

Subject:	Brighton Marina to River Adur Flood and Coastal Erosion Risk Management (FCERM) scheme – Project Update and Accelerated Construction Procurement Strategy.		
Date of Meeting:	2nd December 2021		
Report of:	Executive Director for Economy, Environment & Culture		
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1** The objective of this report is to seek approval from Policy & Resources Committee to procure and award a construction contract for the accelerated construction elements of the Brighton Marina to River Adur Flood and Coastal Erosion Risk Management (FCERM) scheme. The proposed procurement route is to utilise the Environment Agency's (EA's) single supplier Collaborative Delivery Framework (CDF) following the recommendation of the Procurement Advisory Board (PAB).

2. RECOMMENDATIONS:

That the Committee:

- 2.1** Approves the procurement of a new construction contract for the accelerated construction elements of the FCERM Scheme using the EA's CDF.
- 2.2** Grants delegated authority to the Executive Director for Economy, Environment & Culture to take all steps necessary to procure and award the construction contract referred to in 2.1 above.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1** Brighton and Hove City Council's (BHCC) strategy for the management of its coastline has been led by The Beachy Head to Selsey Bill Shoreline Management Plan (2006) and the subsequent Brighton Marina to River Adur Flood and Coastal Erosion Risk Management Strategy (2014).
- 3.2** In 2020, BHCC submitted an Outline Business Case (OBC) to the EA to improve the coastal defences from Brighton Marina to River Adur to reduce the long-term flood and erosion risk, taking account of long-term climate change predictions for sea level rise. The scheme will protect 8 residential and 73 commercial

properties (including Shoreham Sewage Pumping Station and Shoreham Power Station) which are predicted to be lost to erosion within the next 14 years under a No Active Intervention scenario.

- 3.3 Annually, around 10 million people visit Brighton, with about 6.5 million of these on day trips. A trip to the seaside and Brighton & Hove's famous shingle beaches is a key draw of the City, as one of the top 20 destinations for overseas visitors to the UK and among Britain's top 10 for visitor destinations overall. The 13km of coastline within the City's boundaries, helps support Brighton & Hove's tourist economy, which contributes £380 million to the economy and employs c.20,000 people directly or indirectly.
- 3.4 Longer term, the scheme will help to secure the city from the effects of erosion and climate change, protecting the A259 and all the businesses and properties across the frontage.
- 3.5 BHCC acts as the project lead on the coastal protection scheme, being undertaken as a collaboration between BHCC, Adur District Council (ADC) and Shoreham Port Authority (SPA).
- 3.6 BHCC's OBC was successful in its application for Flood and Coastal Risk Management - Grant in Aid (FCRM-GiA) funding from the EA for £12,085,444, awarded on 26 November 2020. The approval letter is appended to Appendix A.
- 3.7 In January 2021, the scheme was awarded an additional £2,000,000 in GIA to accelerate the delivery of the scheme. The approval letter is appended to Appendix B. As per the terms of the letter, the grant is required to be drawn down by 31 March 2022.
- 3.8 To support the accelerated delivery, specific elements of the scheme deemed most appropriate by the detailed design consultant, JBA, will need to be constructed under a separate phase of works. This 1st phase of construction is likely to include:
 - A new wave wall at Hove Deep Sea Anglers Club and
 - Sections of timber and concrete wall along the Shoreham Port frontage on Basin Road South.
- 3.9 A cost estimate for the delivery of the accelerated works included detailed design work and specific construction elements is provided within Section 7. The cost of delivery of the accelerated works is to be fully funded using the £2M additional GIA with no requirement for partnership funding contributions or an obligation for the continued delivery of the scheme beyond the detailed design and 1st phase of construction. The details and agreement from the EA can be found within the Appendix C.
- 3.10 The scheme has previously gained approval from P&R committee on 9th July 2020 to procure the detailed design of the scheme via the EA's Collaborative Delivery Framework (CDF).
- 3.11 A report was presented to PAB on the 18th October 2021 seeking the review and recommendation to P&R committee on the proposed procurement strategy for

the delivery of the construction elements of the scheme, the minutes of this meeting can be found within Appendix D.

3.12 The construction procurement strategy for the scheme proposes the following:

- The construction work shall be procured under two separate EA supplier frameworks
 - The EA's CDF framework
 - The EA's Marine and Coastal Framework (MCF).
- The accelerated construction elements (Phase 1) shall be procured via the EA's CDF single supplier framework.
- The main construction work (Phase 2) shall be competitively tendered and procured via the EA's MCF.
- The rationale for utilising separate contracts under these frameworks is included within section 4.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 Delivery of the construction work will require the input of specific specialised professional services. These services are not currently available within the council.

4.2 A comprehensive review and preparation of a detailed procurement strategy for the delivery of the scheme has been completed by the East Solent Coastal Partnership (ESCP). ESCP are nationally recognised as the one of the country's leading specialists in the management of coastal flood and erosion risk. Their appraisal report, detailing the available procurement frameworks and their relative advantages and disadvantages, is available as a background document upon request.

