

From: **Matthew Balfour, Cabinet Member for Environment & Transport**
Barbara Cooper, Corporate Director for Growth, Environment and Transport

To: **Environment and Transport Cabinet Committee – 4 December 2015**

Subject: **Completion of Sandwich Town Tidal Defence Scheme**

Classification: **Unrestricted**

Past Pathway of Paper: **N/A**

Future Pathway of Paper: **N/A**

Electoral Division: **East Kent**

Summary: This paper reports on the successful conclusion of the Sandwich Town Tidal Defence scheme, delivered in partnership by KCC, the Environment Agency and Pfizer. It reflects on the wider benefits the scheme has delivered to East Kent and the advantages of the partnership approach to flood defence delivery.

Recommendation: The Environment and Transport Cabinet Committee is asked to receive and note this report.

1. Background to KCC's involvement in the Sandwich Town Tidal Defence scheme

- 1.1 In 2011 Pfizer announced they would be 'exiting' from the Sandwich site, threatening some 2,400 jobs in the already economically challenged area of East Kent. It was therefore vital that a new investor was found for the site to secure its long term future and the Government asked KCC to chair the Sandwich Economic Development Task Force, chaired by KCC, was set up to lead a recovery for East Kent.
- 1.2 The Task Force quickly identified that addressing the site's flood risk, classed as significant and only afforded a 1 in 20 year level of protection, was key to finding a new investor.
- 1.3 At the same time, however, the Government introduced changes to the way grants were allocated for flood defences, which meant that the Sandwich scheme required an external, non-governmental contribution from the local area. Working in partnership, KCC, the Environment Agency, the Department for Business Innovation & Skills and Pfizer designed a funding solution to enable the scheme to go ahead.

- 1.4 For this £21.7m project, the funding solution comprised a £5m contribution from KCC (£3.28m capital, with a further £0.36m contingency and £1.36m for ongoing maintenance); £11.92m capital funding from the Environment Agency and £1.65m revenue; and Pfizer the remaining capital costs. This was the first partnership funded flood defence scheme in the south east and the largest in the UK.

2. Overview of scheme

- 2.1 The Sandwich Town Tidal Defence (STTD) scheme was completed in September 2015. The final cost was £23.5m, with an additional £1.1m spent on flood recovery works following the winter 2013 tidal surge. Other than KCC's already committed £0.36m contingency being required, the completion of the works came at no extra cost to the Council.
- 2.2 The 14km of improved and raised defences, new flood wall at the town quay and 240ha tidal flood relief area reduces the risk of tidal flooding not only to what is now Discovery Park but also to 488 homes and 94 commercial properties in Sandwich.
- 2.3 The level of protection is raised from a 1 in 20 year level of protection (classed as at significant risk) to 1 in 200 year (low risk).
- 2.4 Images of the completed scheme are provided in Appendix 1.

3. Wider benefits of the STTD scheme

- 3.1 The benefits of the scheme go beyond the flood protection it provides. Most notably, finding a solution to the flood risk led to a new owner being secured with the Pfizer site purchased by Discovery Park Ltd in 2012. Pfizer retained some of the site on a rental basis and retain approximately 800 jobs at the park.
- 3.2 The new park now has 110 businesses on site, with over 2,000 people employed in a wide variety of sectors (such as life sciences, technology, business and manufacturing) and with tenants including Augean, Mylan, LGC, Peakdale Chemistry Services, Cleantec Innovation and Digital Detective.
- 3.3 In 2012 Discovery Park was designated as an Enterprise Zone, meaning businesses located there can benefit from business rate discounts of up to £55,000 per year, for five years. Solving the flood risk for the area was a pre-condition of this designation. And although not directly conditioned, the successful £40m Regional Growth Funds application for East Kent was no doubt helped by the support and level of investment for the region demonstrated through the flood management scheme.
- 3.4 A study by Defra in 2014 showed that taking into account investment as a result of the improvement to flood protection, new employment and total GVA impact over the 10 year appraisal horizon, the investment in Sandwich's tidal

defences could be said to have helped to facilitate up to £225million economic output in the local economy.

