;
  - A short summary of the consultation undertaken at this stage of proceedings;
  - Financial implications;
  - Legal implications;
  - Report recommendations and the reasons for making the recommendations.
  
5. A short summary of some of the key points from the draft Cabinet Report (**Appendix 1**) is as follows:

### Background

- The Mott MacDonald, Rover Way Foreshore Coastal Defence Assessment, 2009 and Cardiff Council Coastal Erosion Risk Assessment, Atkins 2013 concluded an identified need to improve the condition of coastal defences in the River Rhymney and Coast around Rover Way.

- The proposed scheme will manage flood risk to 1,116 residential and 72 non-residential properties over 100 years. In addition it will also preventing erosion of landfill material, key road infrastructure and the Rover Way Travellers Site.
- The proposed scheme will also provide defence for a 1 in 200 year severe weather event, plus an allowance for climate change influence of 40%.

### Finance

- Cardiff Council received 100% funding from Welsh Government for the development of the Outline Business Case<sup>1</sup>. The Council has also received 100% funding from Welsh Government (totalling £1.129 million) for the development of the Full Business Case which will provide detailed design and cost estimates to construct the coastal defence improvements.
- The Welsh Government Coastal Risk Management Programme (CRMP) provides a one-off opportunity for local authorities to implement coastal improvements with Welsh Government contributing 85% of project costs (previously 75%). Members are to note that in order to ensure Welsh Government funding is available, the construction of the coastal defence improvements need to commence prior to 31<sup>st</sup> March 2022.
- Members are also to note that the Welsh Government funding approach is not a cash grant towards the expenditure, but rather to reimburse the Council for the costs of servicing borrowing that would need to be taken, over a twenty five year period as part of the annual Revenue Support Grant.
- The estimated construction cost for the coastal defence improvements is £23.5m. Members are to note that the previous construction costs, estimated in the Outline Business Case totalled £11 million. The draft Cabinet Report confirms the reason for the increase in costs has come from a requirement to design for an increase in climate change influence from 30% to 40% as required by Welsh Government and the site investigation boreholes

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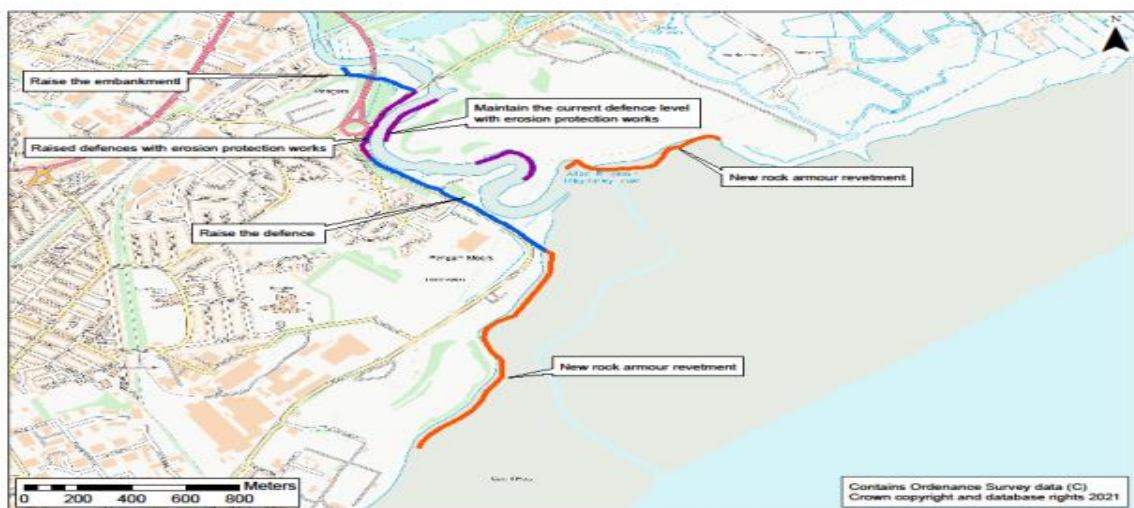
<sup>1</sup> The Outline Business Case, came before the Environment Scrutiny Committee on 6th March 2018.

undertaken during the detailed design process. **Point 20 & 21** of the draft Cabinet Report provide a further detail for the increased cost.

- **Point 26** of the draft Cabinet Report provides detail on Welsh Government requirements in order to secure funding.
- **Points 43-47** of the draft Cabinet Report provides detail around the financial implications.

### Full Business Case – Proposal

- The proposed cost defence improvement as detailed in **Appendix 1** are as follows:
  - i. New Rock Armour Revetment on coastal foreshore either side of the river Rhymney.
  - ii. Raised and maintained sea defences along the River Rhymney utilising a combination of hard and soft engineering to maintain river tidal habitat.
  - iii. Raising of exiting coastal defence embankments.
- The figure below shows a summary of the proposed defences. Members are to note that **Appendix A** provides the draft drawings being utilised to develop the Full Business Case.



- The key programme dates envisaged are as follows:
  - I. Submission of Planning and Marine Licence Application – **June 2021**
  - II. Submission of draft FBC to WG – **June 2021**
  - III. Procurement of construction Contractor – **July 2021**
  - IV. Submission of Final Business Case to Welsh Government – **November 2021**
  - V. Award tender for construction contract – **December 2021**
  - VI. Construction commences – **March 2022**
  - VII. Construction completes – **August 2023**
  
- Members are to note that a further Cabinet Report is required which will seek Cabinet approval of the Full Business Case prior to its submission to the Welsh Government.

#### Procurement

- The draft Cabinet Report confirms that the recommended approach for procurement is as follows:
  - I. To undertake a restricted procedure where there is a prequalification, selection and evaluation. This approach will allow contractors to submit a pre-qualification questionnaire to demonstrate they have the experience and capability to deliver the scheme.
  - II. The recommended contract to be used is a target cost contract which will share risk and reward in the construction stage.
  - III. The tender assessment will be based on a 60 price / 40 quality split.
  
- Members are to note that **points 48-52** of the draft Cabinet Report provide notable legal advice.

## **Previous Scrutiny**

6. At its meeting on 6 March 2018, Committee Members undertook scrutiny on the Coastal Risk Management Programme's Outline Business Case. The subsequent letter highlighted the following points:

- The Committee supported the plan to improve coastal flood defences between Rover Way in the west and Lamby Way in the east and felt that developing the Outline Business Case, had been a thorough process.
- Members requested the new coastal flood defence scheme be designed to support wildlife in the area and to also allow and encourage a range of leisure opportunities, such as walking.
- Further information on the modelling work undertaken to assess the impact creating the scheme would have on other nearby coastal areas was also requested.

## **Way Forward**

7. The Cabinet Members for Clean Streets, Recycling & Environment has been invited to attend the meeting. He will be supported by the Assistant Director for Street Scene.

## **Legal Implications**

The Scrutiny Committee is empowered to enquire, consider, review and recommend but not making policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to the Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural

requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

### **Financial Implications**

The Scrutiny Committee is empowered to enquire, consider, review and recommend but not making policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

### **RECOMMENDATIONS**

8. The Committee is recommended to:
  - (i) Consider the information in this report and the information presented at the meeting;
  - (ii) Determine whether they would like to make any comments, observations or recommendations to the Cabinet on this matter; and,
  - (iii) Decide the way forward for any future scrutiny of the issues discussed.

**Davina Fiore**

**Director of Governance & Legal Services**

**9<sup>th</sup> June 2021**