

***Distribution Sub-Group (2019) Paper 22 – Coastal Risk Management  
Programme transfer***

**This discussion paper has been written by officials of the Welsh Government. Ministers have not had an opportunity to comment on the contents. Exemplifications of changes are provided simply to inform discussion by DSG members. They are not Welsh Government proposals or statements of Government policy for or against changes.**

## **Coastal Risk Management Programme Transfer**

### **Summary**

1. The purpose of this paper is to provide the members of the Distribution Sub-Group with the background of the Coastal Risk Management Programme (CRMP) and to gain agreement of the mechanism for funding to be transferred into the Revenue Support Grant for Neath Port Talbot County Borough Council in respect of payments against their scheme within this Programme and for the approach to future transfers under this scheme.

### **Views sought**

2. This paper requests agreement of the mechanism for transfer of £150,654 from the Flood and Coastal Erosion Risk Management (FCERM) Budget to the RSG for Neath Port Talbot County Borough Council for 24 years from financial year 2020/21.
3. The paper also seeks agreement of a way forward for transferring funding for Gwynedd Council, Bridgend County Borough Council and Denbighshire County Council regarding payments for their schemes within this Programme which are yet to commence this financial year and looks to set a precedent for further transfers under this scheme.

### **Background**

4. The Coastal Risk Management Programme was announced by Ministers in December 2014. It supplements the core flood programme, supporting investment in local authority capital schemes and helps address a significant funding gap in meeting the recommendations within the Shoreline Management Plans.
5. The programme was established to respond to the challenges of climate change and manage current and future risks as identified in the Shoreline Management Plans. It aims to enable a concentrated three year period of investment in the construction of coastal schemes led by Local Authorities commencing from April 2019 to March 2022, reducing risk to people, properties and infrastructure whilst also delivering wider benefits.
6. The following objectives have been agreed for this Programme to be achieved by March 2022:

***Distribution Sub-Group (2019) Paper 22 – Coastal Risk Management  
Programme transfer***

- To have accelerated the delivery of Welsh Government's National Strategy for Flood and Coastal Erosion Risk Management from an average annual capital spend of £19 million (2010-2015) to an average annual spend of £50 million capital over the three years 2019-2022.
  - To have achieved at least 15,000 properties benefitting from extended or enhanced levels of protection from coastal flooding and erosion where assets are already in place; or new protection where new assets are built.
  - To build wider benefits into project design and construction. Before each project proceeds to construction, each to have proportionately considered the potential for wider benefits including consideration of Welsh Government's Community Benefits policy and the Wellbeing of Future Generations Act.
7. Welsh Government will contribute up to 75% towards the cost of the works. For the design phase this is funded through the FCERM Capital Budget and for construction, this is revenue funding through RSG.
  8. Funding for the programme is prioritised based on risk to life, focussing on schemes reducing risk of flooding and/or coastal erosion to homes and businesses whilst also providing additional wider benefits where these could be achieved, such as reducing risk to infrastructure or providing amenity/regeneration benefits.
  9. Local authorities are expected to fund 25% of the project costs for detailed design and construction. They have flexibility in how they do this which could include borrowing, use of capital and third-party contributions. Welsh Government will provide its 75% contribution for construction over a 25 year period through the local authority's Revenue Support Grant (RSG).
  10. In February 2019, the Minister for Environment, Energy and Rural Affairs agreed 25 schemes to progress to construction phase through this Programme from 11 Local Authorities. These remain subject to completion of Business Cases, obtaining relevant consents/permissions and confirmation of match funding. Since this agreement, one scheme has been removed from the Programme, meaning there are now 24 schemes from 10 Local Authorities currently in the Programme.
  11. Collectively, the schemes agreed by the Minister would benefit over 18,000 homes and businesses when complete, exceeding the Programme Objectives of 15,000. Their wider benefits include recreational and tourism improvements, ecological enhancements, provision of regeneration opportunities and reduction in risk to infrastructure.
  12. The original intention for funding Local Authorities was via transfer into the RSG from FCERM Revenue budgets starting from the year in which schemes are expected to start construction, however, due to the timing of decisions to include funding in the RSG and the availability of detailed costing information, it was agreed that the allocations for the first year of funding be paid as a specific grant from FCERM budgets, before transferring into the RSG in the second year for the

***Distribution Sub-Group (2019) Paper 22 – Coastal Risk Management  
Programme transfer***

remaining 24 years. This mechanism was agreed with the Distribution Sub-Group, in principal, in July 2018.

