

STRATEGIC INVESTMENT GROUP

BUSINESS CASE – CAPITAL INVESTMENT

This Business Case provides justification for undertaking a project. The completed form will be reviewed by the Strategic Investment Group who will make a recommendation to Council whether the bid should be approved and included within the Capital Plan. All sections should be completed and evidence of costs will need to be supplied.

For details of Strategic Investment Group meetings and deadlines for the submission of this form, please contact Richard Humphreys, Capital & Technical Finance Team on ext 6144.

Project Name:	Central Rhyl Coastal Defence Scheme
Project Reference:	
Project Manager:	Wayne Hope
Workstream:	

Head of Service/Project Sponsor	Tony Ward	Lead member:	Cllr Brian Jones
Service:	Highways, Facilities and Environmental Services	LM Portfolio:	Lead Member for Waste, Transport and the Environment
Form completed by:	Wayne Hope	Date:	17 th April 2020
Service Accountant:	Richard Humphreys	Date:	

PROJECT TYPE

Please categorise your project type. Mark **one** box only.

SMALL	<input type="checkbox"/>	MEDIUM	<input type="checkbox"/>	LARGE	<input checked="" type="checkbox"/>
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DECISION SOUGHT FROM SIG:	1. That SIG approve the design stage of the Central Rhyl Coastal Defence Scheme, which will be 100% grant funded by the Welsh Government, on the understanding that there is no risk to the Council and that this does not commit the authority to the construction stage and further funding.
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| | <ol style="list-style-type: none">2. That SIG review and seek comments on the overall proposals.3. That SIG recognise that the funding for the construction phase will be the subject to a further business case and the relevant approvals and this decision on the design does not presuppose approval by SIG of the construction phase. |
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EXECUTIVE SUMMARY

Highlights the key points in the Business Case to include:-

- what the project will achieve / important benefits
- estimated costs
- how the project will be funded

The existing coastal flood and erosion defences at Central Rhyl consist of a series of stepped revetments, recurve walls and vertical walls in various states of repair. The coastal defences are deteriorating and in the vicinity of the Rhyl SeaQuarium do not prevent wave overtopping under present day conditions, with properties at flood risk from a 1 in 5 year event. As sea levels rise over time due to climate change, flood risk will increase. Across the majority of the frontage, the defences are predicted to fail by 2038 if no works are undertaken. Once defences fail, the coastline will recede leading to loss of the promenade and associated assets including the Wales coastal path and cycle route. Failure and breach of the coastal defences will lead to an increase in flood risk to people and property in central Rhyl and there will be a significant negative impact on the tourism economy of Denbighshire. The scheme would provide a 1 in 200 year standard of protection to 548 residential and 44 non-residential properties plus additional protection against predicted sea level rise for the next 100 years.

An Outline Business Case (OBC) has been carried out and shows that the preferred option will cost an estimated £28,973,204, which includes design and development costs of £2,550,950 and construction costs of £26,422,254.

The design and development phase of the project will be 100% funded by the Welsh Government. There will be no risk to the Council in the event that the scheme doesn't progress beyond the design stage, in terms of the Welsh Government seeking repayment of grant funding.

Regarding the construction stage of the scheme, it might be possible to carry the work out in phases, thereby spreading the cost over a number of years. The approval for construction phase costs will, if appropriate, be sought from SIG, Cabinet and Council in due course.

BUSINESS OPTIONS

Analysis and reasoned recommendation for the base business options of: do nothing / do the minimal or do something