- 3.5 Further to these economic benefits, the project enabled other priorities of KCC to be supported. In particular, we worked with the scheme's contractor, Jackson Civil Engineering, to develop an apprenticeship for the project providing an opportunity for youth employment and development for a civil engineering under-graduate. In addition, local sub-contractors and suppliers have been used throughout the scheme, with approximately 70% based in Kent and the remaining from the South East.
- 3.6 The scheme has also seen environmental benefits, with the excavation of clay for the flood defences providing an opportunity to create 23ha of new wetland UK priority habitat that is already providing roosting and feeding areas for rare wetland birds. Furthermore, the new ditches have been planted with reeds to encourage water voles and invertebrates and the flood banks have been seeded with a native seed mix to maximise feeding opportunities for bumble bees.

4. Advantages of the partnership approach

- 4.1 The key advantage of our involvement in the scheme is that it enabled the scheme to go ahead, realising not only a reduction in flood risk but the wider socio-economic benefits set out in section 3. Further, the partnership approach has seen the scheme's cost and risks shared between central and local government, with a significant contribution from the private sector.
- 4.2 The STTD scheme was one of the first to be delivered under the new partnership funding mechanism for flood defences. It has demonstrated that substantial flood defences can be delivered by a partnership of central government, local government and private businesses. KCC was able to gain first-hand experience of how the partnership funding mechanism worked and where funding opportunities could come from. Whilst each scheme and its beneficiaries vary, and the model in Sandwich is not wholly applicable to other partnership funded schemes, this has given us useful insight that may be applied to future schemes.
- 4.3 It is considered that KCC brought valuable local knowledge to the project in terms of understanding of the political implications and working within that system. Likewise, the private sector perspective was useful to a project traditionally developed and delivered within the public realm.
- 4.4 The project also strengthened our working relationship with the Environment Agency, providing better understanding and appreciation of each other's role within the local community and the pressures and issues we face, which enabled collaboration in addressing these challenges.
- 4.5 The partnership approach also meant that the scheme delivered more than just the flood defences. For KCC we had the opportunity to promote other priorities, such as the apprenticeship scheme and local suppliers and

employment; we were also able to strongly demonstrate our commitment to East Kent, its economy and people.

5. Recognition for a high quality scheme

5.1 The scheme has been recognised for its high quality through number of awards.

5.2 In May 2015, the scheme won two awards at the Institution of Civil Engineers (ICE) South East Engineering Excellence Award ceremony:

- Greatest Contribution to South East England Award: This, the highest award, is given to the project that most beneficially impacts South East England and visitors to the region, and best showcases the vital contribution that civil engineers make to the life of the region.
- ICE Brassey Award for the best civil engineering project in Kent and East Sussex.

5.3 In October the Living Waterways Awards 2015, which seek to recognise the most inspiring and exciting waterway-based improvement projects across the UK, awarded it 'Contribution to the Built Environment'.

5.4 The scheme has also been shortlisted for the Chartered Institute of Public Relations Pride Awards 2015 in the Public Sector Campaign category; winners will be announced 20th November 2015.

5.5 However, perhaps the most notable of all is the excellent feedback the scheme has received from the residents since its completion; the new town quay has been particularly well received.

6. Onward commitments

6.1 Our onward involvement with the scheme is that we are committed to providing a financial contribution to the maintenance of the scheme until 2063, up to a total of £1.36m

6.2 The project has also extended an invite to Rory Stewart MP, Parliamentary Under Secretary of State for Defra (responsible for flood management) and Sajid David, Secretary of State for Business, Innovation and Skills to visit the scheme and see the outcomes of partnership funding for flood defence.

7. Further information

7.1 For further information on the scheme please contact the report author below.

8. Recommendation:

8.1 The Environment and Transport Cabinet Committee is asked to receive and note this report.

9. Background Documents

- 9.1 FCERM and the Wider Economy - Technical Report 2: Case studies demonstrating an approach for assessing local GVA impacts of flood and coastal erosion risk management (FCERM). Defra, 2014

10. Contact details

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