

Wash East Coastal Management Strategy – Works Arising

Initial findings of Outline Business Case

Preferred option

Whilst developing the business case we have decided that it would more beneficial to develop a 15 year project rather than a 5 year project. The benefits of extending the project are that:

- It gives local businesses and the community more certainty of funding from central government over a longer period of time;
- Money is saved by not having to re-do the business case every 5 years;
- Before investing in a larger recharge beyond 15 years we can review the situation at the time to ensure we decide on the most sustainable and affordable investment option beyond 2031.

The 15 year appraisal considers that a small recharge will be required at some time between year 6 and 15 to supplement the existing recycling process. However, it is very difficult to say with any certainty when and how much material will be needed. The draft business case assumes a worst case where recharge is required in 2022, but the actual timing will depend on the findings of our monitoring of the beach and the material available for recycling. We have produced a separate briefing note on recharge to provide some estimates on the amount of material that may be needed and costs.

We have selected 15 years as the most appropriate length of appraisal as beyond 15 years the likelihood of a second larger recharge will increase significantly. We have made this assumption based on the recommendations of the strategy and our monitoring of the beach since the original major recharge in 1991. The strategy suggests that recycling alone would become unsustainable between 10 and 20 years and that recharge would be required to continue to hold the line. A 15 year period also provides a sensible break point to review the current activities, consider the funding rules at the time and the aspirations of the community before deciding on the most sustainable and affordable investment option beyond 2031.

Moving to a 15 year project would still require checks every 5 years before continuing with the project. These checks would include:

- Confirmation that the project is still exempt from the need to obtain a marine licence;
- Assent (approval) from Natural England that we can continue with the works. This approval would follow a review of the works over the previous 5 years to demonstrate no detrimental impacts to the designated features of the Wash;
- To ensure that the decision triggers within the strategy had not been reached, suggesting the current beach management approach is no longer sustainable. These triggers include:
 - if funding for defence management becomes insufficient;
 - if the environmental impacts of defence management become unacceptable or;
 - if the frequency of flood evacuations becomes unacceptable.

As and when recharge is needed, we would apply for the relevant marine licence from the Marine Management Organisation (MMO) and assent from Natural England before carrying out the works.

If at any time during the 15 years we identify the need to change the way we are managing the coastline, we can stop and review the project before continuing. If within this time the local community wish to improve the defences and have the funds to enable this, the improvements would be progressed outside of the works arising project.

We are in the process of determining whether it would be best to develop a 5 year legal agreement, or whether to have a 15 year legal agreement for recycling then develop a separate legal agreement for recharge, as and when this is needed. There will be a funding arrangement between the Environment Agency and the Borough Council of King's Lynn and West Norfolk (BCKLWN). We aim to have the draft legal agreement completed by the end of November 2016.

Partnership Funding

The total present value costs and benefits have been put into the Defra Partnership Funding calculator and give a resulting raw score of 43%. This means that 57% partnership funding would be required over the 15 years depending on the requirement for beach recharge. The percentages have changed since last presented to the funding group as a result of cost savings associated with having one business case over 15 years instead of three.

The latest estimate of the cash cost over 15 years, including inflation and risk is approximately £5.7 million. Therefore, partnership funding of approximately £3.2 million would be required over 15 years.

The table below provides the annual estimated costs for the first 5 years for most likely cost estimates along with a breakdown of the level of funding required.

Table 1: Most Likely estimates- first 5-years

Year:	16/17	17/18	18/19	19/20	20/21	Totals
FDGiA £k	82.2	73.2	75.1	76.9	93.1	400.6
Private / Public funding	109.2	97.1	99.6	102.0	123.4	531.0
Totals £k	191.2	170.3	174.7	178.9	216.5	931.6

Efficiencies to date

Consultation with Natural England has led to a reduction in the environmental monitoring requirements from being undertaken annually to once every 5 years. The efficiency savings from our successful discussions with Natural England are likely to reduce the monitoring costs, within the first five years, by £145,000 with the potential for further savings depending on the future environmental requirements on the project.

By not having to re-do the business case every 5 years, this could result in savings of up to £290,000 over the 15 year period.

Uncertainty

The costs and contribution amounts presented in the business case and summarised within this note are based on current estimates of most likely costs. These figures are subject to change as it is very difficult to predict how much material will be eroded from the shingle ridge each year as a result of wave and tidal events which are highly variable. For the same reasoning, it is very difficult to predict when recharge will be needed and how much this may cost. Within the costs we have included a risk contingency, therefore the costs may vary depending on whether these risks occur.

Some of the main risks considered are if costs are higher than anticipated, bad weather which means more material is needed on the beach, and if further monitoring is required.

In addition, the most likely costs will change as we receive actual prices for the works. We will update the funding group with any significant changes that occur.

As a result of the above uncertainty, the actual amount of contributions could be different from the forecast figures and will probably vary each year.

Key programme dates

Wash East Coastal Management Strategy - Works Arising	Programme task end dates
Approvals	
Project Board approval of Outline Business Case	Oct 2016
Obtain external approvals, licences and tender prices for recycling required for FBC /FSoD approval	Dec 2016
Submit Full Business Case to LPRG	Dec 2016
FSoD Approval of Full Business Case	Jan 2016
Funding agreement	
Conclude detailed discussions on partnership funding and produce Heads of Terms	Oct 2016
Complete draft funding agreements (prior to FSoD approval)	Nov 2016
Sign funding agreements (post FSoD approval)	Jan 2016
Works	
Commence works on site	Feb 2017
Completion of first year's beach recycling	Feb 2017