4.3 The reason for using the EA's CDF for the 1st phase of construction for the acceleration works is as follows. The CDF is a single supplier framework, using VolkerStevin Ltd to undertake the contract without a lengthy tendering process. It provides access to a nationally & internationally recognised supplier who have experience with the delivery of large complex flood and coastal erosion schemes. VolkerSteven Ltd previously delivered a major sea defence scheme to construct a sea wall from Brighton Marina to Ovingdean, so have extensive experience working in Brighton & Hove. The contract encourages collaboration; therefore, Early Contractor Involvement (ECI) will be beneficial during the design stage for constructability and estimating market costs. As a single supplier framework, the reduced tender period will help the project meet the 31st March target date to draw down the grant for accelerated works.

4.4 The reason for using the EA's MCF for the 2nd phase of construction for the main works is as follows:

The MCF is a competitive supplier framework, using contractors who are specialists in coastal and marine applications.

The competitive tendering process should help the scheme secure the best price. The tender period of 4-6 weeks will ensure that the contractors have time to provide a fair and competitive price, considering the provided information and risks.

- 4.5 Approval for the 2nd phase of construction will be sought from Committee in Summer 2022, when the detailed design of the more technically and environmentally complex elements has been completed.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 During the strategy, OBC and optioneering stages of the project, multiple stages of public consultation were carried out, influencing the shortlisted and preferred options. A Stakeholder Engagement Plan was also produced and approved by the EA.
- 5.2 During the current detailed design phase, the Stakeholder Engagement Plan shall be updated, and further engagement shall use a variety of workshops and meetings where the public will be shown visuals and feedback will be collated. The project is also looking into the use of a website to provide public information. Community engagement shall broadly be split into the following phases:
- 5.2.1 Phase A - Reintroduction of stakeholders to the scheme
- 5.2.2 Phase B – Confirmation of design requirements
- 5.2.3 Phase C – Final Design review

6. CONCLUSION

- 6.1 The purpose of this report is to provide an update with the continued delivery and procurement strategy of the Brighton Marina to River Adur Flood and Coastal Erosion risk management scheme which will ensure that the councils exercise their function as a risk management authority in accordance with the Coast Protection Act 1949 and the Flood and Water Management Act 2010.
- 6.2 Following a detailed assessment of options, the procurement and award of the Phase 1 accelerated construction contract through the EA's CDF will enable the Phase 1 to be fast-tracked and funded by FCRM-GiA in accordance with the grant conditions.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 A summary of the total scheme costs, utilised for the OBC approval, are shown in Table 1. As per HM Treasury guidance, the scheme costs, utilised for FCERM GiA approval, includes a calculated risk budget (approx. 42% of scheme costs) and inflation at 2.5%.

Table 1. Breakdown of estimated scheme costs including partner contributions and approved FCERM-GiA contributions

	Approved costs from the OBC (£)
Project Total Costs (Excluding maintenance and sunk costs)	35,379,945
Contributions – ADC	6,842,180
Contributions – BHCC	6,515,194
Contributions – SPA	9,856,077
Contributions – Western Esplanade Management Company	81,050
Grant in Aid	12,085,444

- 7.2 The additional FCERM-GiA Accelerated construction funding, totalling £2,000,000 will lower the partnership contributions required shown within Table 1 above.
- 7.3 As per approval from the Environment Agency, the FCERM-GiA accelerated construction funding will be utilised to fund all of the detailed design works and the specified construction elements, with no partnership funding contributions required. Further, there is no obligation to continue the scheme after the works have been completed.
- 7.4 The expected accelerated works and estimated costs are shown in Table 2.

Table 2: Accelerated Project works and estimated costs.

Project Activity	Estimated Cost
Detailed Design activities	£845,000
Accelerated Construction in selected areas of the scheme (Phase 1) *	£800,000
Financial year 2020 / 21 Accelerated Beach Works Including Shingle Replenishment	£155,000
Financial Year 2021 / 22 Accelerated Beach Works Including Shingle Replenishment	£200,000
TOTAL	£2,000,000

The Phase 1 accelerated construction works to which procurement approval is sought relates to the £0.8m shown in the table above.

- 7.5 The costs estimated for the Phase 1 acceleration construction elements include an optimism bias and risk, providing considerable contingency for any overspend. Further, as part of the Early Contractor component of the CDF, the Council will be receiving updated estimated construction costs prior to construction. This will enable the Council to de-scope the Phase 1 accelerated

construction if required to stay below the £2.0m total. In the unlikely event that the costs exceed the £2.0m GiA then any overspend will be met equally between the three partners.

- 7.6 The £2.0m accelerated works, beach works and design works have been included in the council's Capital Investment Programme. The terms of the EA grant funding require the grant to be drawn down by 31 March 2022.

Finance Officer Consulted: Rob Allen

Date: 09/11/21

Legal Implications:

- 7.7 In accordance with Part 4 of the council's Constitution, Policy & Resources Committee is the appropriate decision-making body in respect of the recommendations set out in paragraph 2 above if there are corporate policy or budgetary implications. In addition, in order to comply with CSO 3.1, authority to enter into contracts in excess of £500,000 must be obtained from the relevant committee.