Option title:		Do nothing – maintain the existing situation / Do minimum			
Please provide brief details:					
<p>The 2013 coastal flooding event and subsequent coastal storms and overtopping events serve as a stark reminder of the vulnerability of the coastal defences at this location and the population living behind them. The 'do minimum' option will inevitably result in further flooding, particularly in light of predictions for sea level rise and the increased frequency and severity of storms due to climate change. This would have a significant detrimental impact on the future viability of Rhyl as a residential area and centre for tourism.</p> <p>As the Coast Protection Authority, the Council has a duty to prevent coastal erosion where the Shoreline Management Plan policy is to 'Hold the Line' and a more fundamental duty of care regarding the management of flood risk where coastal erosion could lead to loss of life.</p> <p>The long term costs of recovering from floods, including repairs to Council assets (buildings and roads) and repairs to the coastal defences, are likely to outweigh the Council's contribution to a capital project in the medium to long term.</p>					
Please mark with an X how this option compares with the preferred option in terms of Cost, Time, Quality and Benefits:					
Costs	Costs more		Time	Takes longer to deliver	x
	Costs the same	x		Takes the same to deliver	
	Costs less			Is quicker to deliver	
Quality	Improves the quality		Benefits	Improves benefits	
	Is the same quality			No impact on benefits	
	Is a lower quality	x		Worsens benefits	x
What is the main reason this option has not been selected?					
The 'do nothing' option will cost the Council more in the long term.					
Option title:		Do Something: Carry out the Central Rhyl Coastal Defence Scheme			
Please provide brief details:					
Carry out the design and construction of the Central Rhyl coastal defence scheme as described in the Executive Summary.					
Please mark with an X how this option compares with the preferred option in terms of Cost, Time, Quality and Benefits:					
Costs	Costs more		Time	Takes longer to deliver	
	Costs the same	x		Takes the same to deliver	
	Costs less			Is quicker to deliver	x
Quality	Improves the quality	x	Benefits	Improves benefits	x
	Is the same quality			No impact on benefits	
	Is a lower quality			Worsens benefits	
What is the main reason this option has not been selected?					
Investment in a coastal defence scheme will reduce costs for the Council in the long term, protect a large number of residents from coastal flood risk and the impacts of climate change and ensure the sustainability of Rhyl as place to live and work and a tourist destination.					

EXPECTED BENEFITS

The benefits that the project will deliver expressed in measurable terms against the situation as it exists prior to the project

Reduced risk from coastal flooding as a consequence of coastal erosion and sea level rise for around 600 properties in Rhyl.

EXPECTED DIS-BENEFITS

Outcomes perceived as negative by one or more stakeholders

None.

TIMESCALE

Over which the project will run (summary of the Project Plan) and the period over which the benefits will be realised

Date	Milestone
11 th May 2020	Commence detailed design
7 th May 2021	Submit Full Business Case to Welsh Government for approval
14 th Feb 2022	Commence Construction Phase, subject to SIG, Cabinet & Council approval
29 th March 2024	Complete Construction Phase (Project Completion)

CAPITAL COSTS – CONSTRUCTION PROJECTS

**COMPLETE ALL THREE TABLES BELOW FOR CONSTRUCTION PROJECTS
LEAVE BLANK/DELETE SECTION FOR BUSINESS DEVELOPMENT PROJECTS**

Please provide details of any capital funding that has already been spent on the project:	
Enter details of cost element below:	Total
Feasibility (surveys, market research, etc)	£210,000
Client side project management	£20,000
TOTAL	£230,000

Please provide details of the capital funding requirement (not including amount already spent):				
Enter details of cost element below:	2020/21	2021/22	Future Years	All Years Total
Internal staff costs	£99,150			£396,600
Design & Development Costs	£2,451,800			£2,451,800
TOTAL	£2,550,950			£2,550,950

Please provide details of proposed capital funding sources					
Enter details of funding source	Status:	2020/21	2021/22	Future Years	TOTAL
WG Grant @ 100% (Design)	Applied	£2,550,950			£2,550,950
TOTAL		£2,550,950			£2,550,950

REVENUE COST IMPACT

TO BE COMPLETED FOR ALL PROJECTS

In considering whether a project should be developed due regard should be made to the potential impact on revenue budgets.

If the activity will result in a requirement for additional revenue funding, please provide details below:			
What is the impact of this project in terms of the <u>annual</u> revenue requirement for:	Existing Revenue Budget	Post-project Revenue Budget	Increase/Decrease
staff costs (salaries and associated)			
energy costs (heating, lighting, ICT, etc)			
property maintenance and servicing costs			
other property related costs (rental, insurance, etc)			
ongoing ICT costs (licences, etc)			
mileage of Denbighshire fleet vehicles			
mileage for business travel by Denbighshire employees using their personal vehicles			
OTHER (please enter)			
OTHER (please enter)			
OVERALL REVENUE REQUIREMENT			

Please provide brief details of the revenue impact of this project:

- *Where revenue savings are forecast, you should detail what is proposed for the saving (e.g. reduction of an existing revenue budget, re-allocation of revenue to alternative services area, etc)*
- *Where revenue increases are forecast, you should provide details of how the revenue shortfall will be addressed. In this instance you should also append a three year surplus/deficit forecast.*
- *Details of any one-off revenue cost requirements that may be required post-project implementation (e.g. recruitment, redundancies, etc). DO NOT include any costs detailed in the capital section of this Business Case*

No significant revenue implications expected, but will be examined further during development of Full Business Case.

PROJECT MANAGEMENT

Please provide details of proposed project management – Establishment of Project Board etc

The scheme is currently being overseen by the coastal defence schemes project board, Project Sponsor Tony Ward.

