

***Distribution Sub-Group (2020) Paper 20 – Coastal Risk Management
Programme transfer 2021-22***

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Coastal Risk Management Programme Transfer 2021-22

Summary

1. The purpose of this paper is to provide the members of the Distribution Sub-Group (DSG) 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 Denbighshire County 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 £1,145,236 from the Flood and Coastal Erosion Risk Management (FCERM) Budget to the RSG for Denbighshire County Council for 24 years from financial year 2021-22.

Background

3. 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.
4. 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.
5. The following objectives have been agreed for this Programme to be achieved by March 2022:
 - 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.

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- 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.
6. Welsh Government will contribute up to 85% 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.
 7. 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.
 8. In April 2020, the Minister for Environment and Rural Affairs agreed to increase the grant rate associated with the construction of all coastal schemes from 75% to 85% to bring in line with other flood schemes.
 9. Local authorities are therefore expected to fund 15% of the project costs for 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 85% 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, however these remained subject to completion of Business Cases, obtaining relevant consents/permissions and confirmation of match funding. Since this agreement, two schemes have been removed from the Programme, meaning there are now 23 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

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remaining 24 years. This mechanism was agreed with the DSG, in principal, in July 2018.

13. In 2020-21, £150,654 transferred into the settlement in respect of a coastal defence scheme in Neath Port Talbot, on a fixed distribution for 24 years, as recommended by the DSG.

East Rhyl Coastal Defence Scheme

14. Denbighshire County Council have designed and developed a coastal defence scheme at East Rhyl to reduce the current risk of wave over topping and future risk of flooding from the sea.

15. East Rhyl has historically been protected from coastal flooding by a range of defence structures, the performance standards of which are now being exceeded and their condition is deteriorating.

16. This scheme involves the placement of 128,000 tonnes of rock armour in front of the existing sea defences at East Rhyl, as well as 600 metres of new sea defence wall and promenade.

17. Once complete, this scheme will reduce risk from coastal flooding to 472 properties, many of which were flooding in December 2013.

For agreement by the Distribution Sub-Group

18. We are seeking agreement from the DSG on the following:

- For the £1,145,236 to transfer into the RSG for Denbighshire County Council on a fixed distribution for the next 24 years (from financial year 2021/22 to financial year 2044/45) from FCERM revenue budgets.

**Water and Flood Division
Welsh Government**