**Neath Port Talbot County Borough Council CRMP Scheme**

13. Neath Port Talbot County Borough Council is the first Local Authority to be awarded funding through the Coastal Risk Management Programme for construction of their scheme at Aberavon sea front.
14. This scheme will see maintenance and repair to the coastal defences at Aberavon to reduce the risk from current and future coastal erosion to properties as well as commercial estates. It will also support healthcare and employment for the local community by protecting these assets as well as supporting the local tourism industry by providing improved access to the beach and protecting the Wales Coastal Path from future erosion.
15. The cost of the construction of this schemes is £3,663,117. Including interest payments at a rate of 2.59% (Public Works Loan Board rate of 30<sup>th</sup> September 2018) this equates to annual payments of £150,654 for 25 years from Welsh Government. This represents 75% of the costs of the work and interest.

**Further schemes commencing in 2019/20 Financial Year**

16. A further 4 schemes are expected to commence construction this financial year, however as the Full Business Cases are still being finalised and tenders going out for contractors, we are not currently in a position to be able to award funding until more exact costs are known and therefore cannot identify the annual cost of these works.
17. These schemes are:
  - Bridgend County Borough Council – Eastern Promenade
  - Denbighshire County Council – East Rhyl
  - Gwynedd Council – Y Felinheli
  - Gwynedd Council – Porthdinllaen
18. Finalisation of the Full Business Cases and the tender process for these is unlikely to be complete until early in the new year, therefore we will not be in a position to make first year payments until around March 2020.

**For agreement by the Distribution Sub-Group:**

19. We are seeking agreement from the Distribution Sub-Group on the following:
  - For the £150,654 to transfer into the RSG for Neath Port Talbot County Borough Council on a fixed distribution for the next 24 years (from financial year 2020/21 to financial year 2043/44) from FCERM revenue budgets.

***Distribution Sub-Group (2019) Paper 22 – Coastal Risk Management  
Programme transfer***

- For the schemes due to commence in 2019/20 where costs are not yet known, to transfer into the settlement on the same, fixed distribution basis after 2 years (2019/20 and 2020/21) of funding through direct grant from the FCERM Budget with the remaining 23 years being delivered through the RSG.
- For schemes commencing in 2020/21 and 2021/22 to continue with the agreed position of awarding grant for year 1 before transferring into the RSG for the remaining 24 years on a fixed distribution basis, once accurate costs for these schemes become known.

**Current Programme of construction as of 29<sup>th</sup> August 2019**

<b>YEAR ONE (2019/20)</b>	
Denbighshire	East Rhyl
Gwynedd	Aberdyfi
Gwynedd	Porthdinllaen
Gwynedd	Y Felinheli
Neath Port Talbot	Aberavon
<b>YEAR TWO (2020/21)</b>	
Anglesey	Brynsiencyn
Bridgend	Eastern Prom
Ceredigion	Aberystwyth
Ceredigion	Aberaeron
Conwy	Penrhyn Bay
Conwy	Llanfairfechan
Conwy	Llandudno
Conwy	Kinmel / Llandulas
Conwy	Colwyn Bay Rhos
Swansea	Mumbles
<b>YEAR THREE (2021/22)</b>	
Anglesey	Red Wharf Bay
Cardiff	Rover Way to Lamby Way
Carmarthenshire	Pendine
Denbighshire	Central Rhyl
Denbighshire	Prestatyn
Gwynedd	Barmouth North
Gwynedd	Barmouth Viaduct Gardens
Gwynedd	Hirael Bay
Neath Port Talbot	Brunel Dock/Briton Ferry