STATUTORY REQUIREMENTS / HEALTH & SAFETY

This section should identify how the activity will help Denbighshire meet any of its statutory requirements. Please include any Health & Safety Issues that the activity will address in this section. Please leave blank if not applicable.

CARBON MANAGEMENT IMPACT

Please consult with Denbighshire's Principal Energy Manager before completing this section.

Denbighshire has committed to reducing its carbon emissions by 15% by 2020. The Business Case requires you to make a forecast for the anticipated carbon emissions impact of the project. Please mark a cross in the appropriate box.

Forecasts:	Annual (current)	Carbon Equivalent	Annual (Post Project)	Carbon Equivalent	Carbon Variance
Energy consumption: (UNIT = kWh)					
Mileage of Denbighshire Fleet vehicles: (UNIT = miles travelled)					
Tonnes of waste produced going to landfill: (UNIT = tonnes)					
Tonnes of waste produced being recycled: (UNIT = tonnes)					
Mileage of Business Travel (personal vehicles): (UNIT = miles travelled)					
TOTAL CARBON EMISSIONS					

Please provide brief details of the carbon impact of this project, and detail specific actions that will be taken to reduce carbon emissions. If carbon emissions are expected to increase as a result of this project, please provide details of proposed actions to compensate for this increase in other areas of the Service's activity.

The overall carbon impact of the project is likely to be neutral. However, opportunities will be explored during the development of the project to achieve a carbon negative impact.

BIODIVERSITY IMPACT

Please consult with Denbighshire's Biodiversity Officer before completing this section:

joel.walley@denbighshire.gov.uk

The Council has a statutory duty to ensure compliance and enforcement of the habitats regulations (as amended in 2007) and the NERC Biodiversity Duty (2006). At this pre-feasibility stage, what is the anticipated impact on biodiversity of the project. Please mark a cross in the appropriate box.

Will this project impact on a habitat that supports living organisms (plant or animal)?	Yes		No	
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If you have answered yes to the above question, please complete all the following biodiversity sections. If answered no please leave blank

THREATENED/PROTECTED SPECIES Will this project impact on any protected or threatened species as defined in Denbighshire's Local Biodiversity Action Plan (LBAP)?	Yes		No	
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ALL SPECIES (including threatened/protected) Forecasts:	Current number	Post-project number	Variance (+/-)
Number of plant species present:			
Number of animal species present:			
TOTAL NUMBER OF SPECIES PRESENT			

Please provide brief details of the action you will be taking in association with this project to protect or enhance biodiversity. Specific reference should be made to the mitigation strategy if the project impacts on any protected or threatened species as defined in Denbighshire's Local Biodiversity Action Plan (LBAP).

The Council's biodiversity officer was consulted during the preparation of the Outline Business Case for the project and will be involved further during the design and development phase.

MAJOR RISKS TO THE PROJECT

A summary of the key risks associated with the project together with the likely impact and plans should they occur (*Please also add to your project risk register*)

Key Risk	Likely Impact	Mitigating Action
Welsh Government won't approve design and Full Business Case	Very High	Continue dialogue with Welsh Government officials during the design and development stage of the project.
Failure to gain planning permission	Very High	Liaise closely with Local Planning Authority during the design and development stage.
Failure to gain a marine licence	Very High	Liaise closely with Natural Resources Wales during the design and development stage.

SUPPORTING INFORMATION

Please list any supporting documents that accompany this Business Case

Outline Business Case (which has been approved by the Welsh Government).

ANNUAL CAPITAL BIDS – BLOCK ALLOCATIONS

Please provide details of expenditure and commitments for allocations received in the current financial year.

NONE.

COUNTY LANDLORD STATEMENT

Please provide a statement from the County Landlord and where applicable the recommendation of the Asset Management Group

NOT APPLICABLE.

Supplied by:

Date:

CHIEF FINANCE OFFICER STATEMENT

The proposal to approve the design stage of this 100% grant funded part of the scheme, on the understanding that there is no risk to the Council and that this does not commit the authority to the construction stage and further funding, is fully supported. Decisions about future funding will need to be made when the full financial impact of the current pandemic emergency becomes more clear.

Supplied by: **Steve Gadd**

Date: **6 May 2020**

VERIFICATION:

Project Manager:			
Project Sponsor:			
Name:		Position:	
Signature:	<i>Insert electronic signature</i>	Date:	

For use by Finance:

Result of S.I.G. Review	
Date of Meeting	
Approval	
Code	