Lawyer Consulted:

Wendy McRae-Smith

Date: 9/11/21

Equalities Implications:

- 7.8 Use of the EA's CDF ensures, as a prerequisite, the supplier supports an extensive schedule of requirements that define how the delivery partner will support values of equality, diversity, and inclusion. This includes ensuring that Projects and communications in relation to the delivered services:
- *eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;*
 - *advance equality of opportunity between people who share a protected characteristic and those who do not; and*
 - *foster good relations between people who share a protected characteristic and those who do not.*

Sustainability Implications:

- 7.9 Utilising the EA's CDF framework will ensure that the work undertaken during the delivery of the scheme will be in line with the Government's 'Green Government Commitment targets' policy paper and the EA's vision statement and corporate strategy. The commitments, associated with sustainability, identified within these two EA documents, mirror the following areas identified within the council's Corporate Plan;
- *Helping the city become a carbon neutral city by 2030 through the reduction of construction waste.*
 - *To promote and protect biodiversity by maintaining the quality of our beaches and working with partners on marine conservation.*
- 7.10 Further, the CDF ensures, as a prerequisite, a successful supplier supports an extensive schedule of requirements that support sustainable development. Throughout the delivery of the contract, the delivery partner will:

- *Embed sustainable practices from the outset and in all stages of services*
- *Demonstrate delivery of sustainability through the processes of assessment and independent verification*
- *Measure and report on sustainability outcomes and performance*
- *Identify and implement innovations and improvements in sustainability that deliver benefits and/or efficiencies*

Brexit Implications:

- 7.11 Restrictions on freedom of movement may affect supply of construction workers, increasing labour costs.
- 7.12 Potential for affect on procurement and delivery of construction products and materials from the EU due to potential shortage in delivery drivers and increased customs checks. Potential for increased costs and lead in times.

Crime & Disorder Implications:

- 7.13 It is considered that the scheme is unlikely to have any negative implications to crime and disorder.

Risk and Opportunity Management Implications:

- 7.14 As part of the project management of the scheme all risk and opportunity implications will be addressed utilising the PRINCE2 methodology. The identification of the key risks associated with the delivery of project are include within the OBC.
- 7.15 This work has relevance to Strategic Risk SR36 'Not taking all actions to address climate change and ecological change, and making our city carbon neutral by 2030'
- 7.16 Details of key risks to the Phase 1 accelerated works and detailed in the table below

Table 3: Key risks of Phase 1 acceleration works

Key Risks	Proposed Mitigation
Variation in costs estimated at OBC push construction costs beyond the amount allowed for.	Inflation and risk budget considered within OBC costings. Monitor costs on an ongoing basis. Estimated costs from ECI will allow us to descope to works if required.
Construction and design delays push the construction beyond Acceleration deadline of 31 st March 2022	GIA funding can be requested and drawn down up to 3 months in advance providing greater flexibility on deadline.
Changes to wall design	Early consultation with planning department. Detailed planning permission applications where required. Detailed samples and 3D images of final works to be consulted on at detailed design.
Resistance from stakeholders	Stakeholder engagement plan being prepared with the detailed design. 3D images of final works to be consulted on at detailed design.
Early defence failure leads to works being more significant than planned	Continue monitoring programme, in particular pre and post storms. React quickly if defence condition rapidly deteriorates.
Unforeseen ground conditions (eg contaminated material, voids, steel, etc) that affect the detailed design or construction costs.	Detailed site / ground investigations will be undertaken as part of the detailed design phase. SI at site of existing defences. Redesign of proposed defences as necessary.
Site security on site becomes issue due to unforeseen event	Consultation with public and local authorities to determine any issues before reaching site.
Ongoing supply chain procurement issues and labour shortages affecting contractors nationwide resulting in increased delivery periods	Open communication and collaboration with contractor to enable contractor to order materials early where possible.
Delays to the BHCC procurement process may result in the scheme being unable to spend the £2,000,000 acceleration fund, resulting in the potential claw back of funds for the EA	Scheme to go via the earliest possible committee meetings to gain relevant approvals

Public Health Implications:

7.17 The accelerated construction will provide protection from flooding and coastal erosion. This protection includes the maintenance of the City's shingle beaches and providing protection to the City's promenades. These assets are key facilities to enable access to the City's coastline and to provide an area to undertake physical activity.

Corporate / Citywide Implications:

7.18 As part of the council's function as a risk management authority, the delivery of the scheme will provide flood and coastal erosion risk protection to the coastline between Brighton Marina and the River Adur.

7.19 The protection provided by the delivery of the scheme will support the City's tourist and industrial economy, namely through the ongoing maintenance of the shingle beaches and the erosion protection of Shoreham Port.

SUPPORTING DOCUMENTATION

Appendices:

- A. EA approval letter (dated 26/11/20) - Grant in Aid (FCRM-GiA) funding
- B. EA approval letter (dated 04/01/21) – Additional FCRM-GiA funding
- C. EA letter (dated 24/09/21) detailing use of fund for accelerated works
- D. Procurement Advisory Board (18/10/21) minutes

Background Documents

- 1. ESCP Procurement review

