

## Cabinet Report Coast Protection works at Overstrand: Appendix 1

### Summary of indicative potential funding sources for capital works (option 4)

- 1.1 The following table illustrates the estimated scheme cost and how it might be funded. The figures are based on initial analysis of the likely scheme costs, including an allowance for fees. Because the estimates were made based on many uncertainties - the scheme designs have not been prepared at this early stage and tenders have yet to be sought - a significant allowance (60%) has been made for optimism bias (OB) which essentially provides headroom for matters that have not yet been costed in detail, or for costs that might increase.
- 1.2 The costs should be considered indicative and are shared here in order that sufficient budgetary provision is made. They show the anticipated budget envelope and potential grant award but it should be noted that the actual scheme costs and grant may vary from this.

| <b>Capital Expenditure</b>                                                                                                 | <b>Amount<br/>£m</b> |
|----------------------------------------------------------------------------------------------------------------------------|----------------------|
| Total Estimated Scheme Cost (including fees and 60% optimism bias)                                                         | <b>£1.280</b>        |
| <b>Funding</b>                                                                                                             |                      |
| External Grant - Potential FCERM GiA                                                                                       | £0.386               |
| Capital Receipts - Use of funding set aside in the Capital Programme for Coastal Adaptations (Cliff Protection) in 2024/25 | £0.245               |
| <b>Total potential funding</b>                                                                                             | <b>£0.631</b>        |
| Anticipated shortfall to be funded by borrowing                                                                            | £0.649               |

- 1.3 The table above shows the total estimated capital cost of this scheme will (**£1.280m**) It is proposed that the existing Capital Budget in 2025/26 for Coastal Adaptations (Cliff Protection) that has not been spent in 2024/25 be carried forward and reallocated to this scheme. Also an application will be made to secure Flood and Coastal Erosion Risk Management (FCERM) Grant in Aid (GiA) be made to contribute to as much of the cost as possible. Therefore the scheme will be funded by capital receipts of £0.245m, borrowing £0.649m and by applying grant funding of £0.386m. If grant funding cannot be secured then the total funding will be by borrowing, i.e. £1.035m
- 1.4 Another Capital Budget that could be utilised is the Coastal Management Budget for 2024/25. This budget of £342k has not been spent in 2024/25. It is for an annual programme of coast protection and related works. Again as with the above budget this could be carried forward and reallocated to this scheme. This would leave a Coastal Management Budget of £250k for 2025/26 and a further £250k for 2026/27. These budgets could be reallocated to this scheme. It should be noted that would reduce the Council's overall need to borrow as the Capital Programme would be reduced by £0.342m if the unspent budget for 2024/25 is reallocated or by £0.592m if the £0.250m budget for 2025/26 is reallocated or by £0.649m if £0.057m of the £0.250m budget for 2026/27 is reallocated. However this would clearly reduce the amount of funding available for coastal schemes elsewhere across the coast protection frontage which is probably unacceptable.

- 1.5 The table below gives options for consideration as to the savings in borrowing that could be achieved if existing budgets are reallocated.

| Option |                                               | Funding – borrowing<br>£m | Borrowing reallocated<br>£m | Cumulative reduction in borrowing<br>£m |
|--------|-----------------------------------------------|---------------------------|-----------------------------|-----------------------------------------|
| 1      | New scheme – Overstrand sea wall improvements | 0.649                     |                             |                                         |
| 2      | 2024/25 Coastal Management                    |                           | 0.342                       | (0.342)                                 |
| 3      | 2025/26 Coastal Management                    |                           | 0.250                       | (0.592)                                 |
| 4      | 2026/27 Coastal Management                    |                           | 0.057                       | (0.649)                                 |

- 1.6 It is recommended that the funding shortfall (£0.649m) assuming the GiA application is successful, as estimated) is funded from borrowing. This would increase the Council's CFR (capital financing requirement) by the same amount, which would be paid for by the council taxpayer as the repayment of the borrowing would be a General Fund revenue cost.

### **Net Zero Target (supplementary information)**

- 1.7 An initial appraisal of the likely climate and environmental impacts has been undertaken using the climate impact assessment tool.
- 1.8 Works such as those proposed will utilise materials with unavoidable embedded carbon, and during the implementation of the scheme, emissions will be inevitable. Based on a very high-level early-stage assessment, using information relating to similar government schemes, the following formulae might be applied.
- During construction: 5 tonnes of carbon dioxide equivalent per £10K scheme cost
  - Lifecycle: 10 tonnes carbon dioxide per £10K cost
- 1.9 Based on the cost estimates shown in this appendix the estimated total emissions would be as shown below. This is an indicative figure only, commonly used at the earliest stage of such project submissions.
- 1.10 For a £1,277,100 scheme cost, this would result in 639 tonnes carbon dioxide equivalent (construction) and 1,277 tonnes carbon dioxide equivalent (lifecycle); a total of **1,916** tonnes.