

Title of meeting: Cabinet

Date of meeting: 5 March 2024

Subject: North Portsea Coastal Scheme

Report by: Guy Mason

Cabinet Member: Councillor Steve Pitt, Leader

Wards affected: Hilsea, Copnor, Baffins and Milton

Key decision: Yes

Full Council decision: Yes

1. Purpose of report

The purpose of this report is to seek approval for authority to be delegated to the Chief Executive to progress the tender for the construction contract for Phase 5 of the North Portsea Coastal Scheme, Ports Creek.

2. Recommendations

- 2.1 Cabinet members to delegate authority to the Chief Executive in consultation with the S151 Officer to implement and deliver Phase 5 of the North Portsea Coastal Scheme and to enter into any design, construction or support contract arrangements required, subject to the maximum financial commitment from Portsmouth City Council remaining within the existing approved value of £282k, and to allow the Chief Executive to delegate - in full or part - this authority to the Director of Economy, Planning and Transport. No additional financial commitment is required from Portsmouth City Council.

3. Background

- 3.1 The North Portsea Coastal Scheme delivers enhanced flood defences to the north of Portsea Island, providing a 1-in-500 year standard of protection. On completion, this will protect: 4,234 residential properties, 490 commercial properties, two arterial road access routes, a primary rail route, two Scheduled Monuments, 89 electrical sub-stations, 17 educational facilities and two MoD properties for the next 100 years.
- 3.2 The decision to undertake the North Portsea Coastal Scheme was taken to Full Council in 2014 and authority was granted to undertake the programme of works, split between five phases. Phases 1-3 are now complete. Phase 4 will be



complete in 2024 and Phase 5 is programmed to start construction later this year following successful procurement.

- 3.3 Cabinet notes the progress made on the construction of North Portsea Coastal Scheme and confirms the plans for Phase 5 at Ports Creek should be implemented.
- 3.4 Phase 5 is located at the north of Portsea Island, parallel to the A27. It lies between Ports Creek roundabout in the west (at the eastern end of Phase 3, Tipner Lake), and Anchorage Park in the east (at the western end of Phase 1, Anchorage Park).
- 3.5 For Phase 5, the team has begun a fully OJEU compliant procurement process to appoint a Construction Contractor. A short-listing process will be carried out, with five compliant bidders invited to tender for the contract. The tender process will identify a preferred bidder by the end of July 2024.
- 3.6 Work has been undertaken with quantity surveyors to estimate the construction costs for Phase 5 and has estimated construction costs to be £22.3m. The tender returns will give cost a better certainty.
- 3.7 Across the scheme there is a funding gap of c.£13m and this gap needs to be closed in its entirety prior to Portsmouth City Council awarding the construction contract for Phase 5 and scheme completion. The Project Board and S151 officer have approved that the tender for Phase 5 can run in parallel to seeking additional funding, as the tender returns will give clarity on the scale of the funding gap.
- 3.8 The original Flood Defence Grant-in-Aid (FDGiA) application for this scheme was completed almost 10 years ago. During this time, material costs for the scheme have significantly increased due to inflation, pandemics, conflicts across the globe and Brexit. In addition to this, site access on Phase 5 has been restricted due to alternative access roads being deemed unacceptable for use due to their proximity to residential properties. This restricted access has significantly elongated the programme and cost of the scheme.
- 3.9 The project team is currently in discussions with the Environment Agency (EA), as the main funder of this project, and has been asked to submit a Business Case Update Report (BCUR) to uplift the FDGiA contribution. Since the original FDGiA application was completed almost 10 years ago, the EA are using new tools to quantify schemes' eligibility to funding. There is high confidence that this funding gap will be closed with additional FDGiA funding granted. The BCUR will be submitted to the EA in February 2024 and it is anticipated to have a response from the Environment Agency by summer 2024.

4. Reasons for recommendations

4.1 The appointment of a construction contractor (upon successfully gaining additional funding) will allow the completion of the North Portsea Coastal Scheme, delivering enhanced flood protection to residents and public of Portsmouth.

5. Integrated impact assessment

6. Legal implications

6.1 The delegation sought is sensible and the legal implications limited in that the functional decision to commit to contract is with the Chief Executive and appropriate Director.

7. Director of Finance's comments

7.1 There is currently a funding gap of around £13m across the entire scheme, which needs to be closed prior to Portsmouth City Council awarding the construction contract for Phase 5 to ensure that there is certainty that full funding will be in place to cover the costs of any contract entered into. The Project Board and S151 officer have agreed that the tender for Phase 5 can run in parallel to seeking additional funding, as the tender returns will give clarity on the scale of the funding gap.

7.2 There is high confidence that the funding gap will be closed with additional Central Government money from the Flood Defence Grant in Aid fund.

7.3 If the funding gap is not closed, then the contract will not be awarded and the project will be de-scoped in order to remove any financial risk to Portsmouth City Council.

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Signed by:

Appendices:

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Nil	

The recommendation(s) set out above were approved/ approved as amended/ deferred/
rejected by on

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Signed by Councillor Steve Pitt, Leader of the Council