

Report to	Cabinet
Date of meeting	22nd November 2022
Lead Member / Officer	Cllr Barry Mellor, Lead Member for Environment and Transport / Tony Ward, Corporate Director
Report author	Tim Towers, Asset and Risk Manager
Title	Central Rhyl and Central Prestatyn Coastal Defence Schemes – Follow Up Paper

1. What is the report about?

- 1.1. This report is about two potential coastal defence schemes for Central Rhyl and Central Prestatyn.

2. What is the reason for making this report?

- 2.1. To provide an update to Members regarding the development of the schemes and the next steps involved.
- 2.2. Due to the increased level of financial commitment required by the council, Cabinet approval is sought to present the project to Council with a recommendation to fund the construction phase of both schemes.

3. What are the Recommendations?

- 3.1. That Cabinet confirms that it has considered the content of the Well-being Impact Assessments for each scheme (attached at Appendix 3a and Appendix 3b).
- 3.2. That Cabinet supports the proposal to progress the Central Rhyl Coastal Defence scheme to the construction phase, using the grant aid funding model set out by the Welsh Government, and agrees to the proposal being presented to Council for a decision.

- 3.3. That Cabinet supports the proposal to progress the Central Prestatyn Coastal Defence scheme to the construction phase, using the grant aid funding model set out by the Welsh Government, and agrees to the proposal being presented to Council for a decision
- 3.4. That Cabinet delegates authority to the Coastal Defence Project Board to deliver the schemes.

4. Report details

- 4.1. **Prestatyn:** NOTE: this element of the previous approval obtained at the Cabinet Meeting on 18th October 2022 remains unchanged. The existing coastal defences along Rhyl Golf Course frontage are about 70 years old and in poor condition, which means they could be breached in the next 30 years. If the existing defences fail in this location, the flood risk to over 2,000 properties in the Prestatyn area will increase significantly. This is because low land elevations behind the defences will allow any tidal flood water to spread and flood a wide area. After an appraisal of options, the preferred option (indicative cost £26m, with 85% of the costs funded by the Welsh Government) is an earth embankment that follows the boundary of Rhyl Golf Club and is set back from the front-line defences. As the current front line defences become increasingly overtopped during storm events, flood water will be contained within the golf course until it can discharge back to the sea. The extent of the scheme and an image of the design can be seen in Appendix 1.

The scheme was taken to Planning Committee on 13th July 2022, at which planning permission was granted. There were a number of pre-commencement conditions set, which the project team are confident can be discharged. A marine licence for the scheme was granted by Natural Resources Wales on 9th November 2021.

A Full Business Case for the scheme will be submitted to the Welsh Government (WG) by the end of November 2022. The Council has worked closely with WG throughout the development of the scheme and anticipates WG approval to be granted by the end of December 2022.

A carbon impact assessment has been carried out which shows that, over the lifetime of the scheme, the carbon impacts are very similar to the carbon benefits, which means that the scheme is carbon neutral.

The scheme has an impact on Rhyl Golf Club, which leases Rhyl Golf Course from the Council. Negotiations with the club are ongoing and proceeding in a positive manner.

4.2. **Central Rhyl:** The central area of Rhyl (between Splash Point and the Drift Park) is currently protected by sea defences that are deteriorating. The Council wants to ensure that existing defences are replaced well ahead of time, to protect this popular part of Rhyl's coastline from flooding and coastal erosion. If the existing defences fail in this location, the flood risk to over 600 properties in the Rhyl area will increase significantly. The scheme was expected to cost in the order of £58m, with 85% of the costs funded by the Welsh Government. However, due to a recent re-evaluation of the likely cost this has now risen to £66 million. The scheme consists of: Rock armour scour protection, buried beneath the existing sand level, and concrete repairs to the existing sea wall, towards the eastern end of the proposed scheme area; Concrete stepped revetment to absorb energy from the waves, incorporating beach access steps and a large beach access ramp, between the Drift Park and Rhyl SeaQuarium; A new raised promenade and back of the promenade sea defence wall, between the Drift Park and Rhyl SeaQuarium; Widening the promenade adjacent to the Children's Village. The extent of the scheme and an image of the design can be seen in Appendix 2.

As a result of the increase in costs the council are working closely with the contractor to evaluate options for reducing these costs by potentially omitting / altering some elements of it without compromising the obvious benefits the defence works will provide. Unfortunately, the timescales for approving the go ahead for the works remains very tight so Cabinet approval is sought even though the potential cost reductions have not yet been fully evaluated. In short, the new approval would be based on a maximum cost of £66 million for the final works.

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The Council has been involved in positive discussions and negotiations with businesses affected by the scheme.

The project team is working closely with the Rhyl Regeneration project team, to make certain that the coastal defence scheme and regeneration scheme are closely co-ordinated to ensure that the inevitable disruption of these significant construction projects is kept to a minimum.

5. How does the decision contribute to the Corporate Priorities?

5.1. Denbighshire Council's Corporate plan (2017-22) has two priorities that are relevant in this case; Environment and Younger People. Progression of the schemes will meet an ambition under the Environment priority to protect residents from flooding. Work experience and work opportunities for younger people should be available during future construction phases.

6. What will it cost and how will it affect other services?

6.1. The combined cost of both schemes is approximately £92 million. Of this cost, 85% is funded by the Welsh Government as grant in aid, paid to the Council over a 25-year period through the Revenue Support Grant.

7. What are the main conclusions of the Well-being Impact Assessment?

7.1. Prestatyn Summary: The aim of the project is to reduce flood risk in Prestatyn. Provided this aim is fulfilled, the result will be a more prosperous, resilient, healthy, equal and globally responsible Denbighshire. See Appendix 3a for the full assessment.

7.2. Central Rhyl Summary: The aim of the project is to reduce flood risk in Central Rhyl. Provided this aim is fulfilled, the result will be a more prosperous, resilient, healthy, equal and globally responsible Denbighshire. See Appendix 3b for the full assessment.

8. What consultations have been carried out with Scrutiny and others?

8.1. Extensive consultation has taken place for both schemes, including that carried out as part of the formal planning process. Consultees include local residents and businesses, county councillors, town councillors and statutory bodies.

8.2. A report was taken to Communities Scrutiny Committee on 8th September 2022. The Committee resolved to recommend that the schemes be taken to Strategic Investment Group, Cabinet and Council successively for their respective approval.

8.3. A business case for each scheme was presented to Budget Board on 20th September 2022. The board resolved to recommend that the schemes be taken forward to construction, subject to Cabinet and Council approval and Welsh Government grant approval (copies of the business cases are included in Appendix 4 and Appendix 5). However, this approval was based on the former total figure of £84 million rather than the revised one of £92 million.

9. Chief Finance Officer Statement

9.1. If approved this would be a significant financial commitment by the council at a time of huge economic uncertainty. The original schemes proposed

requires a contribution from the council of £12.6m based on the information provided in Section 6. The Welsh Government funding model for such schemes is for councils to borrow the money to pay for the entire scheme and the government reimburses the annual cost of borrowing 85% of it to councils via the RSG. The revenue cost to the council of borrowing its proportion was going to be approximately £0.7m in a full year post completion. The additional £8m included in the revised costing would cost the Council £1.2m (assuming WG pay 85%) which would require additional base budget pressure of at least £70k. The actual cost will depend on the final contract sum and interest rates at the time (which are currently predicted to continue to rise). This constitutes a huge commitment at this very worrying time for the Council's finances and, if approved, would therefore increase the savings or cuts the council has to make in each of those years or require a further Council Tax increase to that already assumed of approximately 1.3%. Members need to be confident that this is the right priority and right scheme to justify this financial burden.

10. Risks

10.1. The most significant risk associated with the project is that the terms of the WG loan will result in a long term (25 year) revenue burden for the Council, which would have an impact on the delivery of other services. Also, there is a risk that the Welsh Government won't increase the grant award to cover any cost increases during construction. This risk has been mitigated by choosing a procurement option that has resulted in a high level of cost certainty.

10.2. The size and location of the Central Rhyl scheme means that there is likely to be significant disruption during the construction period of approximately two and a half years. Every effort will be made to manage and minimize disruption as much as possible and communication and engagement plan with stakeholders will be put in place. Whilst the scheme will inevitably be disruptive, the long term benefits by far outweigh the short-term impact.

11. Power to make the decision

11.1. The power to make decisions is contained in S2 Local Government Act 2000, and S111 Local Government Act 1972.

11.2. In addition, the Council has powers to carry out maintenance and improvements to its coastal defences under the Coast Protection Act 1949.